

SMITH BROS NOMINEES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
29 DECEMBER 2006**

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SMITH BROS NOMINEES LIMITED

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SMITH BROS NOMINEES LIMITED

DIRECTORS' REPORT

For the year ended 29 December 2006

The directors present their report and the audited financial statements of Smith Bros Nominees Limited (the "Company") for the year ended 29 December 2006.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under S246(4) of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements. The directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors 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 of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report, which comply with the requirements of the Companies Act 1985.

PRINCIPAL ACTIVITY

The Company acts as a nominee company for affiliated companies.

The directors expect the Company to continue as a nominee in 2007.

RESULTS

The Company has not traded during the year and has, therefore, made neither a profit nor a loss (2005 - £nil). The directors do not recommend the payment of a dividend for the year ended 29 December 2006 (2005 - £nil).

DIRECTORS

The directors who served during the year and up to the date of signing this report were as follows:

K. Pearson

T.W. Spanner (resigned 12 December 2006)

D.F. Thomson

The directors had no beneficial interests in the shares of the Company or any other United Kingdom affiliated company at 29 December 2006 or any time during the year then ended.

DIRECTORS' REPORT

For the year ended 29 December 2006

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

This report was approved by the Board on 7th February 2007

and signed on its behalf.



Merrill Lynch Corporate Services Limited
Company Secretary
London

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH BROS NOMINEES LIMITED

We have audited the financial statements of Smith Bros Nominees Limited (the "Company") for the year ended 29 December 2006 which comprise the balance sheet and the related notes 1 to 6. 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 auditors' 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 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).

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 judgements 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.

SMITH BROS NOMINEES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH BROS NOMINEES LIMITED

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 29 December 2006 and of its results 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.

Deloitte Touche W

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London, UK

Date: *7 February 2007*

SMITH BROS NOMINEES LIMITED


BALANCE SHEET
As at 29 December 2006

	Note	2006 £	2005 £
CURRENT ASSETS			
Debtors		2	2
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	5	2	2
SHAREHOLDERS' FUNDS		<u>2</u>	<u>2</u>

RESULTS AND OTHER RECOGNISED GAINS OR LOSSES

No profit and loss account has been presented, as there has been no income or expenditure during the year (2005 - £nil). There were no other recognised gains or losses during the current or preceding year. As a result the following have not been presented: statement of total recognised gains and losses, note of historical cost profits and losses, cash flow statement and a reconciliation of movements in shareholder's funds.

The financial statements were approved by the Board on 7th FEBRUARY 2007 and signed on its behalf.



Director

The notes on pages 6 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 29 December 2006

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

1.2 Accounting period

The Company's financial year consisted of a fifty-two (2005: fifty-two) week period ending on the last Friday in December (2005: 30 December).

1.3 Accounting convention

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

2. PRINCIPAL ACTIVITY

The Company acts solely as a nominee in respect of all securities registered in the name of Smith Bros Nominees Limited. Therefore it has no beneficial interest in these securities and, accordingly, they are not shown as assets in the Company's balance sheet.

3. DIRECTORS AND EMPLOYEES

The directors received no remuneration for their services as directors to the Company during the year ended 29 December 2006 (2005 - £nil). There were no employees during the current or preceding year.

4. AUDITORS' REMUNERATION

Auditors' remuneration has been borne by another affiliated company in the current and preceding year.

5. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

6. PARENT UNDERTAKINGS

The Company's immediate parent company is Smith Bros Limited and the ultimate parent company and controlling party is Merrill Lynch & Co., Inc., a company incorporated in the State of Delaware in the United States of America. The parent company of the largest group that includes the Company and for which group accounts are prepared is Merrill Lynch & Co., Inc. Copies of the group financial statements of Merrill Lynch & Co., Inc. are available from the Investor Relations website at www.ir.ml.com or by contacting the Corporate Secretary by mail at 222 Broadway, 17th Floor, New York, NY 10038, USA or by e-mail at corporate_secretary@ml.com. The parent undertaking of the smallest group, including the Company, which prepares group accounts is Merrill Lynch Europe PLC, a company incorporated in Great Britain. Copies of the group financial statements of Merrill Lynch Europe PLC are available from the Company Secretary, Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ.