

White Sails Limited

Company Number FC27811

Annual Report and Financial Statements

for the period ended 31 December 2007

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White Sails Limited

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Directors

L Martí-Sanchez
A Mehta

Secretary and Registered Office

J Cano
Mourant Cayman Corporate Services LTD , Harbour Centre, 42 North Church Street, P O
Box 1348, Grand Cayman KY1-1108, Cayman Islands

Auditors

KPMG Audit Plc, Canary Wharf, One, Canada Square, London, E14 5AG

White Sails Limited

Report of the directors for the period ended 31 December 2007

The directors have pleasure in presenting their annual report together with the audited financial statements for the period ended 31 December 2007

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year

Interim ordinary dividends of GBP 6,316,601 were paid during the period. The directors do not propose a final dividend.

Principal activities

The company was established on 23 March 2007. The company was purchased on 27 March 2007 by HSH Nordbank AG to provide equity investment for a financing transaction.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory. The directors do not anticipate any significant change in the company's activities in the foreseeable future.

Directors

The directors who held office during the period to 31 December 2007 were

| | |
|--------------------|----------------------|
| Luis Marti-Sanchez | Appointed 27/03/2007 |
| Amitabh Mehta | Appointed 27/03/2007 |

There were no directors in the company between 23/03/2007 and 27/03/2007

White Sails Limited

Report of the directors for the period ended 31 December 2007 *(continued)*

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation

Company law requires the directors to prepare financial statements for each financial year under that law. They have elected to prepare the financial statements in accordance with International Financial Reporting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period.

In preparing the 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 whether applicable International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open for them to safeguard the assets of the Company and so prevent and detect fraud and other irregularities.

Under applicable law the directors' are also responsible for preparing a directors report that complies with the law.

Disclosure of information for auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and establish that the company's auditors are aware of that information.

Directors' Interests

None of the directors had an interest in the share capital of the company during the year. None of the directors had any disclosable interest in the shares or debentures of any UK group undertaking at the time.

White Sails Limited

Report of the directors for the period ended 31 December 2007 (continued)

Auditors

KPMG were appointed as auditors by board resolution on the 28th November 2007

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the Board

J Cano

Company Secretary



Mourant Cayman Corporate Services LTD ,
Harbour Centre,
42 North Street,
P O Box 1348
Grand Cayman KY1-1108,
Cayman Islands

White Sails Limited

Independent auditors' report to the members of White Sails Limited

We have audited the financial statements of White Sails Limited for the period ended 31 December 2007 which comprise of the Income Statement, the Balance Sheet, the Cash Flow Statement, and the Statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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. 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.

White Sails Limited

Independent auditors' report to the members of White Sails Limited (Continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Canary Wharf
1 Canada Square
London, E14 5AG

13th May 2008

White Sails Limited

Profit and loss account for the period ended 31 December 2007

| | Notes | <u>23 March – 31 December 2007 GBP</u> |
|--|-------|--|
| Investment Income | 2 | 6,327,702 |
| Interest Income | 3 | 2,909 |
| Total operating income | | 6,330,611 |
| Administration expenses | 4 | (12,428) |
| Operating profit | | 6,318,183 |
| Profit on ordinary activities before taxation | | 6,318,183 |
| Taxation | 5 | - |
| Profit on ordinary activities after taxation | | 6,318,183 |
| Retained profit for the period | | 6,318,183 |
| Interim dividends | 6 | (6,316,601) |
| Retained Profit carried forward | | 1,582 |

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 11 to 16 form part of these financial statements

White Sails Limited

Balance sheet at 31 December 2007

| | Notes | 2007 GBP |
|-------------------------------------|-------|--------------------|
| Assets | | |
| Cash at bank | | 23,332 |
| Investment Securities | 7 | 200,000,000 |
| Total Assets | | 200,023,332 |
| Liabilities | | |
| Other liabilities | 8 | 11,750 |
| Total Liabilities | | 11,750 |
| Equity | | |
| Share capital | 9 | 10,000 |
| Share premium | | 200,000,000 |
| Retained earnings | | 1,582 |
| Total Equity | | 200,011,582 |
| Total Liabilities and equity | | 200,023,332 |

The financial statements were approved by the Board directors on *2nd May*, 2008


L. Marti Sanchez
Director

The notes on pages 11 to 16 form part of these financial statements

White Sails Limited

Cash Flow Statement for the period ended 31 December 2007

| | Notes | 2007 GBP |
|---|-------|----------------------|
| Cashflow from operating activities | | |
| Cash payments for services | | (678) |
| Dividends received | | 6,327,702 |
| Loan Interest | | 721 |
| Bank Interest | | 2,188 |
| Net cashflow from operating activities | | 6,329,933 |
| Cashflow from investing activities | | |
| Cash payments to acquire investment equity | | (200,000,000) |
| Net cashflow from Investing activities | | (200,000,000) |
| Cashflow from financing activities | | |
| Proceeds from issuing share capital | | 200,010,000 |
| Interim dividends paid | | (6,316,601) |
| Net cashflow from Financing activities | | 193,693,399 |
| Net increase in cash and cash equivalents | 10 | 23,332 |
| Cash and cash equivalents at beginning of period | | - |
| Cash and cash equivalents at end of period | | 23,332 |

The notes on pages 11 to 16 form part of these financial statements

White Sails Limited

Statement of changes in equity For the period ended 31 December 2007

| | <u>Ordinary Share Capital GBP</u> | <u>Share premium GBP</u> | <u>Retained earnings GBP</u> | <u>Total GBP</u> |
|---------------------------------|---|----------------------------------|--------------------------------------|----------------------|
| Balance at 23 March 2007 | - | - | - | - |
| Shares issued during the period | 10,000 | 200,000,000 | - | 200,010,000 |
| Retained profit for the period | - | - | 1,582 | 1,582 |
| Balance at 31 December 2007 | <u>10,000</u> | <u>200,000,000</u> | <u>1,582</u> | <u>200,011,582</u> |

The notes on pages 11 to 16 form part of these financial statements

White Sails Limited

Notes forming part of the financial statements for the period ended 31 December 2007

1. Accounting policies

International accounting standards in general and the International Financial Reporting Standards (IFRS) in particular are taken in this context to mean those standards and related interpretations by the Standing Interpretations Committee and the International Financial Reporting Committee which have been issued by the International Accounting Standards Board (IASB) and adopted under IAS regulation 1606/2002 by the European Parliament and the Council on July 19, 2002 as part of the EU endorsement

All compulsory IFRS standards, interpretations and changes in standards were applied for the financial year. The voluntary use of standards which are to be applied only after the January 1, 2008 reporting period was waived in this case.

Income and expenses are differentiated pro rata temporis. They are recorded and reported in the period to which they relate. Accounting for assets, liabilities, income and expenses takes place on a consistent basis. Variations are only undertaken in justified, exceptional cases.

The financial statements are presented in GBP, which is the company's functional currency.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statement.

Categorization of financial assets and liabilities

Additions and disposals of financial assets are recorded as of the settlement date, while derivative financial instruments are recorded on the trading date. Initial recognition is measured at fair value, which generally corresponds to the acquisition cost of the financial instrument.

Subsequent measurement of financial assets and liabilities depends on which IAS 39 category they were assigned to at the time of acquisition.

Financial assets available for sale (AFS) are measured at fair value with changes recorded in equity. The category available for sale (AFS) encompasses all non-derivative assets not assigned to any of the other categories. These are stated within financial investments, with initial measurement at acquisition cost or fair value. Subsequently, financial instruments available for sale are measured at fair value to the extent that this can be reliably determined. Particularly for equity securities where there is no market price and whose fair value cannot be determined reliably by other methods, subsequent measurement takes place at cost.

Where changes in value to AFS instruments stated at fair value are not attributable to impairment, they are recorded in the revaluation surplus in equity (after allowing for deferred taxes), without affecting net income.

White Sails Limited

Notes forming part of the financial statements for the period ended 31 December 2007 (*continued*)

When an asset is sold the revaluation surplus must be released and recognized as income or expense, so the gain or loss arising from the disposal is reflected in the income statement

The difference between costs of acquisition and repayment amount for interest-bearing securities is stated under net interest income, using the effective interest rate method

Allowances for impairments and impairment of financial instruments

At every balance sheet date, a check is done to find out whether there are objective indicators for the impairment of financial assets which are not measured at fair value through the income statement

An impairment test is performed if, after initial recognition of a financial instrument, there are objective indications of an impairment which would have an impact on the anticipated future cash flows from the financial instrument. Only impairments which have already occurred – not those anticipated for the future – are taken into account, according to the incurred loss model of IAS 39. Subsequent indications which came to light after the balance sheet date and which already applied on the balance sheet date are taken into consideration.

Income Taxes

We calculate current tax assets and liabilities by applying the currently valid tax rates at which a refund from, or a payment to, the tax authorities is anticipated.

Deferred tax assets and liabilities derive from timing differences between the value of an asset or liability as measured by IFRS standards and its assigned value in tax terms. Deferred taxes on tax loss carryforwards are stated at the amount likely to be used in future. Deferred taxes are calculated using the tax rates and rules anticipated to be valid at the time when the deferred tax assets are to be realized.

Dividends

Dividends from securities are recognised when they become legally payable. Interim equity distributions are recognised when paid. Final equity distributions are recognised when approved by the shareholders at an annual general meeting.

2. Investment Income

The investment income represents dividend income from the company's equity investment. The interim dividends are payable quarterly and are at 5.02% p.a. until 14th June 2008, they are then fixed at 5.07%.

White Sails Limited

Notes forming part of the financial statements for the period ended 31 December 2007 *(continued)*

3. Interest Income

| | 2007 GBP |
|---------------|-------------|
| Bank interest | 2,909 |
| | <hr/> 2,909 |

The interest income of GBP 2,909 is due from the parent company

4. Administrative expenses

Remuneration of directors

The directors did not receive any emoluments during the year for their services to the company

Employee information

The Company had no employees during the year

Auditor's remuneration

Fees payable to the company's auditors for audit services amounted to GBP 11,750

5. Income tax expense in the income statement

| | | 2007 GBP |
|--|-------|-----------------|
| Profit for the period | | 6,318,183 |
| Total income tax expense | | - |
| Profit excluding income tax | | <hr/> 6,318,183 |
| Income tax using company's domestic rate | (30%) | 1,895,455 |
| Tax effect of exempt income | (30%) | (1,898,311) |
| Not recognised tax assets | (0%) | <hr/> 2,856 |
| Effective Tax rate/ Tax | (0%) | <hr/> - |

White Sails Limited

Notes forming part of the financial statements for the period ended 31 December 2007 *(continued)*

Deferred tax asset has not been recognised because it is not probable that future taxable profit will be available to utilise the benefits therefrom

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

| | 2007 GBP |
|------------|-------------|
| Tax losses | 2,856 |

6. Dividends

| | 2007 GBP |
|--------------------------------------|-------------|
| Ordinary shares | |
| Interim paid of EUR £0 063 per share | 6,316,601 |

7. Investment Securities

The Company acquired an equity stake of GBP 200,000,000 in GBP Funding 2007-A, which is accounted for as available for sale investment securities

The carrying amount is the fair value of the investment securities. The fair value is calculated based on future dividends which correspond to a normal return on similar investments

8. Other Liabilities

| | 2007 GBP |
|-------------------|--------------|
| Audit fee accrual | 11,750 |
| | <hr/> 11,750 |

9. Share Capital & Shares allotted

| | Year Ended 2007 | GBP Allotted Called up & fully paid |
|-------------------------------------|--------------------|--|
| Ordinary shares of GBP 0 01 each | Authorised No | |
| | <hr/> 1,000,000 | <hr/> 200,010,000 |

White Sails Limited

Notes forming part of the financial statements for the period ended 31 December 2007 (*continued*)

10. Notes to the cashflow statement

Cash and Cash equivalent

| | 2007 GBP |
|--|--------------|
| Cash on hand and balances with banks | 23,332 |
| Cash and Cash equivalents as previously reported | <hr/> 23,332 |
| Effect of exchange rate changes | - |
| Cash and cash equivalents as restated | <hr/> 23,332 |

11. Nature and extent of Financial Instrument Risk

Risk Management

The directors provide overall risk supervision of White Sails Limited

Credit Risk

White Sails Limited purchased an equity stake of 200,000,000 GBP in GBP Funding 2007-A, as the sole credit risk this can be seen to be the maximum exposure. Ultimately the funds are loaned to Merrill Lynch who have an A+ Standard & Poors rating. We therefore assess the credit risk of our investment as low.

Market Risk

The dividends received on the investment are based on fixed amounts, refer to note 2. White Sails Limited has exposure to equity price risk which arises from its investment securities which are classified as available for sale financial assets.

White Sails Limited

Notes forming part of the financial statements for the period ended 31 December 2007 (*continued*)

12. Related party disclosures

White Sails Limited is a fully owned subsidiary of HSH Nordbank AG. In the current period it has entered into transactions that resulted in interest income of 2,909 GBP receivable from HSH Nordbank AG and dividend payments of 6,316,601 GBP payable to HSH Nordbank AG. As at 31 December 2007 White Sails Limited had a 23,332 GBP bank account deposit with HSH Nordbank AG and HSH Nordbank AG had a 200,010,000 equity investment in White Sails Limited.

13. Controlling party and parent undertaking

The directors consider HSH Nordbank AG, incorporated in the Federal Republic of Germany, to be its controlling party. The company's ultimate parent undertaking is also HSH Nordbank AG.

Copies of the parent undertaking's consolidated financial statements may be obtained from
HSH Nordbank AG
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany