

MENLO INVESTMENTS LIMITED

**Report and Financial Statements
For the year ended 31 December 2008**

REGISTERED NUMBER IN ENGLAND & WALES: 03479178



MENLO INVESTMENTS LIMITED

COMPANY NUMBER : 3479178

DIRECTORS' REPORT

For the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Review of business and future outlook

The principal activity of the Company is to act as an investment company. No significant change in this activity is envisaged in the foreseeable future. Going forward, the Company will reduce its investing activities and as such, performance is expected to fall in line with this reduction.

The directors have reviewed the Company's business and performance and consider it to be satisfactory for the year. The directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business.

On 12 May 2008, the Company repaid the £60,000,000 loan and accrued interest from its subsidiary Romintco Investments B.V. The loan proceeds were used by Romintco B.V. to repay the share premium attached to its ordinary share capital, which is 100% owned by the Company

On 17 June 2008, the Company repurchased 9,950,002 Ordinary shares of £1.00, at par.

Given the nature of the business, the Company's directors are of the opinion that analysis using key performance indicators (KPIs) is not necessary for an understanding of the development, performance or position of the business.

Results and Dividends

During the year the Company made a profit after taxation of £840,013 (2007: £4,528,464). The directors declared and paid an ordinary dividend of £612,115 during the year (2007: £15,412,000).

Going Concern

After reviewing the Company's performance and taking into account the support from Barclays Bank Plc, the directors are satisfied that the Company has adequate access to resources to enable them to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing these financial statements.

Financial instruments

The Company's directors are required to follow the requirements of the Barclays Group risk management policies, which include specific guidelines on the management of foreign exchange, credit and interest rate risks and advise on the use of financial instruments to manage them. Barclays Group risk management policies can be found in the financial statements of Barclays Bank PLC (see note 15).

MENLO INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2008

Directors

The directors of the Company, who served during the year, are as shown below:

M P L Brown
G McMillan
J E F Corswarem
N S Dhillon
S S Haworth

Subsequent to year end G McMillan resigned as director on 13 March 2009, S S Haworth resigned as a director on 1st May 2009 and C Cortes Argote was appointed as a director on 11 May 2009.

Directors' Indemnities

Qualifying third-party indemnity provisions (as defined by Section 309B of the Companies Act 1985) were in force during the course of the financial year ended 31st December 2008 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties/powers of office.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the accounts:

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates; and
- that all the accounting standards which they consider to be applicable have been followed; and
- that the financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

MENLO INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2008

Statement of Directors' Responsibilities (Continued)

Each of the directors in office as at the date of this report confirms that:

- there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors 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.

Auditors

PricewaterhouseCoopers LLP will continue to hold office in accordance with section 487 of the Companies Act 2006.

BY ORDER OF THE BOARD

N.S. Ali

Director:

For and on behalf of Menlo Investments Limited

Date: 22 July 2009

MENLO INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MENLO INVESTMENTS LIMITED

We have audited the financial statements of Menlo Investments 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and 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.

MENLO INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MENLO INVESTMENTS LIMITED (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London, United Kingdom

Date: 29/7/09

MENLO INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 December 2008

	Notes	2008 £	2007 £
Other income		2	-
Operating profit		<u>2</u>	<u>-</u>
Interest receivable and similar income	4	234,979	7,034,395
Interest payable and similar charges	5	(1,297,900)	(6,890,668)
Dividend Income from fixed asset investment		1,600,000	2,500,000
Profit on ordinary activities before tax	6	<u>537,081</u>	<u>2,643,727</u>
Tax credit for the year	7	302,932	1,884,737
Profit on ordinary activities after taxation		<u>840,013</u>	<u>4,528,464</u>

All-recognised gains and losses are included in the profit and loss account. Operating profit is derived from continuing activities. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis. The accompanying notes form an integral part of these financial statements.

MENLO INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 December 2008

	Notes	2008 £	2007 £
FIXED ASSET INVESTMENTS	8	769,825	60,769,825
CURRENT ASSETS			
CURRENT ASSET INVESTMENTS	9	393,471,355	393,471,355
DEBTORS: Amounts falling due within one year	10	295,333	10,133,190
CREDITORS: Amounts falling due within one year	11	(394,436,153)	(454,551,906)
NET CURRENT LIABILITIES		(669,465)	(50,947,361)
NET ASSETS		100,360	9,822,464
CAPITAL AND RESERVES			
Called up share capital	12	100,000	10,050,002
Profit and loss account		360	(227,538)
TOTAL EQUITY SHAREHOLDERS' FUNDS	13	100,360	9,822,464

A reconciliation of movement in shareholders' funds is given in note 13.

The accompanying notes form an integral part of these financial statements.

The financial statements and accompanying notes were approved by the Board of Directors on 22 July 2009.

N.S.D.L.Y

Director
Date: 22 July 2009

MENLO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention, the accounting policies set out below and in accordance with the Companies Act 1985 and applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

Basis of preparation

After reviewing the Company's performance and taking into account the likelihood of available bank facilities from its ultimate parent, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors have adopted the going concern basis in preparing the financial statements.

Interest

Interest income and expense is recognised on an accruals basis.

Dividends from subsidiaries

Dividend income is recognised in the profit and loss account on the date the Company becomes entitled to receive a dividend.

Foreign Exchange

Monetary assets and liabilities in foreign currencies are translated into Sterling at the exchange rate ruling at the balance sheet date except where rates of exchange are fixed under contractual arrangements (or under the terms of the relevant transaction). Trading results denominated in foreign currencies are translated into Sterling at average rates of exchange during the year unless a contracted rate applied. All other exchange profits and losses, which arise from normal trading activities, are included in the profit and loss account.

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred. Deferred taxation is recognized on timing differences arising between the treatment of certain items for taxation and accounting purposes.

Fixed Asset Investments

Equity shares are stated at cost less any provision for impairment. Investment securities are intended for use on a continuing basis by the Company and have been identified as such.

MENLO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Current Asset Investments

Current asset investments are held at the lower of cost and net realisable value.

Preference shares issued

The Company adopts the requirements of 'Financial Reporting Standard 25: 'Financial instruments: Disclosure and Presentation' (FRS25). The liability in respect of the Company's redeemable preference shares issued by the Company has been classified as creditors falling due within one year. The discretionary nature of redeemable preference share distributions results in them being classified as dividends paid in accordance with FRS 25.

Consolidated financial statements

The financial statements contain information about Menlo Investments Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Barclays Bank PLC, a company registered in England and Wales.

Dividends on ordinary shares

Dividends are recognised in equity in the period in which an obligation to make a payment arises.

2. CASH-FLOW-STATEMENT

The Company's ultimate holding company has adopted the provisions of Financial Reporting Standard 1 ("FRS 1") revised 1996, Cash Flow Statements. Accordingly the Company, which is a wholly owned subsidiary of Barclays Bank PLC, has elected to utilise the exemption provided in FRS 1 not to produce a cash flow statement.

3. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during 2008 or 2007.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Interest receivable from group undertakings	234,979	608,210
Dividends receivable from investment in subsidiaries preference shares	-	6,426,185
	<u>234,979</u>	<u>7,034,395</u>

MENLO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest payable to group undertakings	1,297,900	6,890,668
	<u>1,297,900</u>	<u>6,890,668</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no employees employed by the Company during 2008 and 2007. The audit fee is borne by another group company. Although the audit fee is borne by another group company, the fee that would have been charged to the company amounts to £3,100 (2007: £3,100) for the year. This fee is not recognised as an expense in the financial statements.

7. TAXATION

	2008 £	2007 £
UK Corporation Tax	302,932	1,884,737
Tax credit	<u>302,932</u>	<u>1,884,737</u>

The UK corporation tax charge is based on a UK corporation tax rate of 28.5% (2007: 30%). The effective tax rate is different to the blended tax rate as a result of non-taxable items.

	2008 £	2007 £
Profit on ordinary activities before tax	537,081	2,643,727
Profit on ordinary activities multiplied by the blended rate corporation tax in the UK of 28.5% (2007: 30%)	(153,068)	(793,118)
Effects of: Non-taxable UK dividend income	456,000	2,677,855
Current tax credit for the year	<u>302,932</u>	<u>1,884,737</u>

The corporate taxation rate changed from 30% to 28%, effective from 1 April 2008, a blended rate of 28.5% has been applied to calculate the tax credit for the current year.

MENLO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. FIXED ASSETS INVESTMENTS

	2008 £	2007 £
Cost at 1 January	60,769,825	60,769,825
Repayment of share premium by Romintco	(60,000,000)	-
Cost at 31 December	<u>769,825</u>	<u>60,769,825</u>

Investment in subsidiary undertakings represents the ordinary shares of the Company's subsidiaries Romintco Investments BV ('Romintco'), Bramley Landing Limited, Pippin Island Investments Limited, and Core Investments (Cayman) Limited. The share holdings of these entities are detailed below:

Subsidiary undertaking	Country of incorporation	Nature of business	Equity capital held
Bramley Landing Limited	Cayman Island	Investment company	100%
Core Investments (Cayman) Limited	Cayman Island	Investment company	100%
Pippin Island Investments Limited	Cayman Island	Investment company	100%
Romintco Investments B.V.	Netherlands	Investment company	100%

On 12 May 2008, Romintco redeemed the share premium attached to its ordinary share capital.

In the opinion of the directors, the value of the Company's investments in its subsidiary undertakings is not less than the amount stated in the balance sheet.

MENLO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. CURRENT ASSET INVESTMENTS

	2008 £	2007 £
Preference shares held in Romintco	6,106	6,106
Preference shares held in Bramley Landing Limited	391,680,105	391,680,105
Preference shares held in Core Investments (Cayman) Limited	1,785,144	1,785,144
Cost at 31 December	<u>393,471,355</u>	<u>393,471,355</u>

The Company owns 100% of the Preference Shares of Romintco Investments BV ('Romintco'), Bramley Landing Limited and Core Investments (Cayman) Limited.

All of the preference shares owned by the Company do not have any voting rights and are redeemable at the option of the Company or the issuer on at least one business day's notice. Dividends on the preference shares are payable at the discretion of the issuer.

10. DEBTORS: Amounts falling due within one year

	2008 £	2007 £
Amounts owed by group undertakings	5,692	9,693,610
Group relief receivable	289,641	439,580
	<u>295,333</u>	<u>10,133,190</u>

11. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Amounts due to subsidiary undertakings	-	60,000,000
Amounts owed to group undertakings	970,904	1,086,658
Preference shares	393,465,249	393,465,249
	<u>394,436,153</u>	<u>454,551,907</u>

MENLO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. CREDITORS: Amounts falling due within one year (continued)

Preference Share Capital	2008 £	2007 £
Authorised: 400,100,000 redeemable preference shares of £1 each	400,100,000	400,100,000
Allotted and fully paid: 393,465,249 redeemable preference shares of £1 each	393,465,249	393,465,249

The preference shares have no voting rights attached to them and are redeemable at the option of the company or or the preference shareholder at any time on at least one business days notice. Dividends on the preference shares are payable at the discretion of the Company's directors. The preference shares have preferential liquidation entitlement of their original subscription price plus any declared but unpaid dividends.

12. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised: 28,000,000 ordinary shares of £1 each	28,000,000	28,000,000
Allotted and fully paid: 100,000 (2007: 10,050,002) ordinary shares of £1 each	100,000	10,050,002

On 17 June 2008, the Company repurchased 9,950,002 ordinary shares for the price of £1 each. The shares were repurchased to reflect the reduction in the Company's investing activities going forward.

The ordinary shares have no voting rights attached to them. Dividends on the ordinary shares are payable at the discretion of the Company's directors.

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	840,013	4,528,464
Opening shareholders' funds	9,822,464	20,706,000
Dividends paid	(612,115)	(15,412,000)
Repurchase of ordinary shares	(9,950,002)	-
Closing shareholders' funds	100,360	9,822,464

MENLO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 ("FRS 8"), Related Party Disclosures not to disclose transactions with other group companies since the Company is a wholly owned subsidiary of Barclays Bank PLC, the consolidated financial statements of which are publicly available. There have been no other transactions with related parties requiring disclosure during the year (2007: none).

15. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate parent company and controlling party is Barclays PLC, which is the parent company of the largest group that presents group accounts. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.