HAMILTON BUSINESS PARK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

COMPANY NUMBER SC129611

Directors

R McLetchie
Sir J S Harvie
D McDonald

Secretary

K T Harvie

Registered Office

Central House
119 Whitefield Road
Ibrox
Glasgow
G51 2SD

Auditors

KPMG Audit plc
Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EG

Bankers

Bank of Scotland plc
Head Office
The Mound
EDINBURGH
EH1 1YZ

REPORT OF THE DIRECTORS

The Directors submit their report and audited accounts of the Company for the year ended 31 December 2008.

Activities

The Company operates as a property development company and no change is expected in that activity.

Results and dividend

The profit for the year after taxation amounted to £1,500,335 (2007: £530,533). The Directors paid a dividend of £1,500,000 (2007: £1,000,000).

Going concern

As set out in Note 1.2 'Principles underlying Going Concern Assumption' the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the accounts.

Directors and their interests

The Directors at the date of this report are as stated on page 1.

Dates of appointment and resignation during the year were as follows:

Director	Date of appointment	Date of resignation
Sir J S Harvie	22nd February 2008	
John Barkley		17th February 2009
Derek McDonald	26th March 2009	

Post Balance Sheet Events

Details of post balance sheet events including the acquisition of HBOS plc by Lloyds TSB Group plc are given in Note 10 to the financial statements.

Company Secretary

L J Edwards (resigned 25th June 2009)
K T Harvie (appointed 25th June 2009)

Audit information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they each 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 he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board,

K T Harvie
Secretary

25/06/ 2009

Profit and Loss Account

For the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover		**8,250,000**	4,024,079
Cost of sales		**(6,142,531)**	(3,095,438)
Gross profit		**2,107,469**	928,641
Operating expenses		**(33,997)**	(53,993)
Operating profit		**2,073,472**	874,648
Interest receivable		**8,309**	9,767
Interest payable		**(9,456)**	(123,131)
Other Income		**28,563**	-
Profit on ordinary activities before taxation	2	**2,100,888**	761,284
Taxation	3	**(600,553)**	(230,751)
Profit for the year		**1,500,335**	530,533

All gains and losses arising during the year have been recognised in the profit and loss account and derive from continuing operations of the Company.

The notes on pages 5 to 9 form part of these accounts.

Balance Sheet

As at 31 December 2008

	Note	2008 £	2007 £
Current assets			
Stock	5	-	-
Deferred tax asset	4	521	521
Other debtors		-	4,530
VAT recoverable		-	15,971
Cash at bank		1,902,432	246,049
		1,902,953	267,071
Creditors: amounts falling due within one year			
Accruals and deferred income		(1,500)	(47,377)
Corporation tax		(598,753)	(125,527)
VAT payable		(1,208,198)	-
		(1,808,451)	(172,904)
Net assets		94,502	94,167
Share capital and reserves			
Share capital	6	2	2
Profit and loss account	7	94,500	94,165
Equity Shareholders' funds	7	94,502	94,167

The notes on pages 5 to 9 form part of these accounts.

Approved by the Board at a meeting on 25/06/ 2009 and signed on its behalf by:

R. McKetchie .... Director

Notes to the accounts

1. Accounting policies

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

1.1 Going concern

The financial statements have been prepared on a going concern basis, which assumes the continued support of other group companies. If this support were not forthcoming the company would have to reduce the monetary value of assets to recoverable amounts, to provide for further liabilities that might arise and reclassify all assets and liabilities as current assets and liabilities.

1.2 Principles underlying going concern assumption

During 2008, global financial markets experienced difficult conditions which have been characterised by a marked reduction in liquidity. As a consequence of this, governments and central banks carried out a series of actions to address the lack of liquidity within their respective banking systems. In the UK these actions have included the introduction by the Bank of England of liquidity support, through schemes (collectively "Bank of England facilities") such as the extended Long–Term Repo open market operations and the Special Liquidity Scheme ('SLS') whereby banks and building societies can exchange eligible securities for UK Treasury bills; and the creation of a credit guarantee scheme by HM Treasury, providing a government guarantee for certain short and medium term senior debt securities issued by eligible banks. During 2008 HBOS plc has made use of these measures in order to maintain and improve a stable funding position.

In the context of this continued turbulence and uncertainty in the financial markets, combined with a deteriorating global economic outlook, HBOS plc has also taken steps to strengthen its capital position in order to provide a buffer against further shocks to the financial systems and to ensure that it remains competitive. On 15 January 2009, in conjunction with the takeover of HBOS plc by Lloyds TSB Group plc, HBOS plc raised £11,345m (net after costs) in preference and ordinary share capital.

On 16 January 2009, following completion of the acquisition of the Group by Lloyds Banking Group plc, the Group became a wholly owned subsidiary and became dependent upon the ultimate parent and its banking subsidiaries for its capital, liquidity funding needs.

There is a risk despite the substantial measures taken so far by governments that further deterioration in the markets could occur. In addition the economic conditions in the UK are deteriorating more quickly than previously anticipated placing further strain on the Lloyds Banking Group's capital resources. The key dependencies on successfully funding the Lloyds Banking Group's balance sheet include the continued functioning of the money and capital markets at their current levels; the continued access of the Lloyds Banking Group to central bank and Government sponsored liquidity facilities including access to HM Treasury's credit guarantee scheme and access to the Bank of England's various facilities; limited further deterioration in the Lloyds Banking Group's credit ratings; and no significant or sudden withdrawal of deposits resulting in increased reliance on money markets or Government support schemes.

Based upon projections prepared by Lloyds Banking Group plc management which take into account the acquisition on 16 January 2009 of HBOS plc and its subsidiaries together with the Lloyds Banking Group's current ability to fund in the market and the assumption that announced government sponsored schemes will continue to be available, the directors are satisfied that the Company have adequate resources to continue in business for the foreseeable future. The Company has received confirmation that it is the current intention of Lloyds Banking Group plc to ensure that the Company, as a joint venture of HBOS plc, should have at all times for the foreseeable future access to adequate resources to continue to trade and meet their liabilities as they fall due. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Notes to the accounts (continued)

1. Accounting policies (continued)

1.3 Statement of compliance

The financial statements of Hamilton Business Park Ltd comprise the Profit & Loss Account and Balance Sheet together with the related Notes to the Accounts.

The financial statements also comply with the relevant provisions of Part VII of the Companies Act 1985, as amended by the Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004.

1.4 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards (UK Generally Accepted Accounting Practice) on the historical cost basis.

The Company is exempt from the requirement to prepare a cash flow statement under FRS 1 as it qualifies as a small company under s.247 of the Companies Act 1985.

1.5 Stock

Stock is stated at the lower of cost and net realisable value. Costs include the cost of land, direct construction costs and capitalised interest. Interest is charged at a margin above Bank base rate.

1.6 Interest receivable and payable

Interest receivable and payable is recognised in the profit and loss account on an accruals basis.

1.7 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	2008	2007
	£	£
Audit fees	**1,500**	1,500

The Company has no employees and none of the Directors receive any emoluments from the Company.

Notes to the accounts (continued)

3. Taxation

	2008	2007
Current tax	**£**	£
Corporation tax charge for the year at a rate of 28.5% (2007: 30%)	**598,753**	230,528
Prior year adjustment	**1,800**	
Deferred tax		
Deferred tax charge/(credit) for the year at a rate of 28.5% (2007: 30%)	-	223
	600,553	230,751

Factors affecting the current tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 28.5%

	2008	2007
Profit on ordinary activities before taxation	**2,100,888**	761,284
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	**598,753**	228,385
Prior year adjustment	**1,800**	
Effects of :		
Expenses not deductible for corporation tax purposes	-	2,329
Capital items expensed	-	-
Capital allowances	-	(186)
Current corporation tax charge for the year	**600,553**	230,528

4. Deferred tax

	2008	2007
	£	£
Deferred tax balance brought forward	521	744
Current year adjustment	-	(186)
Change in tax rate	-	(37)
At 31 December	521	521
Deferred taxation comprises:		
Capital allowances	521	521
Deferred tax asset	521	521

Notes to the accounts (continued)

5. Stock

	2008 £	2007 £
At 1 January	-	2,635,391
Costs capitalised	5,593,855	408,594
Interest capitalised	303,333	-
Disposals	(5,897,188)	(3,043,985)
As at 31 December	-	-

6. Share capital

	2008 £	2007 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

7. Reconciliation of equity Shareholders' funds

	Share capital £	Profit & loss reserve £	Shareholders funds £
At 1 January 2007	2	563,632	563,634
Profit for the year	-	530,533	530,533
Dividends	-	(1,000,000)	(1,000,000)
At 31 December 2007	2	94,165	94,167
At 1 January 2008	2	94,165	94,167
Profit for the year	-	1,500,335	1,500,335
Dividends	-	(1,500,000)	(1,500,000)
At 31 December 2008	2	94,500	94,502

8. Parent undertaking

The Company's parent undertaking is Silverbank Development Company Limited.

9. Related party transactions

The Company paid £354,260 (2007: £466,755) net of VAT, in the year to Central Building Contractors (Glasgow) Limited under construction contracts. Sir J S Harvie is a Director of Central Building Contractors (Glasgow) Limited.

Notes to the accounts (continued)

10. Events after the Balance Sheet Date

a) Lloyds TSB Group plc acquisition of HBOS plc

On 18 September 2008, with the support of the UK Government, the boards of HBOS plc ('HBOS') and Lloyds TSB Group plc ('Lloyds TSB') announced that they had reached agreement on the terms of the recommended acquisition of HBOS by Lloyds TSB. The terms of the acquisition were subsequently amended, as announced on 13 October 2008, at the same time as the announcement of the participation by HBOS and Lloyds TSB in the Government's action plan to recapitalise some of the major UK banks. The acquisition was to be implemented by means of a scheme of arrangement with a separate scheme of arrangements in relation to preference shares, under sections 895 to 899 of the Companies Act 2006.

On 12 January 2009 the Court of Session in Edinburgh, Scotland made an order sanctioning the scheme of arrangement for the acquisition and the preference share scheme of arrangement. The last day of trading in HBOS ordinary and preference shares was 14 January 2009.

On 15 January 2009 HBOS raised £11.5bn of capital (before costs and expenses) through an issue of £8.5bn of new ordinary shares under a placing with HM Treasury subject to clawback by existing shareholders, and an issue to HM Treasury of £3bn of new preference shares. Lloyds TSB raised £4.5bn (before costs and expenses) through an issue of £3.5bn of new ordinary shares under a placing with HM Treasury subject to clawback by existing shareholders, and an issue to HM Treasury of £1bn of new preference shares.

On 16 January 2009 the Lloyds TSB acquisition of HBOS completed following final court approval and Lloyds TSB was renamed Lloyds Banking Group plc. The exchange of HBOS shares for Lloyds Banking Group shares took place at an exchange ratio of 0.605 of a new Lloyds Banking Group share for every one HBOS share held. As a result, the UK Government through HM Treasury owned approximately 43.4% of the enlarged ordinary share capital of Lloyds Banking Group. In addition, each class of preference share issued by HBOS, including the preference shares issued to HM Treasury in the capital raising was replaced with an equal number of new Lloyds Banking Group preference shares.

HBOS ordinary and preference shares were de-listed from the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange was cancelled on 19 January 2009 when trading in the new Lloyds Banking Group shares commenced.

b) Government Asset Protection Scheme

On 7 March 2009, one of the Company's ultimate joint venture investors, Lloyds Banking Group plc ("LBG"), announced its intention to participate in the Government's Asset Protection Scheme. LBG intends to participate in the Scheme in respect of assets and exposures on its consolidated balance sheet with an aggregate book value of approximately £250bn and will pay a fee to HM Treasury of £15.6bn which will be amortised over an estimated 7 year period. The proceeds of this fee will be applied by HM Treasury in subscribing for an issue of "B" shares of LBG, carrying a dividend of the greater of 7 per cent per annum and 125 per cent of the dividend on ordinary shares.

LBG has also agreed to replace the £4bn of preference shares held by HM Treasury with new ordinary shares which will be offered to eligible LBG shareholders pro rata to their existing shareholdings at a fixed price of 38.43 pence per ordinary share. These new ordinary shares will be offered to shareholders and new investors on the same basis as the Placing and Open Offer in November 2008. The ordinary share offer is fully underwritten by HM Treasury on substantially the same fee basis as the Placing and Open Offer conducted in November 2008. Participation in the Scheme and the replacement of the preference shares is subject to approval by eligible LBG shareholders.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMILTON BUSINESS PARK LIMITED

We have audited the financial statements of Hamilton Business Park 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.

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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 10.

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 are 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year 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
Edinburgh

25 June 2009