

**SNC INTERNATIONAL (HOLDINGS) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
29 DECEMBER 2006**

TUESDAY



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## **SNC INTERNATIONAL (HOLDINGS) LIMITED**

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## **SNC INTERNATIONAL (HOLDINGS) LIMITED**

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### **DIRECTORS' REPORT**

**For the year ended 29 December 2006**

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The directors present their report and the audited financial statements of SNC International (Holdings) Limited (the "Company") for the year ended 29 December 2006

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements. 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 United Kingdom Generally Accepted Accounting Practice (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 an investment holding company

The directors propose that the principal activity of the Company will continue during 2007

#### **PERFORMANCE AND DIVIDENDS**

There have been no changes in the principal activities of the Company during the year and the directors are satisfied with the Company's performance for the year and the financial position at year end

The profit for the year, after taxation, amounted to £346,000 (2005 - profit £506,000)

The directors are of the opinion that analysis using any other key performance indicator is not necessary for an understanding of the development, performance or position of the business of the Company

#### **RISK MANAGEMENT**

The principal risks which the Company is exposed to are interest rate and currency risk. The Company does not hedge these exposures (See notes 5 and 7)

#### **DIRECTORS**

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

C J Blizard  
K Pearson  
D A Searle  
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

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**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 8 August 2007 and signed on its behalf



**Merrill Lynch Corporate Services Limited**  
Company Secretary  
London

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SNC INTERNATIONAL (HOLDINGS) LIMITED**

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We have audited the financial statements of SNC International (Holdings) Limited (the "Company") for the year ended 29 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SNC INTERNATIONAL (HOLDINGS) LIMITED

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**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 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

*Deloitte Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

Date *16 August 2007*

**SNC INTERNATIONAL (HOLDINGS) LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 29 December 2006**

	Note	2006 £000	2005 £000
Income from other fixed asset investments		-	5,500
Amounts written off investments		-	(4,817)
Other interest receivable and similar income	5	346	118
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>346</b>	<b>801</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	6	-	(295)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>346</b>	<b>506</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

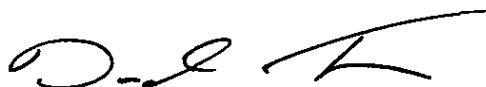
The notes on pages 7 to 10 form part of these financial statements

**SNC INTERNATIONAL (HOLDINGS) LIMITED****BALANCE SHEET**  
**As at 29 December 2006**

	Note	2006 £000	2005 £000
<b>FIXED ASSETS</b>			
Investments	7	65,817	65,817
<b>CURRENT ASSETS</b>			
Debtors	8	2,477	2,131
<b>NET ASSETS</b>		<u>68,294</u>	<u>67,948</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	38,348	38,348
Share premium account	11	27,211	27,211
Profit and loss account	11	2,735	2,389
<b>SHAREHOLDERS' FUNDS</b>	12	<u>68,294</u>	<u>67,948</u>

The financial statements were approved by the Board on *8 August 2007* and signed on its behalf

Director



The notes on pages 7 to 10 form part of these financial statements



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

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**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

**1.4 Cash flow**

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) - Cash Flow Statements, as a consolidated cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent company, Merrill Lynch & Co , Inc

**1.5 Other interest receivable and similar income**

Other interest receivable and similar income comprises interest received on intercompany balances and is recognised on an accruals basis

**1.6 Investments**

Investments are stated at cost less provision for impairment

**1.7 Group accounts**

The Company has taken advantage of the exemption in Section 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts since the Company is an indirect subsidiary of Merrill Lynch Europe PLC, which prepares group accounts which include the Company. Accordingly, the Company's financial statements present information about it as an individual undertaking and not about its group

**1.8 Translation of foreign currencies**

Revenues and expenses arising from transactions to be settled in foreign currencies are translated into Sterling at average monthly market rates of exchange. Monetary assets and liabilities are translated into Sterling at the market rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of foreign currencies are reflected in the profit and loss account

**2 PRINCIPAL ACTIVITY**

The Company acts as an investment holding company

**3 DIRECTORS REMUNERATION**

During the year, no director received any emoluments in respect of qualifying services to the Company (2005 - £nil)

The Company did not have any employees in the current or preceding year

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

**4 AUDITORS REMUNERATION**

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

**5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2006</b>	2005
	<b>£000</b>	£000
Other interest receivable and similar income		
- From affiliated companies	<b>346</b>	118

The Company is exposed to interest rate risk The company does not hedge this exposure

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2006</b>	2005
	<b>£000</b>	£000
<b>The tax for the year is as follows:</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences in current year	-	295
<b>Total deferred tax</b> (see note 9)	-	295
<b>Tax on profit on ordinary activities</b>	-	295

**Factors affecting tax charge for year**

The tax assessed for the year is lower (2005 lower) than the standard rate of corporation tax in the UK applicable to the Company (30%) The differences are explained below

	<b>2006</b>	2005
	<b>£000</b>	£000
Profit on ordinary activities before tax	<b>346</b>	801
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	<b>104</b>	240
<b>Effects of</b>		
Tax losses claimed from affiliated companies for no payment	<b>(104)</b>	(1,408)
Non deductible expenses	-	1,446
Timing differences with respect to foreign taxes	-	(278)
<b>Current tax charge for year</b> (see note above)	-	-

**SNC INTERNATIONAL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 29 December 2006**7 FIXED ASSET INVESTMENTS**

	Investment in subsidiary undertaking £000	Investment in associated undertaking £000	Total £000
<b>Cost</b>			
At 30 December 2005 and 29 December 2006	<u>65,559</u>	<u>258</u>	<u>65,817</u>

**Subsidiary undertaking**

The following is a subsidiary undertaking whose nature of business is that of an investment holding company

SNC Farringdon International (Holdings) BV  
(Incorporated in the Netherlands)

100% of Ordinary Share Capital

**Associated undertaking**

The associated undertaking is an unlisted company, Smith Zain (Penang) Sdn Bhd ("SZP"), formerly Smith Zain Securities Sdn Bhd. SZP's financial year end date is 31 December and it has one class of ordinary shares of which 2,000,000 have been issued. The Company holds 40% of the issued equity share capital. SZP was incorporated in Malaysia. It ceased its business and operation in 2002 and since then remains dormant.

The Company is exposed to currency risk. Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact on the value of financial instruments. The company does not hedge this exposure.

**8 DEBTORS**

	2006 £000	2005 £000
Amounts owed by affiliated companies	<u>2,477</u>	<u>2,131</u>

**9 DEFERRED TAXATION**

	2006 £000	2005 £000
At beginning of year	-	295
Charge for the year relating to the current period	-	(278)
Charge for the year relating to the prior period	-	(17)
	<u>-</u>	<u>(17)</u>

**10 CALLED UP SHARE CAPITAL**

	2006 £	2005 £
<b>Authorised</b>		
50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Allotted, called up and fully paid</b>		
38,348,165 ordinary shares of £1 each	<u>38,348,165</u>	<u>38,348,165</u>

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

**11 RESERVES**

<b>Share premium account</b>	<b>£000</b>
At 31 December 2005	27,211
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At 29 December 2006	27,211
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<b>Profit and loss account</b>	<b>£000</b>
At 31 December 2005	2,389
Profit retained for the year	346
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At 29 December 2006	2,735
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**12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
Profit for the year	346	506
Dividends	-	(5,500)
	<hr/>	<hr/>
	346	(4,994)
Opening shareholders' funds	67,948	72,942
	<hr/>	<hr/>
Closing shareholders' funds	68,294	67,948
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**13 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption from related party disclosures available in Paragraph 3(c) of Financial Reporting Standard No 8 - Related Party Disclosures, as it is a wholly owned subsidiary and the consolidated financial statements of the ultimate parent company are publicly available as noted below

There were no related party transactions other than those with affiliated companies covered by the exemption noted above

**14 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](http://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](mailto: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.