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Ravensworth Finance Limited

**Directors' report and financial statements
period from incorporation to 11 December 2006**

Registered number MC177875 (Cayman Islands)

Registered number FC027236 (UK)

TUESDAY



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COMPANIES HOUSE

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Directors' report

The Directors present their report and the financial statements for the period ended 11 December 2006

Principal activities and business review

Ravensworth Finance Limited ("the Company") is a limited company, which was incorporated on 23 November 2006, as a company registered in the Cayman Islands. The purpose of the Company is to make and manage investments.

On incorporation, the Company issued 2,000,000 £1 par value ordinary shares to Ampersand Investments (UK) Limited, a UK Company, at a premium of £125 per share, raising equity of £252,000,000.

The Company's results for the period ended 11 December 2006 show a profit after tax of £2,530.

The Directors consider the results for the period to be satisfactory.

Dividends

No dividends were paid or proposed in respect of the ordinary share during the period.

Directors and directors' interests

The following Directors were appointed during the period:

Stephen Hjorring (appointed 23 November 2006)

Philip Shaw (appointed 23 November 2006)

Christianne Smart (appointed 23 November 2006)

Following the period end, on 14 March 2007, Michael Kirkman was appointed as a Director.

None of the Directors who held office during the period had any disclosable interest in the shares of the Company.

No rights to subscribe for shares in or debentures of the Company were granted to any of the Directors or their immediate families or exercised by them during the period.

Directors' report (*continued*)

Principal place of business

The Company is managed and controlled in the UK. The offices of the Company and the location of board meetings throughout the period were 30 St Mary Axe, London, EC3A 8EP.

Political and charitable contributions

The Company made no political or charitable contributions during the period.

Accounting period length

The Company's first accounting period is less than one year in length. The Directors considered it prudent to close off at this point prior to the Company entering into a transaction involving a third party.

Post balance sheet event


The Directors of the Company have, in accordance with its Articles, resolved to issue a Debenture Stock in the amount of £250,000,000 out of the share premium account of the Company on 18 December 2006. The Debenture Stock was accordingly allotted and issued as fully paid-up to the holder of the Company's Ordinary Shares, Ampersand Investments (UK) Limited ("Ampersand") for no consideration on 18 December 2006. The Debenture Stock bears interest at a rate of 4.7157%, and matures on 21 December 2009.

Furthermore, the Company has made declarations of ordinary dividends totalling £775,888 since the period end.

Auditors

The auditors, PricewaterhouseCoopers LLP, were appointed by resolution of the board of directors on 23 November 2006.

By order of the board


Christianne Smart
Director
28 June 2007

London
United Kingdom

Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state that the financial statements comply with International Financial Reporting Standards,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business,
- furnish the independent auditors with all necessary information in order for them to perform their statutory audit

The Directors confirm that they have complied with the above requirement in preparing the financial statements. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

By order of the board



Christianne Smart
Director
28 June 2007

London
United Kingdom

Independent auditors' report to the members of Ravensworth Finance Limited

We have audited the financial statements of Ravensworth Finance Limited for the period ended 11 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity 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 Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 in accordance with Section 700 of the Companies Act 1985 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985 as applicable to overseas companies. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

Independent auditors' report to the members of Ravensworth Finance Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 11 December 2006 and of its profit and cash flows for the period then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 as applicable to overseas companies

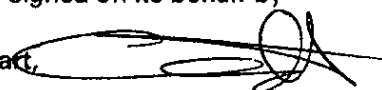

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
2 July 2007

Balance sheet

		As at 11 December 2006 £000
Non-current assets	<i>Note</i>	
Available-for-sale investments	3	251,000
		<hr/>
		251,000
Current assets		
Loans and receivables		1,000
Interest receivable		3
		<hr/>
		1,003
		<hr/>
Net assets		252,003
		<hr/>
Equity		
Ordinary share capital	4	2,000
Share premium	5	250,000
Retained earnings		3
		<hr/>
Total equity		252,003
		<hr/>

The financial statements on pages 6 to 17 were approved by the Board of Directors on 28 June 2007 and were signed on its behalf by

Christianne Smart,
 Director



Statement of changes in equity
for the period 23 November 2006 to 11 December 2006

	<i>Note</i>	Share Capital £000	Share Premium £000	Retained earnings £000	Total £000
Balance at 23 November 2006 (date of incorporation)		-	-	-	-
Issuance of ordinary shares at par	4	2,000	-	-	2,000
Share premium on issuance of ordinary shares	4, 5	-	250,000	-	250,000
Profit for the period		-	-	3	3
Balance at 11 December 2006		2,000	250,000	3	252,003

Income statement

	<i>Note</i>	Period 23 November 2006 to 11 December 2006 £000
Interest income	6	3
Operating profit and profit before income tax		3
Income tax expense	10	-
Profit for the period		3

No dividends were paid or declared during the period

The Company's results are derived from continuing operations

The notes on pages 10 to 17 form part of these financial statements

Cash flow statement

		Period 23 November 2006 to 11 December 2006 £000
	<i>Note</i>	
Cash flows from operating activities	11	(252,000)
Net cash used in operating activities		(252,000)
Cash flows from financing activities		
Issue of ordinary shares	4, 5	252,000
Net cash used in financing activities		252,000
Net increase in cash and equivalents		-
Balance at beginning of period		-
Cash and cash equivalents at 11 December 2006		-

Notes

(forming part of the financial statements)

1 General information

Ravensworth Finance Limited ("the Company") is a company which makes and manages investments. The Company is a limited liability company incorporated in the Cayman Islands, and managed and controlled in the UK. The offices of the Company and the location of board meetings throughout the period were 30 St Mary Axe, London, EC3A 8EP.

The Company is not listed on any exchange.

These Company financial statements were authorised for issue by the Board of Directors on 28 June 2007.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied during the period presented unless otherwise stated.

The financial statements cover the period from 23 November 2006 (date of incorporation) to 11 December 2006. The Directors considered it prudent to close off at this point prior to the Company entering into a transaction involving a third party.

Basis of preparation

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards, as adopted by the European Union and IFRIC interpretations. IFRS standards and interpretations are issued by the International Accounting Standards Board (IASB) and comprise International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The balance sheet and income statements in this document are presented in accordance with IAS 1 'Presentation of Financial Statements'. These financial statements are prepared on a historical cost basis, as modified for certain items which have been fair valued in accordance with appropriate International Financial Reporting Standards.

Once approved, the financial statements cannot be amended without re-presenting them for approval by the Board.

All references to figures in the narrative passages throughout these financial statements are in absolute sterling terms.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Interest income and expense

Interest income and expense for all interest-bearing financial instruments except for those classified as held for trading or designated at fair value are recognised in 'interest income' and

Notes (continued)

Interest income and expense (continued)

'interest expense' in the income statement using the effective interest method, based on the rates of the financial assets or financial liabilities to which they relate

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Fee income

Fee income is recognised on an accruals basis when the service has been provided.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

Foreign currency translation

Items included in the financial statements, are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the Company's functional and presentation currency. There are no non-sterling transactions which affect the financial statements for the period.

Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. Financial investments are recognised on trade date, when the Company enters into contractual arrangements with counterparties to purchase securities, and are derecognised when either the securities are sold or the borrower repays their obligations.

(a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are categorised as 'held for trading' and therefore classified as financial assets at fair value through profit and loss unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Notes (continued)

Financial instruments (continued)

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity

(d) Available-for-sale assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within 12 months of the balance sheet date

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'other (losses)/gains – net', in the period in which they arise.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. In the case of securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired.

If an impairment loss has occurred on available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. If there is objective evidence that an impairment loss has been incurred on any other type of financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company will measure impairment on the basis of an instrument's fair value using an observable market price, where available.

Notes (continued)

Deferred income tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets, or the entity's own equity.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as liabilities in the period in which the dividends are approved by the Company's board of directors.

3 Available-for-sale investments

	At 11 December 2006 £000
Preference share investment in Kilgallon Finance Limited	251,000
	<hr/>
	251,000
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On 23 November 2006, the Company purchased 251,000,000 fixed rate £1 preference shares issued by Kilgallon Finance Limited ("Kilgallon"). These preference shares entitle the Company to a fixed dividend at a rate of 4.494838%, which requires declaration by the board of directors prior to payment. Following the period end, on 18 December 2006, the interest rate on the Kilgallon preference shares was amended to 4.7157%.

Notes (continued)

4 Share capital

	At the start and end of the period £000
Authorised	
Equity	
4,000,000 ordinary shares of a par value of £1	4,000
	<hr/>
	4,000
	<hr/>

	At the start and end of the period £000
Allotted, called up but not fully paid	
Equity	
2,000,000 ordinary share of a par value of £1	2,000
	<hr/>
	2,000
	<hr/>

On incorporation, the Company issued 2,000,000 £1 ordinary shares to Ampersand Investments (UK) Limited ("Ampersand"). These shares were issued at a premium of £125 per share, creating aggregate share premium of £250,000,000. Each ordinary share carries one vote which may be exercised at general meetings of the Company.

5 Share premium

	At the start and end of the period £000
On incorporation and at the end of the period	250,000
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6 Interest income

	Period from 23 November 2006 to 11 December 2006 £000
Interest earned on funds lent	3
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On 23 November 2006, the Company advanced £1,000,000 to Swiss Re Treasury (Luxembourg) S A at an interest rate of 5.1302%. This loan matures on 14 December 2006.

Notes (continued)

7 Employees

The Company had no employees during the period. Certain services were provided to the Company, for no consideration, by Swiss Re Services Limited.

8 Directors' emoluments

The Directors received no remuneration in respect of their services to the Company for the period ended 11 December 2006. No pension benefits were accrued under pension schemes during the period.

9 Auditors' remuneration

Audit fees in respect of the period have been borne by another company within the Swiss Re Group.

10 Income tax expense

Analysis of charge in period

Period 23 November 2006 to 11
 December 2006
 £000

UK corporation tax at 30%	-
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Income tax expense	-
	<hr/>

The tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

Period 23 November 2006 to 11
 December 2006
 £000

Factors affecting the tax charge for the current period

Profit before income tax	3
	<hr/>
Loss before income tax multiplied by the standard rate of corporation tax in the UK of 30%	1
	<hr/>
<i>Effects of</i>	
Group relief received for no consideration	(1)
	<hr/>
	-
	<hr/>

Notes (continued)

11 Cash flows from operating activities

	Period to 11 December 2006 £000
Profit before income tax	3
<i>Changes in working capital</i>	
Interest and coupon income	(3)
Purchase of Kilgallon Preference Shares	(251,000)
Funds lent to Swiss Re group companies	(1,000)
Cash utilised in operating activities	(252,000)

12 Commitments and contingencies

There are no commitments or contingencies at the balance sheet date

13 Related parties

Ampersand, a wholly owned subsidiary of Swiss Re Specialised Investments Holdings (UK) Limited ("SRSIH"), itself a wholly owned subsidiary of Swiss Reinsurance Company ("Swiss Re"), holds all of the ordinary shares in the Company and appoints all of the Board of Directors and, through the Board, directs the financial and operating policies of the Company with a view to gaining economic benefit from its activities. As such, Ampersand and other members of the Swiss Re group, including Swiss Re Treasury (Luxembourg) S A ("SRT Lux"), and Swiss Re Services Limited ("SRSL"), are considered related parties of the Company.

Transactions with related parties

During the period Ampersand contributed equity to the Company of £252,000,000, of which £250,000,000 was credited to the share premium account (refer note 4 and 5)

Funds raised through the issuance of ordinary shares were used to purchase 251,000,000 £1 preference shares issued by Kilgallon Finance Limited ("Kilgallon"), a Cayman company, at their par value. These preference shares entitle the holder to a fixed return of 4.7157%, subject to declaration by Kilgallon's board of directors. The remainder of the funds raised, £1,000,000, were lent to SRT Lux, attracting a fixed rate of return of 5.1302%. This loan matures on 14 December 2006.

14 Post balance sheet event

The Directors of the Company have, in accordance with its Articles, resolved to issue a Debenture Stock in the amount of £250,000,000 out of the share premium account of the Company on 18 December 2006. The Debenture Stock was accordingly allotted and issued as fully paid-up to the holder of the Company's Ordinary Shares, Ampersand Investments (UK) Limited ("Ampersand") for no consideration on 18 December 2006. The Debenture Stock bears interest at a rate of 4.7157%, and matures on 21 December 2009.

Notes *(continued)*

Post balance sheet event *(continued)*

Furthermore, the Company has made declarations of ordinary dividends totalling £775,888 since the period end

15 Ultimate parent undertaking

The ultimate parent Company and the ultimate controlling party of the Company is Swiss Reinsurance Company, incorporated in the Switzerland

The smallest and largest group in which the results of the Company are consolidated is that headed by Swiss Reinsurance Company. The consolidated accounts of are available to the public and may be obtained from 30 St Mary Axe, London, EC3A 8EP.