

UBERIOR (RODINHEIGHTS) LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Company Number SC275570



Directors

B S Anderson
A J N Hewitt
G C Sellar

Secretary

L J Edwards

Registered Office

Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

Auditors

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

Bankers

Bank of Scotland
Head Office
The Mound
EDINBURGH
EH1 1YZ

REPORT OF THE DIRECTORS

Directors

B S Anderson
A J N Hewitt
G C Sellar

The Directors submit their report and audited accounts of the Company for the year ended 31 December 2006

Activity and review of business

The Company operates as an investment holding company and there has been no change in that activity during the year

Results and Dividends

The profit after tax for the Company for the year to 31 December 2006 was £540,907 (14 months ended 31 December 2005 £183,184) The Directors do not recommend payment of a final dividend

Directors and their interests

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

Dates of appointment and resignation were as follows

| <u>Director</u> | <u>Date of Appointment</u> | <u>Date of Resignation</u> |
|-----------------|----------------------------|----------------------------|
| G Carlow | 9 January 2006 | 31 March 2006 |
| A J N Hewitt | 16 January 2006 | |
| G C Sellar | 16 January 2006 | |

B S Anderson served throughout the year

Directors' beneficial interests in the ordinary shares of HBOS plc during the year were as follows

(References to "HBOS plc shares" are to ordinary shares of 25p each in HBOS plc)

During the year no Director had any beneficial interest in the share capital of the Company or of any other Group undertaking other than in HBOS plc, the ultimate holding company.

The beneficial interests of the Directors and their immediate families in HBOS plc shares are set out below

| | <u>At 31 12 05</u> <u>or date of appointment if later</u> <u>HBOS plc shares</u> | <u>At 31 12 06</u> <u>HBOS plc shares</u> |
|--------------|--|--|
| B S Anderson | 7,392 | 10,664 |
| A J N Hewitt | 1,042 | 1,644 |
| G C Sellar | 5,691 | 6,129 |

REPORT OF THE DIRECTORS (continued)

Directors and their interests (continued)Short term Incentive Plan – HBOS scheme and former Halifax scheme

Certain Directors have conditional entitlements to shares arising from the annual incentive plan. Where the annual incentive for any year was taken in shares and these shares are retained in trust for three years, the following shares will also be transferred to the Directors

| | <u>Grant effective from</u> | <u>Shares as at 31 12 06</u> |
|--------------|-----------------------------|------------------------------|
| B S Anderson | March 2004 | 751 |
| | March 2005 | 427 |
| | March 2006 | 860 |
| A J N Hewitt | March 2004 | 125 |
| | March 2005 | 225 |
| | March 2006 | 98 |
| G C Sellar | March 2004 | 310 |
| | March 2005 | 291 |
| | March 2006 | 299 |

Long term Incentive PlanHBOS Scheme, former Bank of Scotland scheme and former Halifax Scheme

Share options granted between 1995 and 2000 under the Bank of Scotland Executive Stock Option Scheme 1995 are subject to performance pre conditions which have now been satisfied. Share options granted under other plans are not subject to a performance precondition. Details of the options outstanding under these plans are set out below

| | <u>Options outstanding at 31 12 05 or date of appointment if later</u> | <u>Granted (G), lapsed (L) or exercised (E) in year</u> | <u>At 31 12 06</u> |
|--------------|--|---|--------------------|
| B S Anderson | 4,781 | 2,481 (E) | 2,300 |
| A J N Hewitt | 2,308 | 1,174 (E) | 1,134 |
| G C Sellar | 2,262 | 1,174 (E) | 1,088 |

Sharesave Plan

Share options granted under these plans are set out below

| | <u>At 31 12 05</u> | <u>Granted (G) lapsed (L) or exercised (E) in year</u> | <u>At 31 12 06</u> |
|--------------|--------------------|--|--------------------|
| B S Anderson | 3,072 | 413 (G) | |
| | | 316 (E) | 3,169 |
| A J N Hewitt | 2,319 | 354 (G) | 2,673 |
| G C Sellar | 2,329 | | 2,329 |

Options under these plans were granted using middle market prices shortly before the dates of the grants, discounted by 20%

Company Secretary

L J Edwards

REPORT OF THE DIRECTORS (continued)

Going Concern

The Directors are satisfied that the Company 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

The Company has received a letter of comfort from The Governor and Company of the Bank of Scotland that confirms that it will provide sufficient funds or other financial support or adequate resources to enable the Company to continue in business for the next year

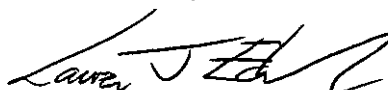
Audit Information

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

Auditors

In accordance with s 386 of the Companies Act 1985 (as amended), the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, KPMG Audit Plc will continue in office as auditors

By Order of the Board,



L J Edwards
Secretary

22nd February 2007

Registered Office
Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

Income Statement**For the year ended 31 December 2006**

| | Note | 1 January 2006 to 31 December 2006 | 3 November 2004 to 31 December 2005 |
|--|------|---|--|
| | | £ | £ |
| Administrative expenses | | (25) | |
| Other expenses | 2 | <u>(1,175)</u> | <u>(1,175)</u> |
| Operating loss before financing costs | | (1,200) | (1,175) |
| Financial income | 3 | 541,786 | 204,991 |
| Financial expenses | 3 | <u></u> | <u>(18,684)</u> |
| Net financing costs | | 541,786 | 186,307 |
| Profit before tax | | 540,586 | 185,132 |
| Income tax recoverable/(expense) | 4 | <u>321</u> | <u>(1,948)</u> |
| Profit after tax for the year | | 540,907 | 183,184 |
| Attributable to: | | | |
| Equity holders | | <u>540,907</u> | <u>183,184</u> |
| Profit for the year | | 540,907 | 183,184 |

The notes on pages 9 to 18 form part of these accounts

Statement of Recognised Income and Expense**For the year ended 31 December 2006**

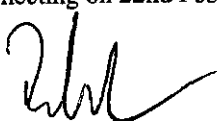
| | Note | 1 January 2006 to 31 December 2006 £ | 3 November 2004 to 31 December 2005 £ |
|---|-------------|---|--|
| Profit for the year | | 540,907 | 183,184 |
| Total recognised income and expense for the year | 8 | <u>540,907</u> | <u>183,184</u> |
| Attributable to: | | | |
| Equity holders | | <u>540,907</u> | <u>183,184</u> |
| Profit for the year | | <u>540,907</u> | <u>183,184</u> |

Balance Sheet**As at 31 December 2006**

| | Note | 2006 | 2005 |
|---------------------------------------|-------------|-------------------|-------------------|
| | | £ | £ |
| Assets | | | |
| Investment in subsidiary undertaking | 6 | <u>24,106,487</u> | <u>24,106,487</u> |
| Total non current assets | | <u>24,106,487</u> | <u>24,106,487</u> |
| Amount due by parent undertaking | | 1 | 1 |
| Amounts due by subsidiary undertaking | | 335,431 | |
| Income tax receivable | 5 | 321 | 411 |
| Cash and cash equivalents | 7 | <u>7,488</u> | <u>7,667</u> |
| Total current assets | | <u>343,241</u> | <u>8,079</u> |
| Total assets | | <u>24,449,728</u> | <u>24,114,566</u> |
| Equity | | | |
| Issued capital | | 1 | 1 |
| Retained earnings | | <u>724,091</u> | <u>183,184</u> |
| Total equity | 8 | <u>724,092</u> | <u>183,185</u> |
| Amounts due to parent undertaking | | 23,724,461 | 23,930,206 |
| Trade and other payables | 9 | <u>1,175</u> | <u>1,175</u> |
| Total current liabilities | | <u>23,725,636</u> | <u>23,931,381</u> |
| Total liabilities | | <u>23,725,636</u> | <u>23,931,381</u> |
| Total equity and liabilities | | <u>24,449,728</u> | <u>24,114,566</u> |

The notes on pages 9 to 18 form part of these accounts

Approved by the board at a meeting on 22nd February 2007 and signed on its behalf by



Director

Statement of Cash Flows**For the year ended 31 December 2006**

| | Note | 1 January 2006 to 31 December 2006 £ | 3 November 2004 to 31 December 2005 £ |
|--|-------------|---|--|
| Cash flows from operating activities | | | |
| Operating loss | | (1,200) | (1,175) |
| Increase in trade and other payables | | | 1,175 |
| Cash generated from operations | | <u>(1,200)</u> | <u></u> |
| Interest paid | | | (18,684) |
| Income taxes paid | | 411 | |
| Net cash from operating activities | | <u>(789)</u> | <u>(18,684)</u> |
| Cash flows from investing activities | | | |
| Acquisition of subsidiary undertaking | | | (24,106,487) |
| Increase in amounts due to parent undertaking | | 336,083 | 24,106,486 |
| Increase in amounts due from subsidiary undertaking | | (335,431) | |
| Net cash from investing activities | | <u>652</u> | <u>(1)</u> |
| Cash flows from financing activities | | | |
| Interest received | | 131 | 26,352 |
| Net cash from financing activities | | <u>131</u> | <u>26,352</u> |
| Net (decrease) / increase in cash and cash equivalents | | (6) | 7,667 |
| Exchange rate translation | | (173) | |
| | | <u>(179)</u> | <u>7,667</u> |
| Cash and cash equivalents at 1 January | | 7,667 | |
| Cash and cash equivalents at 31 December | 7 | <u>7,488</u> | <u>7,667</u> |

Notes to the financial statements**1. Significant accounting policies**

Uberior (Rodinheights) Limited (the "Company") is a company domiciled in Scotland

The financial statements were authorised for issue by the directors on 22nd February 2007

(a) Statement of compliance

The 2006 statutory financial statements set out on pages 5 to 18 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS')

The standards adopted by the Company are those endorsed by the European Union and effective at the date the IFRS financial statements are approved by the board

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2006 and the period ended 31 December 2005. The 2005 comparatives have been restated to reflect the provisions of these standards

IFRS 1 "First time Adoption of IFRS" has been applied to these financial statements. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 13

These are the Company's first financial statements in which IFRS has been applied

(b) Basis of Preparation

The financial statements have been prepared on a historical cost basis

(c) Adopted IFRS Not Yet applied

IFRS 7 "Financial Instruments Disclosures" and the "Capital disclosure amendment" to IAS 1 "Presentation of Financial Statements" which are applicable for periods commencing on or after 1 January 2007 have not been applied. The application of these standards in 2006 would not have affected the balance sheet, income statement or cash flow statement as they are only concerned with disclosure

(d) Foreign currencies

Foreign currency transactions are translated into sterling at the exchange rate prevailing at the date of the transaction

Exchange gains and losses arising from the translation at balance sheet date exchange rates of monetary assets and liabilities are recognised in the income statement

(e) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than investing or other purposes. Cash and cash equivalents consist of cash and balances at banks that are freely available

(f) Investments in subsidiary undertaking

Subsidiary undertakings are stated at cost

Notes to the financial statements (continued)**(g) Impairment**

The carrying amounts of the Company's assets, and deferred tax assets, if any, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Trade and other payables

Trade and other payables are stated at cost.

(i) Expenses**(i) Net financing costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(j) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates at the balance sheet date.

Notes to the financial statements (continued)

2. Other expenses

| | 1 January 2006 to 31 December 2006 £ | 3 November 2004 to 31 December 2005 £ |
|------------|--|---|
| Audit fees | 1,175 | 1,175 |

3. Net financing costs

| | 1 January 2006 to 31 December 2006 £ | 3 November 2004 to 31 December 2005 £ |
|---------------------------|--|---|
| Interest income | 131 | 26,352 |
| Net foreign exchange gain | 541,655 | 178,639 |
| Financial income | 541,786 | 204,991 |
| Interest expense | - | 18,684 |
| Financial expense | - | 18,684 |
| Net financing costs | 541,786 | 186,307 |

4. Income tax

Recognised in the income statement

| | 1 January 2006 to 31 December 2006 £ | 3 November 2004 to 31 December 2005 £ |
|--|---|---|
| Current tax | | |
| Current year | (321) | 1,948 |
| Total income tax (recoverable)/expense in income statement | (321) | 1,948 |

Reconciliation of effective tax rate

| | | |
|---|-----------|----------|
| Profit on ordinary activities before taxation | 540,586 | 185,132 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% | 162,176 | 55,540 |
| Foreign exchange – net investment hedging | (162,497) | (53,592) |
| Total income tax (credit)/expense in income statement | (321) | 1,948 |

5. Current tax assets and liabilities

The current tax asset of £321 (2005 £411) represents the amount of income taxes recoverable in respect of the current period

Notes to the financial statements (continued)

6. Investment in subsidiary undertaking

| | 2006 £ |
|--|-------------------|
| At 1 January 2006 and 31 December 2006 | <u>24,106,487</u> |

The Company's investment in the subsidiary undertaking relates to the following

| Name of Subsidiary | Proportion of ownership | Principal business | Incorporated | Reporting date of Financial Statements |
|---------------------------|-------------------------|----------------------------|--------------|--|
| BOS (Ireland) Investments | 100% | Investment holding company | Ireland | 31 December |

7. Cash and cash equivalents

| | 2006 £ | 2005 £ |
|--|--------------|--------------|
| Cash at bank | <u>7,488</u> | <u>7,667</u> |
| Cash and cash equivalents in the statement of cash flows | <u>7,488</u> | <u>7,667</u> |

8. Equity

Reconciliation of movement in equity

| | Share capital £ | Retained earnings £ | Total Equity £ |
|-------------------------------------|--------------------|------------------------|-------------------|
| Balance at 3 November 2004 | 1 | | 1 |
| Share capital issued | 1 | | |
| Total recognised income and expense | | 183,184 | 183,184 |
| Balance at 31 December 2005 | <u>1</u> | <u>183,184</u> | <u>183,185</u> |
| Balance at 1 January 2006 | 1 | 183,184 | 183,185 |
| Total recognised income and expense | | 540,907 | 540,907 |
| Balance at 31 December 2006 | <u>1</u> | <u>724,091</u> | <u>724,092</u> |

Share capital

| | 2006 £ | 2005 £ |
|-------------------------|-----------|-----------|
| On issue at 31 December | <u>1</u> | <u>1</u> |

At 31 December 2006, the authorised share capital comprised 100 £1 Ordinary Shares (2005 100)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company

Notes to the financial statement (continued)**9. Trade and other payables**

| | 2006 £ | 2005 £ |
|---|--------------|--------------|
| Non trade payables and accrued expenses | <u>1,175</u> | <u>1,175</u> |

10. Financial instruments

Exposure to credit and interest rate risk arises in the normal course of the Company's business. Credit risk and interest rate risk is managed by the Company's ultimate parent company HBOS plc. Details of the policies in place can be found in the HBOS plc Annual Report and Accounts.

Interest rate risk

The bank facility is provided by another HBOS group company with interest being charged at agreed rates within the Group.

Effective interest rates and repricing analysis

In respect of income earning financial assets, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

| | Note | 2006 Effective interest rate | Total £ | 6 months or less £ | 2005 Effective interest rate | Total £ | 6 months or less £ |
|--------------------|------|---------------------------------------|--------------|--------------------------|---------------------------------------|--------------|--------------------------|
| Cash at Bank | 7 | 0.25% | <u>7,488</u> | <u>7,488</u> | 0.20% | <u>7,667</u> | <u>7,667</u> |
| | | | <u>7,488</u> | <u>7,488</u> | | <u>7,667</u> | <u>7,667</u> |

Foreign currency risk

The Company is exposed to foreign currency risk on investments and borrowings that are denominated in a currency other than Sterling. The Company follows HBOS plc Group policy in ensuring that all foreign currency investments are matched with borrowings in the same currency. The currency giving rise to this risk is Euros.

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows.

Notes to the financial statements (continued)**10. Financial instruments (continued)**

| | Note | Carrying amount 2006 £ | Fair value 2006 £ | Carrying amount 2005 £ | Fair value 2005 £ |
|---|------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| Amount due by parent undertaking | | 1 | 1 | 1 | 1 |
| Amounts due by subsidiary undertaking | 12 | 335,431 | 335,431 | | |
| Cash and cash equivalents | 7 | 7,488 | 7,488 | 7,667 | 7,667 |
| Amounts due to immediate parent undertaking | 12 | (23,724,461) | (23,724,461) | (23,930,206) | (23,930,206) |
| Trade and other payables | 9 | (1,175) | (1,175) | (1,175) | (1,175) |
| | | <u>(23,382,716)</u> | <u>(23,382,716)</u> | <u>(23,923,713)</u> | <u>(23,923,713)</u> |
| Unrecognised (losses) / gains | | | | | |

11. Parent undertakings

HBOS plc is the ultimate parent undertaking of Uberior (Rodinheights) Limited and heads the largest group into which the accounts of the Company are consolidated. The consolidated accounts of HBOS plc may be obtained from its head office at The Mound, Edinburgh EH1 1YZ.

The Governor and Company of the Bank of Scotland heads the smallest group into which the accounts of the Company are consolidated. The accounts of The Governor and Company of the Bank of Scotland may be obtained from its head office at The Mound, Edinburgh EH1 1YZ.

12. Related parties

The Company has a related party relationship with its intermediate parent company The Governor and Company of the Bank of Scotland. A number of banking transactions are entered into with The Governor and Company of the Bank of Scotland in the normal course of business.

The Company also has related party relationships with its subsidiary BOS (Ireland) Investments and its parent undertaking Uberior Ventures Limited respectively. The relationship with BOS Ireland Investments has arisen due to the provision of funding to this company. The relationship with Uberior Ventures Limited has arisen due to the provision of funding and payment of expenses by Uberior Ventures Limited on behalf of the Company.

Details of the related party transactions during the year are disclosed in the table below.

Notes to the financial statements (continued)

12. Related parties (continued)

| Nature of transaction | Related Party | Balance at 1 January 2006 | Balance at 31 December 2006 | Income/expense included in income statement for the year ended 31 December 2006 | 2005 Comparative | Disclosure in financial statements |
|-------------------------------------|--|---------------------------|-----------------------------|---|------------------|--------------------------------------|
| | | £ | £ | £ | £ | £ |
| Bank account | The Governor and Company of Bank of Scotland | 7,667 | 7,488 | | | Cash and cash equivalents |
| Bank transfer charges | The Governor and Company of Bank of Scotland | | | (25) | | Administrative expenses |
| Interest receivable on bank account | The Governor and Company of Bank of Scotland | | | 19 | 26,352 | Financial income |
| Interest payable on bank account | The Governor and Company of Bank of Scotland | | | | (18,684) | Financial expenses |
| Intercompany payable | Uberior Ventures Limited | 23,930,206 | 23,724,461 | | | Amounts due to parent undertaking |
| Intercompany receivable | BOS (Ireland) Investments | | 335,431 | | | Amount due by subsidiary undertaking |

Notes to the financial statements (continued)**13. Explanation of transition to IFRSs**

As stated in note 1(a), these are the Company's first financial statements prepared in accordance with IFRSs

The accounting policies applied in preparing the financial statements are set out in note 1

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP) An explanation of how the transition from previous GAAP to IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the table

13(a) IFRS transition as at 3 November 2004

The beginning of the period for which IFRS comparative information is presented in these financial statements, and thus the date of transition to IFRS, is 3 November 2004 There is no reconciling items between the UKGAAP balance sheet and the IFRS opening balance sheet as at this date

Similarly there is no effect on retained earnings as at 3 November 2004 as a result of the transition to IFRS

Notes to the financial statements (continued)

13(b) Reconciliation of UK GAAP Balance sheet to IFRS as at 31 December 2005

| | Previous GAAP | IFRS adjustment | IFRS |
|--|-------------------|-----------------|-------------------|
| | £ | £ | £ |
| Assets | | | |
| Investment in subsidiary undertaking | 23,927,848 | 178,639 | 24,106,487 |
| Total non current assets | <u>23,927,848</u> | <u>178,639</u> | <u>24,106,487</u> |
| Amount due by parent undertaking | 1 | | 1 |
| Income tax receivable | 411 | | 411 |
| Cash and cash equivalents | 7,667 | | 7,667 |
| Total current assets | <u>8,079</u> | | <u>8,079</u> |
| Total assets | <u>23,935,927</u> | <u>178,639</u> | <u>24,114,566</u> |
| Equity | | | |
| Issued capital | 1 | | 1 |
| Retained earnings | 4,545 | 178,639 | 183,184 |
| Total equity attributable to equity holders of the parent | <u>4,546</u> | <u>178,639</u> | <u>183,185</u> |
| Liabilities | | | |
| Amounts due to parent undertaking | 23,930,206 | | 23,930,206 |
| Trade and other payables | 1,175 | | 1,175 |
| Total current liabilities | <u>23,931,381</u> | | <u>23,931,381</u> |
| Total liabilities | <u>23,931,381</u> | | <u>23,931,381</u> |
| Total equity and liabilities | <u>23,935,927</u> | <u>178,639</u> | <u>24,114,566</u> |

Notes to the financial statements (continued)

13(c) Effect on Retained Earnings as at 31 December 2005

The effect of the above adjustments on retained earnings is as follows

| | 31 December 2005 £ |
|------------------------------|-----------------------------------|
| Foreign currency gain | 178,639 |
| Total adjustment to equity | <u>178,639</u> |
| Attributable to: | |
| Equity holders of the parent | <u>178,639</u> |
| | <u>178,639</u> |

13(d) Reconciliation of UK GAAP Profit and Loss Account to IFRS Income Statement for the period ended 31 December 2005

| | Previous GAAP | IFRS Adjustments | IFRSs |
|--|--------------------------|-----------------------------|----------------|
| | £ | £ | £ |
| Other expenses | (1,175) | | (1,175) |
| Operating loss before financing costs | <u>(1,175)</u> | | <u>(1,175)</u> |
| Financial income | 26,352 | 178,639 | 204,991 |
| Financial expenses | (18,684) | | (18,684) |
| Net financing costs | <u>7,668</u> | <u>178,639</u> | <u>186,307</u> |
| Profit before tax | <u>6,493</u> | <u>178,639</u> | <u>185,132</u> |
| Income tax expense | (1,948) | | (1,948) |
| Profit after tax for the year | <u>4,545</u> | <u>178,639</u> | <u>183,184</u> |
| Attributable to: | | | |
| Equity holders | 4,545 | 178,639 | 183,184 |
| Profit for the year | <u>4,545</u> | <u>178,639</u> | <u>183,184</u> |

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 company financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU.

The company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the company and the performance for that period. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the company 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 they have been prepared in accordance with IFRSs as adopted by the EU, 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBERIOR (RODINHEIGHTS) LIMITED

We have audited the financial statements of Uberior (Rodenheights) Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense 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 19.

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.

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 2006 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

27 February 2007