

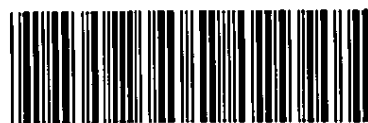
UBS UK HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2008

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UBS UK HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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UBS UK HOLDING LIMITED

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Sean E Ryan (Chairman)

Anna M I Haemmerli
Wayne Lawson-Turnbull
John Quarmby
Gregory P Simpson
Andrew D Williams

SECRETARY

John S Mitchell-Hewson, FCIS

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

1 Finsbury Avenue
LONDON EC2M 2PP

AUDITORS

Ernst & Young LLP
Registered Auditor
1 More London Place
LONDON SE1 2AF

UBS UK HOLDING LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report together with the audited financial statements ('Accounts') of the Company for the year ended 31 December 2008 ('the year') which have been prepared in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006 as appropriate.

Principal Activities and Business Review

The Company carries out investment holding activities and acts as a UK holding company for a group of subsidiaries within the UBS AG Group. In the performance of its activities, the Company provides a source of funding either in the form of share capital or loans to its subsidiary undertakings. The Company continues to operate a programme of rationalising superfluous subsidiaries.

The Company, during the year, undertook a trustee role over an account at UBS AG London Branch held for the purposes of receiving insurance proceeds in connection with former client money balances held by three UBS AG UK subsidiaries.

The following changes, additional investments and divestments in the Company's directly held investments and subsidiaries portfolio took place during the year, namely:

- (1) on 20 February 2008, the Company sold 56,537,460 Ordinary shares of S\$1.00 each, fully paid, in **UBS Securities Pte. Ltd.** to UBS AG Jersey Branch for an aggregate consideration of S\$162,532,760;
- (2) on 27 February 2008, the Company sold 41 loan notes with a denomination of KRW2,000,000,000 issued by **UBS Securities Pte. Ltd. Seoul Branch** to UBS Securities Pte. Ltd. Seoul Branch for an aggregate cash consideration of KRW 77,061,225,325;
- (3) on 29 October 2008, the Company was allotted 1,000 shares of SR10 each for cash at par in the issued share capital of UBS Saudi Arabia, a new joint stock company incorporated in the Kingdom of Saudi Arabia on 29 October 2008.

During the year the following four subsidiaries, having previously completed their respective members' voluntary winding up process, were dissolved on the dates shown:

UBS Israel Financial Instruments Limited (incorporated in Israel) on 3 December 2008;

UBS Reorganisation 2006-02 Ltd (Co No: 3490880) on 9 December 2008;

UBS Reorganisation 2006-04 Ltd (Co No: 3049856) on 9 December 2008;

UBS Reorganisation 2006-06 Ltd (Co No: 1864154) on 9 December 2008.

Since the year, the following additional change has taken place in the Company's portfolio of directly held investments and subsidiaries, namely:

- (i) on 18 August 2009, the Company acquired 15,100,000 Ordinary shares of £1.00 each, fully paid, in **UBS Reorganisation 2009-01 Ltd.** (Co No: 2849044) from S.G. Securities U.K. Limited (Co No: 292689) for an aggregate consideration of £6,099,103.

Since the year the following six subsidiaries, having previously completed their respective members' voluntary winding up process, were dissolved on the dates shown:

UBS Reorganisation 2006-07 Ltd (Co No: 3588034) on 5 June 2009;

UBS Reorganisation 2007-03 Ltd (Co No: 2110931) on 5 June 2009;

UBS Reorganisation 2007-04 Ltd (Co No: 1546796) on 5 June 2009;

UBS Reorganisation 2007-05 Ltd (Co No: 1801463) on 5 June 2009;

UBS UK HOLDING LIMITED

REPORT OF THE DIRECTORS

UBS Reorganisation 2007-06 Ltd (Co No: 117573) on 5 June 2009;

UBS Reorganisation 2007-02 Ltd (registered in Scotland, Co No: SC203641) on 10 June 2009.

Principal Risks and Uncertainties

Risks associated with the business continue to be managed according to UBS AG guidelines. As a direct wholly-owned subsidiary of UBS AG the Company operates in line with UBS AG Group policies, including environmental and ethical standards.

Key Performance Indicators

Given the limited scope and nature of the business, and that the Company is a wholly-owned subsidiary of UBS AG, the Directors are of the opinion that key performance indicators or other forms of performance measurement are not necessary in providing an understanding of the development, performance or position of the Company and its business for the purposes of Section 417 of the Companies Act 2006. The parent company maintains an oversight of the Company's performance under the UBS Investment Bank business and governance management structures.

Future Developments

The Directors have no plans or intentions, at this time, to develop further the activities of the Company.

Results and Dividends

The profit, before taxation and dividend, of the Company for the year amounted to £98,874,000 (2007: loss £58,816,000). After taxation and dividend, the Company retained a profit for the year of £2,439,000 (2007: loss £39,456,000).

The state of affairs of the Company as at the year-end are otherwise as detailed in the accompanying Balance Sheet.

On 30 December 2008, the Directors paid an interim dividend in respect of the year of £100,000,000 (2007: £nil) to the holders of the Ordinary shares in the capital of the Company. The Directors do not intend to recommend the declaration of a final dividend in respect of the year (2007: £nil).

Directors

The names of the current Directors are shown on page 2. During the year there were two departures from, and one appointment to, the Board. Mr Richard C Blundell resigned as a Director of the Company on 22 July 2008. Mr John Quarmby was appointed a Director of the Company on 23 July 2008. Mrs Sally A James resigned as a Director of the Company on 31 December 2008.

Since the year, there has been one departure from, and one appointment to, the Board. Mr Claudius Sutter resigned as a Director of the Company on 21 July 2009. Mr Wayne Lawson-Turnbull was appointed a Director of the Company on 22 July 2009.

No service contracts have subsisted between the Company and any of its Directors during the year and no such contracts have come into being since the year.

UBS UK HOLDING LIMITED

REPORT OF THE DIRECTORS

Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each accounting reference period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable and appropriate accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Companies Act 2006 as appropriate. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

At the date of Board approval of this Report and Financial Statements for the year ended 31 December 2008, each of the Directors has confirmed that:

- as far as he/she is aware, there was no relevant audit information of which the auditors were unaware; and,
- he/she has taken all the steps necessary as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditors have been made aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Employees

The Company has no employees of its own (2007: nil). UBS AG group has made, and continues to make, available a number of its employees to be engaged either on a full-time or part-time basis in the performance of certain functions or operations in connection with the Company's continuing business.

Charitable Donations and Political Contributions

There were no charitable donations nor any contributions for political purposes made by the Company during the year (2007: nil).

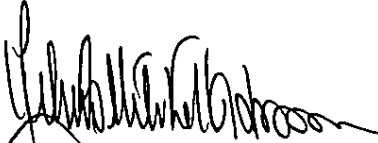
UBS UK HOLDING LIMITED

REPORT OF THE DIRECTORS

Auditors

Ernst & Young LLP, Registered Auditor, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting in accordance with the provisions of Section 485 of the Companies Act 2006.

Approved by the Board of Directors on 16 September 2009 and signed on their behalf by:



John S Mitchell-Hewson
Secretary
1 Finsbury Avenue, London EC2M 2PP.

UBS UK HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBS UK HOLDING LIMITED

We have audited the Company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 16. 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 United Kingdom law and 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 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.

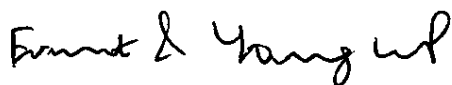
UBS UK HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBS UK HOLDING 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 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.



Ernst & Young LLP
Registered auditor
London
16 September 2009

UBS UK HOLDING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £000	2007 £000
Income from fixed asset investments		78,558	463
Net foreign exchange gain		331	552
Operating expenses		<u>(16,071)</u>	<u>(1,328)</u>
Operating profit / (loss)		62,818	(313)
Profit from sale of fixed asset investments	7	27,206	-
Impairment of fixed asset investments	7	(312)	(16)
Interest receivable and similar income	4	24,034	27,055
Interest payable and similar charges	5	<u>(14,872)</u>	<u>(85,542)</u>
Profit / (loss) on ordinary activities before taxation		98,874	(58,816)
Tax credit	6	<u>3,565</u>	<u>19,360</u>
Profit / (loss) on ordinary activities after taxation		102,439	(39,456)
Dividends		<u>(100,000)</u>	<u>-</u>
Retained profit / (loss) transferred to reserves		<u>2,439</u>	<u>(39,456)</u>

All of the activities of the Company are classed as continuing.

The notes on pages 12 to 20 form part of these financial statements

UBS UK HOLDING LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Gain / (loss) for the financial year attributable to shareholders		2,439	(39,456)
Revaluation of fixed asset investments	7	(1,749)	-
Total recognised gain / (loss) for the financial year attributable to shareholders		<u>690</u>	<u>(39,456)</u>

The notes on pages 12 to 20 form part of these financial statements

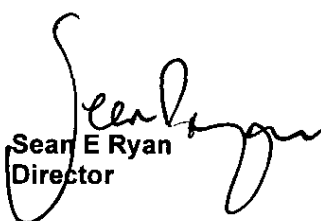
UBS UK HOLDING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Investments	7	1,317,836	1,354,589
Current assets			
Debtors	8	207,057	130,093
Cash at bank and in hand	9	1	388
		<u>207,058</u>	<u>130,481</u>
Creditors: amounts falling due within one year	10	<u>(1,469,215)</u>	<u>(1,445,200)</u>
Net current liabilities		<u>(1,262,157)</u>	<u>(1,314,719)</u>
Provisions for liabilities and charges	11	(15,119)	-
Total assets less current liabilities		<u>40,560</u>	<u>39,870</u>
Capital and reserves			
Called up share capital	13	5,000	5,000
Revaluation reserve	15	(1,749)	-
Profit and loss account	15	37,309	34,870
Equity shareholders' funds		<u>40,560</u>	<u>39,870</u>

These financial statements were approved by the Board on 16 September 2009 and are signed on their behalf by


 Sean E Ryan
 Director

The notes on pages 12 to 20 form part of these financial statements

UBS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of preparation

The Company's financial statements for the year ended 31 December 2008 were approved by the Board of Directors on 16 September 2009 and the balance sheet was signed on the Board's behalf by Sean E Ryan.

The financial statements are prepared under the historical cost convention, as modified by mark-to-market valuation of derivatives, in accordance with applicable accounting standards.

The Company has elected to utilise the exemption in FRS 25 'Financial Instruments: Disclosure and Presentation' not to apply sections 51 to 95, as the Company is a wholly-owned subsidiary within a group which has publicly available financial statements including disclosures that comply with this standard.

Cash flow statement

The Company, a wholly owned subsidiary undertaking, has elected to utilise the exemption available in Financial Reporting Standard ('FRS') 1, 'Cash Flow Statements (revised 1996)', and not produce a cash flow statement.

Investment income

Investment income comprises dividends and distributions which are recognised when the right to receive payment is established.

Interest is recorded at the effective interest rate.

Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralised financing transactions and are stated at the amounts at which the securities will subsequently be resold or repurchased.

Group Accounts

As a wholly-owned subsidiary of UBS AG, the Company has taken advantage of the exemption from preparing consolidated accounts in S.228A of the Companies Act 1985.

Fixed asset investments

Investments in subsidiaries are included at historical cost, less a provision if, in the opinion of the directors, there has been a permanent diminution in value.

Other fixed asset investments include:

- Equity instruments are accounted for as available for sale (AFS) financial assets and carried at fair value with movements recorded in Equity. Where there is not a quoted market price in an active market and whose fair value cannot be reliably measured these instruments are held at cost, and
- Investments accounted for as loans and receivables are carried at amortised cost with income taken to the profit and loss account.

UBS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES (continued)

The historical cost of fixed asset investments denominated in currencies other than sterling are determined with reference to the exchange rate prevailing at the date of purchase.

Derivative instruments

All derivative instruments of the Company are carried at fair value on the balance sheet and are reported as positive or negative replacement values.

Determination of fair value

Fair values are obtained from quoted market prices, dealer price quotations, and discounted cash flow models, which incorporate current market and contractual prices for the underlying instrument, time to expiry, yield curves and volatility of the underlying.

Trade date accounting

The Company uses trade date accounting when recording trading portfolio transactions. It recognises from the date the transaction is entered into (trade date) and unrealised profits and losses arising from revaluing that contract to fair value in the Profit and Loss account.

Balances with UBS AG

The Company has a banking relationship with UBS AG, the ultimate parent undertaking. Transactions include, inter alia, current accounts and deposits. In these financial statements, such balances are treated as bank accounts and not as amounts owed to and by group undertakings.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Hedge accounting

At the time a financial instrument is designated as a hedge, the Company formally documents the relationship between the instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods used to assess the effectiveness of the hedging relationship.

Fair value hedges

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognized in the income statement. Those changes in fair value of the hedged item that are attributable to the risks hedged with the instrument are reflected in an adjustment to the carrying value of the hedged item, which is also recognized in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

1. ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Deferred taxation

Deferred tax is recognised in respect of all timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those for which they are included in the financial statements at the rates of tax anticipated to apply when these differences crystallise.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. AUDITORS' REMUNERATION

During the year, fees of £9,300 (2007: £6,500) in connection with the audit of the Company's annual accounts were paid by UBS AG on the Company's behalf. In accordance with their normal practice no recharge will be made to the Company.

3. PARTICULARS OF EMPLOYEES AND DIRECTORS

None of the Directors who served during the year received any emoluments for services to the Company (2007: nil). The Company had no employees during the year (2007: nil).

UBS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £'000	2007 £'000
Interest from parent undertaking	14	9
Interest from fellow subsidiary undertakings	24,020	26,945
Interest from subsidiary undertakings	-	101
	<u>24,034</u>	<u>27,055</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Interest payable to parent undertaking	14,303	17,876
Interest payable to subsidiary undertakings	569	67,666
	<u>14,872</u>	<u>85,542</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation

	2008 £'000	2007 £'000
Current tax:		
UK Corporation tax – current	4,220	10,190
Adjustment in respect of previous periods	-	9,215
Overseas tax	(655)	(45)
Total current tax credit	<u>3,565</u>	<u>19,360</u>

UBS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax credit for the period

The current tax credit for the period differs from the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit / (loss) on ordinary activities before tax	<u>98,874</u>	<u>(58,816)</u>
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	28,179	(17,645)
Effects of:		
Group relief surrendered without charge	7,258	5,520
Non taxable dividend income	(22,064)	-
Notional transfer pricing adjustment	(12,119)	2,761
Profit from sale of fixed asset investments	(7,754)	-
Impairment of fixed asset investment	89	5
Other income / expenses not recognised for tax purposes	2,846	(786)
Adjustments in respect of prior years	-	(9,215)
Current tax credit for the period	<u>(3,565)</u>	<u>(19,360)</u>

7. INVESTMENTS

Fixed asset investments	<i>Shares in subsidiary undertakings</i> £'000	<i>AFS Financial Assets</i> £'000	<i>Loans and Receivables</i> £'000	<i>Total</i> £'000
Net book value 1 January 2008	915,634	47,660	391,295	1,354,589
Accretion	-	-	353	353
Addition	32,000	2	-	32,002
Impairment	(312)	-	-	(312)
Revaluation	-	(1,749)	-	(1,749)
Disposal	-	(30,429)	(41,025)	(71,454)
Exchange movement	50	4,980	(623)	4,407
At 31 December 2008	947,372	20,464	350,000	1,317,836

UBS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

7. INVESTMENTS (continued)

Subsidiary undertakings of the Company

Name of Subsidiary:	Nature of Business:	Percentage Holding:
1FA Information (ITC) Ltd.	Nominee Services	100*
2FA Information Ltd.	Nominee Services	100*
Apollo Nominees Ltd.	Nominee Services	100*
British Industrial Corporation, Limited	Investment Holding	100*
Pan Nominees Limited	Nominee Services	100*
S.G. Nominees Korea Limited	Nominee Services	100*
S.G. Securities U.K. Limited	Investment Holding	100*
UBS Reorganisation 2009-01 Ltd.	Non-Trading	100*
S.G. Warburg & Company Limited	Investment Holding	100
S.G. Warburg Holdings Ltd.	Investment Holding	100*
S.G. Warburg Overseas Ltd.	Nominee Services	100*
UBS Pension Trustee Company Limited	Pension Fund Trustee	100
UBS Reorganisation 2006-01 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Reorganisation 2006-07 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Reorganisation 2007-01 plc (In Liquidation)	in Members' Voluntary Winding Up	99.999*
UBS Reorganisation 2007-02 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Reorganisation 2007-03 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Reorganisation 2007-04 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Reorganisation 2007-05 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100*
UBS Reorganisation 2007-06 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100*
UBS Reorganisation 2008-03 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100*
UBS Reorganisation 2008-04 Ltd (In Liquidation)	in Members' Voluntary Winding Up	100
UBS Securities Israel Limited	Stock Broking	100
UBS Securities International Limited	Securities & Derivatives Trading	100*
UBS Securities Nominees Limited	Nominee Services	100
UBS Services Limited	Non-Trading	100
UBS Trustee Company Limited	Corporate Trustee	100
UBS UK Properties Limited	Property Holding and Management	100
UBS Warburg Limited	Non-Trading	100
Warburco Nominees Ltd	Nominee Services	100*

* denotes interest held indirectly through a subsidiary or subsidiaries.

UBS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

7. INVESTMENTS (continued)

With the exception of UBS Securities Israel Limited which is incorporated in the State of Israel, the Company's subsidiaries are incorporated in Great Britain.

The company uses hedging instruments to minimise foreign exchange risks on investments. Where appropriate, foreign exchange movements on the investment are offset through the profit and loss account against foreign currency movements on the hedging instrument

8. DEBTORS

	2008 £'000	2007 £'000
Amounts due from subsidiary undertakings	206,954	130,025
Other debtors	103	68
	<u>207,057</u>	<u>130,093</u>

9. CASH AT BANK AND IN HAND

Included in cash at bank and in hand are cash balances of £676 (2007: £388,227) placed with group undertakings.

10. CREDITORS: Amounts falling due within one year

	2008 £'000	2007 £'000
Overdraft with parent bank	367,157	373,145
Corporation tax creditor	16,955	5,018
Amounts owed to parent undertaking	1,293	1,352
Amounts owed to subsidiary undertakings	1,083,810	1,064,444
Other creditors	-	61
Negative replacement values	-	1,180
	<u>1,469,215</u>	<u>1,445,200</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

The Company previously entered into a contract for the sale of a subsidiary to a third party. The Company will become liable to make a payment in 2013, should an event stated in this contract occur. The Company has accordingly made a provision for the discounted value of the expected obligation.

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption given to subsidiaries in FRS 8, 'Related Party Disclosures', from disclosing related party transactions with other group companies.

UBS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

13. SHARE CAPITAL

Authorised share capital:

	2008 £'000	2007 £'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	2008 £'000	2007 £'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

14. REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

The Company has entered into collateralised reverse repurchase and securities borrowing arrangements, where it obtains securities on terms which permit it to repledge or resell the securities to others. Amounts on such terms at 31 December 2008 and 31 December 2007 were as follows:

	2008 £000	2007 £000
Securities received under reverse repurchase and/or securities borrowing arrangements which can be repledged or resold	-	406,239
Thereof repledged/transferred to others in connection with financing activities	-	406,239

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Revaluation Reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2007 as restated	5,000	-	74,326	79,326
Retained loss for the year	-	-	(39,456)	(39,456)
At 1 January 2008	5,000	-	34,870	39,870
Retained profit for the year	-	-	102,439	102,439
Dividend paid	-	-	(100,000)	(100,000)
Revaluation of fixed asset investments	-	(1,749)	-	(1,749)
At 31 December 2008	<u>5,000</u>	<u>(1,749)</u>	<u>37,309</u>	<u>40,560</u>

UBS UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

16. ULTIMATE PARENT COMPANY

UBS AG, a company incorporated with limited liability in Switzerland, is the immediate and ultimate parent undertaking and the parent undertaking of the largest and smallest group for which group financial statements are prepared.

Copies of the group financial statements can be obtained from UBS AG, 1 Finsbury Avenue, London, EC2M 2PP.