

UBERIOR (RODINHEIGHTS) LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Company Number SC275570



Directors

B S Anderson
A J N Hewitt

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 (resigned 13 November 2007)

The Directors submit their report and audited accounts of the Company for the year ended 31 December 2007

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 loss after tax for the Company for the year to 31 December 2007 was £20,909,156 (31 December 2006 £540,907 profit) 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

The Directors served throughout the year, except G C Sellar who resigned on 13 November 2007

No Director had any interest in any material contract or arrangement with the Company during or at the end of the year

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 support from the Bank of Scotland that confirms it will provide sufficient funds or other financial support 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 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

Company Secretary

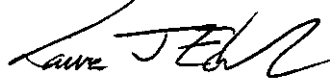
L J Edwards

REPORT OF THE DIRECTORS (CONTINUED)

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

29th February 2008

Registered Office
Bank of Scotland
Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

Income Statement**For the year ended 31 December 2007**

	Note	2007 £	2006 £
Administrative expenses		(7)	(25)
Other expenses	2	<u>(1,175)</u>	<u>(1,175)</u>
Operating loss before financing costs		(1,182)	(1,200)
Financial income	3	332	541,786
Financial expenses	3	<u>(2,207,966)</u>	<u></u>
Net financing (costs)/income		<u>(2,207,634)</u>	<u>541,786</u>
(Loss)/Profit before tax		<u>(2,208,816)</u>	<u>540,586</u>
Income tax (expense)/recoverable	4	<u>(18,700,340)</u>	<u>321</u>
(Loss)/Profit after tax for the year		<u>(20,909,156)</u>	<u>540,907</u>
Attributable to:			
Equity holders		<u>(20,909,156)</u>	<u>540,907</u>
(Loss)/Profit for the year		<u>(20,909,156)</u>	<u>540,907</u>

The notes on pages 8 to 16 form part of these accounts

Statement of Recognised Income and Expense**For the year ended 31 December 2007**

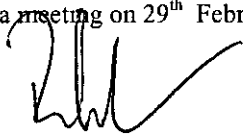
	Note	2007 £	2006 £
(Loss)/Profit for the year		(20,909,156)	540,907
Total recognised income and expense for the year	9	<u>(20,909,156)</u>	<u>540,907</u>
Attributable to:			
Equity holders		(20,909,156)	540,907
(Loss)/Profit for the year		<u>(20,909,156)</u>	<u>540,907</u>

The notes on pages 8 to 16 form part of these accounts

Balance Sheet**As at 31 December 2007**

	Note	2007 £	2006 £
Assets			
Investment in subsidiary undertaking	7	24,106,487	24,106,487
Total non current assets		<u>24,106,487</u>	<u>24,106,487</u>
Amount due by parent undertaking			1
Amounts due by subsidiary undertaking			335,431
Income tax receivable	5		321
Cash and cash equivalents	8	8,298	7,488
Total current assets		<u>8,298</u>	<u>343,241</u>
Total assets		<u>24,114,785</u>	<u>24,449,728</u>
Equity			
Issued capital		1	1
Retained earnings		(20,185,065)	724,091
Total equity	9	<u>(20,185,064)</u>	<u>724,092</u>
Liabilities			
Deferred tax liabilities	6	18,667,265	
Total non current liabilities		<u>18,667,265</u>	
Amounts due to parent undertaking		25,601,737	23,724,461
Trade and other payables	10	1,175	1,175
Income tax payable	5	29,672	
Total current liabilities		<u>25,632,584</u>	<u>23,725,636</u>
Total liabilities		<u>44,299,849</u>	<u>23,725,636</u>
Total equity and liabilities		<u>24,114,785</u>	<u>24,449,728</u>

The notes on pages 8 to 16 form part of these accounts

Approved by the board at a meeting on 29th February 2008 and signed on its behalf by


Director

Statement of Cash Flows**For the year ended 31 December 2007**

	Note	2007 £	2006 £
Cash flows from operating activities			
Operating loss		(1,182)	(1,200)
Cash generated from operations		<u>(1,182)</u>	<u>(1,200)</u>
Income taxes (paid)/received		<u>(3,082)</u>	<u>411</u>
Net cash from operating activities		<u>(4,264)</u>	<u>(789)</u>
Cash flows from investing activities			
(Decrease)/increase in amounts due to parent undertaking		(331,174)	336,083
Decrease/(increase) in amounts due from subsidiary undertaking		<u>335,431</u>	<u>(335,431)</u>
Net cash from investing activities		<u>4,257</u>	<u>652</u>
Cash flows from financing activities			
Interest received		<u>332</u>	<u>131</u>
Net cash from financing activities		<u>332</u>	<u>131</u>
Net increase/(decrease) in cash and cash equivalents		<u>325</u>	<u>(6)</u>
		<u>325</u>	<u>(6)</u>
Cash and cash equivalents at 1 January		7,488	7,667
Effect of exchange rate fluctuations on cash held		<u>485</u>	<u>(173)</u>
Cash and cash equivalents at 31 December	8	<u>8,298</u>	<u>7,488</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 29th February 2008

(a) Statement of compliance

The financial statements of Uberior (Rodinheights) Limited comprise the Income Statement, Balance Sheet, Statement of Cash Flow and Statement of Recognised Income and Expense together with the related Notes to the Accounts. The 2007 financial statements set out on pages 4 to 16 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'). As the Company does not utilise the "carve out" in IAS39 adopted by the European Union, the financial statements comply with International Financial Reporting Standards. The standards applied by the company are those endorsed by the European Union and effective at the date the financial statements are approved by the Board.

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.

(b) Basis of Preparation

The financial statements have been prepared under the historical cost basis.

(c) IFRS Applied in 2007

The following IFRS standards and International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been applied in 2007: IFRS 7 "Financial Instruments: Disclosures" and the amendment to IAS 1 "Presentation of Financial Statements" on capital disclosure. There is no material financial impact arising from the application of these standards and interpretations.

(d) IFRS Not Yet Applied

The following standards and interpretations have not yet been adopted by the European Union, are not effective for the year ended 31 December 2007 and have not been applied in preparing the financial statements:

IAS 1 "Presentation of Financial Statements" which is effective for periods commencing on or after 1 January 2009. The application of this revised standard in 2007 would not have had any material impact on the financial statements. It will impact the presentation and format of the primary statements and notes and these disclosures will be revised accordingly in the 2009 financial statements.

(e) Foreign currency

The financial statements are presented in sterling which is the Company's functional and presentation currency. Foreign currency transactions are translated into sterling at the exchange rate prevailing at the date of the transaction.

Foreign monetary assets and liabilities are translated at balance sheet date exchange rates. Exchange differences arising are recognised in the income statement.

Notes to the financial statements (continued)**1. Significant accounting policies (continued)****(f) Investments in subsidiary undertaking**

Investments in subsidiaries comprise equity investments in, and capital contributions to subsidiary entities. These are carried at cost less impairment provisions. At each reporting date an assessment is undertaken to determine if there is any indication of impairment. This assessment can include reviewing factors such as the solvency, profitability and cash flows generated by the subsidiary. If there is an indication of impairment an estimate of the recoverable amount is made. If the carrying value exceeds the recoverable amount then a provision for impairment is made to reduce the carrying value to the recoverable amount.

(g) 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 central banks that are freely available.

(h) 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. Individual impairment is identified at a counterparty specific level following objective evidence that a financial asset is impaired. This may be after an interest or principal payment is missed or if a banking covenant is breached. 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.

(i) Trade and other payables

Trade and other payables are stated at cost.

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

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest received on funds invested.

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

Notes to the financial statements (continued)**1. Significant accounting policies (continued)****(k) 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, based on tax rates that are enacted or substantially enacted at the balance sheet date.

2. Other expenses

	2007 £	2006 £
Audit fees	<u>1,175</u>	<u>1,175</u>

3. Net financing costs

	2007 £	2006 £
Interest income	332	131
Net foreign exchange (loss)/gain	<u>(2,207,966)</u>	<u>541,655</u>
Financial (expense)/income	<u>(2,207,634)</u>	<u>541,786</u>
Net financing (costs)/income	<u>(2,207,634)</u>	<u>541,786</u>

4 Income tax expense/(income)**Recognised in the income statement**

	Note	2007 £	2006 £
Current tax expense			
Current year		29,672	(321)
Adjustments for prior years		<u>3,403</u>	
		33,075	(321)
Deferred tax expense			
Current year		20,137,359	
Deferred tax change in rate		<u>(1,470,094)</u>	
	6	18,667,265	
Total income tax expense in income statement		<u>18,700,340</u>	(321)

Notes to the financial statements (continued)**4. Income tax expense/(income) (continued)****Reconciliation of effective tax rate**

	2007 £	2006 £
(Loss)/Profit before tax	(2,208,816)	540,586
(Loss)/Profit multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	(662,645)	162,176
Overseas income not taxed	20,137,359	
Impact of change in rate of corporation tax	(1,470,094)	
Transfer pricing	29,927	
Adjustments to tax in respect of previous periods	3,403	
Foreign exchange	662,390	(162,497)
Total income tax expense/(income) in income statement	18,700,340	(321)

5. Current tax assets and liabilities

The current tax liability of £29,672 (2006 £321 asset) represents the amount of income taxes payable in respect of the current and prior periods that exceed receipts

6. Deferred tax asset and liabilities**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following

	Assets 2007 £	2006 £	Liabilities 2007 £	2006 £	Net 2007 £	2006 £
Overseas income not taxed			(18,667,265)		(18,667,265)	
Tax assets / (liabilities)			(18,667,265)		(18,667,265)	

7. Investment in subsidiary undertaking

	2007 £
At 1 January 2007 and 31 December 2007	24,106,487

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

Notes to the financial statements (continued)**8. Cash and cash equivalents**

	2007 £	2006 £
Cash at bank	<u>8,298</u>	<u>7,488</u>
Cash and cash equivalents in the statement of cash flows	<u>8,298</u>	<u>7,488</u>

9. Capital and Reserves

The distributable reserves of the Company are managed through the Group Capital and Funding Policy in order to maximise capital efficiency within the HBOS Group

Reconciliation of movement in capital and reserves**Attributable to equity holders of the parent**

	Share capital £	Retained earnings £	Total Equity £
Balance at 1 January 2006	1	183,184	183,185
Total recognised income and expense		<u>540,907</u>	<u>540,907</u>
Balance at 31 December 2006	<u>1</u>	<u>724,091</u>	<u>724,092</u>
Balance at 1 January 2007	1	724,091	724,092
Total recognised income and expense		<u>(20,909,156)</u>	<u>(20,909,156)</u>
Balance at 31 December 2007	<u>1</u>	<u>(20,185,065)</u>	<u>(20,185,064)</u>

Share capital

	2007 £	2006 £
On issue at 31 December	<u>1</u>	<u>1</u>

At 31 December 2007, the authorised share capital comprised 100 £1 Ordinary Shares (2006 100) All of the issued shares are fully paid

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

10 Trade and other payables

	2007 £	2006 £
Non trade payables and accrued expenses	<u>1,175</u>	<u>1,175</u>

Notes to the financial statements (continued)**11 Financial instruments****Credit Risk**

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. Credit exposures arise in the normal course of the Company's business, principally from investment activities that bring debt securities into the Company's asset portfolio. The table below sets out the maximum exposure to credit risk at the balance sheet date.

	2007	2006
<u>On Balance sheet:</u>	£	£
Cash and cash equivalents	8,298	7,488
Due by related undertakings		335,431
Total	8,298	342,919

Exposures consist of cash at bank and other inter company balances with the HBOS group. Cash and cash equivalents are carried at amortised cost, whereby any indication of impairment would result in an immediate write down of the carrying value. These instruments consist of bank balances with the Group and have an internal credit rating of better than satisfactory. At the reporting date none of these balances were considered past due or impaired, neither were there any financial assets that would otherwise be past due or impaired and no terms have been renegotiated.

Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from changes in external market factors such as

- Interest rates (interest rate risk)
- Foreign exchange (foreign exchange risk)

Notes to the financial statements (continued)**11. Financial Instruments (continued)****Interest rate risk**

Interest rate risk exists where the Company's financial assets and liabilities have interest rates set under different bases, or which reset at different times

Interest rate exposure is concentrated primarily within the UK money markets. The principal internal control metric is the Net Interest Income (NII) sensitivity which measures how much of the current projection for the next 12 months' NII would alter if different assumptions are made about the future levels of interest rates. The table below sets out the sensitivity of the Company's net interest income (NII) over a 12 month period to an immediate up and down 25 basis points change to all interest rates as at the balance sheet date

	2007	2006
	£	£
Impact of +25 bps shift	+21	+19
Impact of - 25 bps shift	21	19

The measure, however, is simplified in that it assumes all interest rates, for all maturities, move at the same time and by the same amount. Also, it does not recognise the impact of management actions that, in the event of an adverse rate movement, could reduce the impact on NII

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

Liquidity Risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off balance sheet instruments. The Company's short term liquidity requirements are supported by a facility with another HBOS group Company subject to internal limits. Overall liquidity of the HBOS plc Group is managed centrally

The table below sets out the cash flows payable by the Company in respect of financial liabilities, by remaining contractual undiscounted repayments of principal and interest at the balance sheet date

As at 31 December 2007

	Up to 1 mth £	1 3 mths £	3 12 mths £	1 5 yrs £	Over 5 yrs £	Total £
Amounts due to parent undertaking	25,601,737					25,601,737
Trade and other payables		1,175				1,175
Total liabilities	25,601,737	1,175				25,602,912

As at 31 December 2006

	Up to 1 mth £	1 3 mths £	3 12 mths £	1 5 yrs £	Over 5 yrs £	Total £
Amounts due to parent undertaking	23,724,461					23,724,461
Trade and other payables		1,175				1,175
Total liabilities	23,724,461	1,175				23,725,636

Notes to the financial statements (continued)**11. Financial Instruments (continued)****Fair values**

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

	Note	Carrying amount 2007 £	Fair value 2007 £	Carrying amount 2006 £	Fair value 2006 £
Amount due by parent undertaking				1	1
Amounts due by subsidiary undertaking	12			335,431	335,431
Cash and cash equivalents	8	8,298	8,298	7,488	7,488
Amounts due to immediate parent undertaking	12	(25,601,737)	(25,601,737)	(23,724,461)	(23,724,461)
Trade and other payables	10	(1,175)	(1,175)	(1,175)	(1,175)
		<u>(25,594,614)</u>	<u>(25,594,614)</u>	<u>(23,382,716)</u>	<u>(23,382,716)</u>
Unrecognised (losses) / gains					

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table

Trade and other payables

For payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value

Notes to the financial statements (continued)**12. Related parties**

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

The Company also has related party relationships with its parent undertaking Uberior Ventures Limited. 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.

Nature of transaction	Related Party	Balance at 1 January 2007	Balance at 31 December 2007	Income/ (expense) included in income statement for the year ended 31 December 2007	2006 Comparative	Disclosure in financial statements
		£	£	£	£	£
Bank account	Bank of Scotland plc	7,488	8,298			Cash and cash equivalents
Bank transfer charges	Bank of Scotland plc			(7)	(25)	Administrative expenses
Interest receivable on bank account	Bank of Scotland plc			332	131	Financial income
Intercompany payable	Uberior Ventures Limited	23,724,461	25,601,737			Amounts due to parent undertaking
Intercompany receivable	BOS (Ireland) Investments	335,431				Amount due by subsidiary undertaking

13. 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.

On 17 September 2007 in accordance with the provisions of the HBOS Group Reorganisation Act 2006 ('the Act'), the Governor and Company of the Bank of Scotland registered as a public limited company under the Companies Act and changed its name to Bank of Scotland plc. On the same day, under the Act, the business activities, assets (including investments in subsidiaries) and liabilities of CAPITAL BANK plc, Halifax plc and HBOS Treasury Services plc transferred to Bank of Scotland plc.

Consequently, the parent undertaking of the Company is Bank of Scotland plc and the smallest group into which the Company is consolidated are the consolidated accounts of the Bank of Scotland plc group.

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 (Rodinheights) Limited for the year ended 31 December 2007 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 17.

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 2007 and of its loss 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

29 February 2008