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IRIS INVESTMENTS 1 LIMITED

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2008



REGISTERED NUMBER (England & Wales): FC025358
REGISTERED NUMBER (Cayman Islands): MC 136596

IRIS INVESTMENTS 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 COMPANY NUMBER: FC025358

The directors present their report together with the audited financial statements for year ended 31 December 2008.

Review of business and future outlook

The principal activity of the Company is to act as an investment company. No significant change in this activity is envisaged in the foreseeable future and the directors expect the company's performance to be in line with the current year.

The directors have reviewed the Company's business and performance and consider it to be as expected and satisfactory for the year. The directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business.

Given the nature of the business, the Company's directors are of the opinion that analysis using key performance indicators (KPI's) is not necessary for an understanding of the development, performance or position of the business.

Results and Dividends

During the year the Company made a loss after taxation of \$40,859,931 (2007: \$61,264,719). The directors paid no interim ordinary dividends during the year (2007: nil). The directors consider that the performance of the Company has been in line with expectation for the year.

Going concern

After reviewing the Company's performance and taking into account the support from Barclays Bank Plc, the directors are satisfied that the Company has adequate access to resources of the parent to enable them to meet it's obligations and to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing these financial statements.

Financial instruments

The Company's directors are required to follow the requirements of the Barclays Group risk management policies, which include specific guidelines on the management of foreign exchange, credit and interest rate risks and advise on the use of financial instruments to manage them. Barclays Group risk management policies can be found in the financial statements of Barclays Bank PLC (see note 22).

Directors

The directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below:

E Khairov	
C Levy	appointed 1 March 2008
RC Phelps	resigned 29 February 2008
RW Russo	
B Shah	

Subsequent to the year end NR Brand and A Loveridge were appointed as directors on 6 February 2009 and 3 July 2009 respectively, and RW Russo and C Levy resigned as directors on 31 January 2009 and 3 July 2009 respectively.

IRIS INVESTMENTS 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

Directors' Indemnities

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31 December 2008 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties/powers of office.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985, as applicable to overseas companies, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements:

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates; and
- that all the accounting standards which they consider to be applicable have been followed; and
- that the financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985, as applicable to overseas companies.

Each of the directors in office as at the date of this report confirms that:

- there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

IRIS INVESTMENTS 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

Auditors

The directors have appointed PricewaterhouseCoopers LLP as Auditors of the Company. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

BY ORDER OF THE BOARD



Director
For and on behalf of Iris Investments 1 Limited

Date: 14 July 2009

IRIS INVESTMENTS 1 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRIS INVESTMENTS 1 LIMITED

We have audited the financial statements of Iris Investments 1 Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body to assist them in assessing whether the directors have complied with the overseas companies regulation on accounts and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, as applicable to overseas companies. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

IRIS INVESTMENTS 1 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRIS INVESTMENTS 1 LIMITED (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, as applicable to overseas companies; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

Date

16 July 2009

IRIS INVESTMENTS 1 LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 \$	2007 \$
Other operating income		251,324	145,411
Operating profit		<u>251,324</u>	<u>145,411</u>
Interest receivable and similar income	3	49,632	438,297
Interest payable and similar charges	4	(52,935,694)	(88,058,418)
Loss on ordinary activities before taxation	5	<u>(52,634,738)</u>	<u>(87,474,710)</u>
Tax credit on loss on ordinary activities	7	11,774,807	26,209,991
Loss on ordinary activities after taxation		<u>(40,859,931)</u>	<u>(61,264,719)</u>

All recognised gains and losses for the year are included in the profit and loss account. Operating profit is derived from continuing activities. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis. The accompanying notes form an integral part of these financial statements.

IRIS INVESTMENTS 1 LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
FIXED ASSET INVESTMENTS	8	1,578,973,503	1,578,973,503
CURRENT ASSETS			
DEBTORS: Amounts falling due within one year	9	11,869,911	12,991,454
CREDITORS: Amounts falling due within one year	10	(5,753,006)	(10,920,618)
NET CURRENT ASSETS		6,116,905	2,070,836
TOTAL ASSETS LESS CURRENT LIABILITIES		1,585,090,408	1,581,044,339
CREDITORS: Amounts falling due after more than one year	11	(1,689,236,000)	(1,644,330,000)
NET LIABILITIES		(104,145,592)	(63,285,661)
CAPITAL AND RESERVES			
Called up share capital	12	400,000	400,000
Profit and loss account		(104,545,592)	(63,685,661)
TOTAL SHAREHOLDERS' FUNDS	13	(104,145,592)	(63,285,661)

A reconciliation of movement in shareholders' funds is given in note 13

The accompanying notes form an integral part of these financial statements.

The financial statements and accompanying notes were approved by the Board of Directors on 14 July 2009.

Bine

Director
Date: 14 July 2009

IRIS INVESTMENTS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention, the accounting policies set out below and in accordance with the Companies Act 1985, as applicable to overseas companies and applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

Overseas companies

The financial statements have been prepared in accordance with the Companies Act 1985 applicable to overseas companies. The Company has taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

Going Concern

After reviewing the Company's performance and taking into account the support from Barclays Bank Plc, the directors are satisfied that the Company has adequate access to resources to enable them to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing these financial statements.

Interest

Interest income and expense is recognised on an accruals basis.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into US dollars at the exchange rate ruling at the balance sheet date except where rates of exchange are fixed under contractual arrangements (or under the terms of the relevant transaction). Trading results denominated in foreign currencies are translated into US dollar at average rates of exchange during the year unless a contracted rate applied. All exchange differences are included in the profit and loss account.

Investments in subsidiaries

Investment in subsidiaries are accounted for as fixed assets investments and are stated at cost less any permanent diminution in value.

Taxation

The charge for taxation is based on the results for the period and includes taxation deferred. Deferred taxation is recognized on timing differences between the taxable profits and the profit before tax recognized in the financial statements.

IRIS INVESTMENTS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

Consolidated financial statements

The financial statements contain information about Iris Investments 1 Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985, as applicable to overseas companies from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Barclays Bank PLC, a company registered in England and Wales.

2. CASH FLOW STATEMENT

The Company has adopted the provisions of Financial Reporting Standard 1 ("FRS 1") revised 1996, Cash Flow Statements. Accordingly the Company, which is a wholly owned subsidiary of Barclays Bank PLC, has elected to utilise the exemption provided in FRS 1 not to produce a cash flow statement, as a cash flow statement is prepared by its ultimate parent.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 \$	2007 \$
Interest receivable from group undertakings	49,632	438,297
	<u>49,632</u>	<u>438,297</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 \$	2007 \$
Interest payable to group undertakings	52,935,694	88,058,418
	<u>52,935,694</u>	<u>88,058,418</u>

IRIS INVESTMENTS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no employees employed by the Company during 2008 and 2007. The 2008 audit fee is borne by another group company. The fee that would otherwise have been charged to the Company amounts to \$4,520 for the year (2007: \$16,027). This fee is not recognised as an expense in the financial statements.

6. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2007: \$nil)

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 \$	2007 \$
United Kingdom:		
Corporation tax credit for the year	11,774,807	26,209,991

With effect from 1 April 2008, the UK Corporate tax rate was changed to 28% from 30%. The tax charge included within these statements is a blended rate of 28.5% (2007: 30%). The effective tax rate is different from the blended tax rate as a result of the differences explained below:

	2008 \$	2007 \$
Loss on ordinary activities before taxation	(52,634,738)	(87,474,710)
Loss on ordinary activities multiplied by blended rate of corporation tax in the UK of 28.5% (2007:30%)	15,000,900	26,242,413
Foreign exchange	(3,226,093)	(32,422)
Current tax credit for the year	11,774,807	26,209,991

IRIS INVESTMENTS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. FIXED ASSET INVESTMENTS

	2008 \$	2007 \$
<u>Investment in subsidiary Iris 2 Investments LLC</u>		
18,000 Series A Ordinary Shares including premium	1,578,973,503	1,578,973,503

The Company owns 100% of the Series A Ordinary Shares issued by Iris Investments 2 LLC. Iris Investments 2 LLC is incorporated in Delaware and is an investment company.

In the opinion of the directors, the value of the Company's investment in the subsidiary undertaking is not less than the amount stated in the balance sheet.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 \$	2007 \$
Amounts owed by group undertakings	-	4,602
Group tax relief receivable	11,869,911	12,986,852
	<u>11,869,911</u>	<u>12,991,454</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 \$	2007 \$
Amounts owed to group undertakings	5,753,006	10,920,618

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 \$	2007 \$
Amounts owed to group undertakings	<u>1,689,236,000</u>	<u>1,644,330,000</u>

IRIS INVESTMENTS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. CALLED UP SHARE CAPITAL

	2008 \$	2007 \$
Authorised:		
400,000 ordinary shares of US\$1 each	400,000	400,000
Allotted and fully paid:		
400,000 ordinary shares of US\$1 each	400,000	400,000

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 \$	2007 \$
Opening shareholders' funds	(63,285,661)	(2,020,942)
Loss for the year	(40,859,931)	(61,264,719)
Closing shareholders' funds	(104,145,592)	(63,285,661)

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 ("FRS 8"), Related Party Disclosures not to disclose transactions with other group companies since the Company is a wholly owned subsidiary of Barclays Bank PLC, the consolidated financial statements of which are publicly available. There have been no other transactions with related parties requiring disclosure during the year (2007: none):

15. PARENT UNDERTAKING AND ULTIMATE PARENT COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate parent company and controlling party is Barclays PLC, which is the parent company of the largest group that presents group accounts. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

