

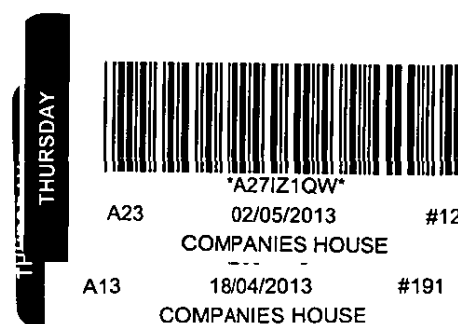
Portigon Europe (UK) Holdings Limited

(Formerly WestLB Europe (UK) Holdings Limited)

Report and Financial Statements

Registered No 02388852

31 December 2012



Portigon Europe (UK) Holdings Limited

Registered No 02388852

Directors

S Heyworth

M Smith

Secretary

T Hood

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Bankers

Portigon AG

Woolgate Exchange

25 Basinghall Street

London EC2V 5HA

Registered Office

Woolgate Exchange

25 Basinghall Street

London EC2V 5HA

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activity and business review

The principal activity of Portigon Europe (UK) Holdings Limited ("the Company") is the holding of investments

The subsidiary undertakings held by the Company are listed in note 7 to the financial statements. Consolidated financial statements are not presented as the Company takes advantage of the exemption afforded by section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company's key performance indicators during the year were as follows

	2012	2011
	£	£
Profit on ordinary activities after taxation	1,678,845	1,971,116
Shareholder's funds	20,660,729	18,981,884
Investments	214	12,560,006

Future developments

The directors expect the existing level of activity to continue.

Results and dividends

The audited financial statements for the year ended 31 December 2012 are set out on pages 7 to 14.

The profit for the year after taxation was £1,678,845 (2011 profit of £1,971,116).

The directors do not recommend the payment of a dividend (2011: £nil).

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Principal risks and uncertainties

Liquidity risk

Liquidity risk is defined as the risk of only being able to meet liquidity commitments at increased cost or ultimately being unable to meet obligations as they fall due. Liquidity risk management focuses on short-term liquidity risk, as well as long-term structural liquidity risk.

Credit risk

Credit risk is defined as the risk that counterparts of the Company will fail to fulfill their agreed obligations and that pledged collateral will not cover the Company's claim. The Company manages credit risk through counterpart risk assessment and exposure limits.

Directors' report

Directors

The directors who served during the year were as follows

S Heyworth

M Smith

Company secretary

The Company secretary who served during the year was as follows

T Hood

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors are deemed to be re-appointed under section 487(2) of the Companies Act 2006

By order of the board



Tom Hood

8TH APRIL 2013

Secretary

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Independent auditors' report

to the members of Portigon Europe (UK) Holdings Limited

We have audited the financial statements of Portigon Europe (UK) Holdings Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of Portigon Europe (UK) Holdings Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Andrew Davison (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

9th April 2013.

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Income from fixed asset investments	2	1,311,164	2,029,152
Profit on disposal of fixed asset investments		396,000	-
Administrative expenses		(8,400)	(16,800)
Other operating expenses		(87,684)	(90,045)
Other interest receivable and similar income	3	67,765	48,809
Profit on ordinary activities before taxation	4	1,678,845	1,971,116
Tax on profit on ordinary activities	6	-	-
Retained profit for the year		1,678,845	1,971,116

There are no recognised gains and losses in the year other than the profit for the year, and therefore no separate statement of total recognised gains and losses has been presented

The results for both years are in respect of continuing operations

The accompanying notes are an integral part of this profit and loss account

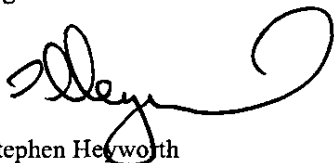
Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	7	214	12,560,006
		<u>214</u>	<u>12,560,006</u>
Current assets			
Debtors	8	20,819,536	6,405,400
Cash at bank and in hand		42,168	70,152
		<u>20,861,704</u>	<u>6,475,552</u>
Creditors amounts falling due within one year	9	(201,189)	(53,674)
Net current assets		<u>20,660,515</u>	<u>6,421,878</u>
Total assets less current liabilities		<u>20,660,729</u>	<u>18,981,884</u>
Capital and reserves			
Called up share capital	10	20,000,000	20,000,000
Profit and loss account	11	660,729	(1,018,116)
Shareholders' funds – equity interest	12	<u>20,660,729</u>	<u>18,981,884</u>

These financial statements were approved by the Board of Directors on 8th April 2013

Signed on behalf of the Board of Directors



Stephen Heyworth

Director

The accompanying notes are an integral part of this balance sheet

Notes to the financial statements

at 31 December 2012

1. Accounting policies

A summary of the principal accounting policies is set out below. These have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Portigon AG (incorporated in Germany), which prepares consolidated financial statements in which the Company is included which are publicly available. The Company is also, on this basis, exempt from the requirement of Financial Reporting Standard 1, "Cash Flow Statements", to present a statement of cash flows.

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment. Income from fixed asset investments is included in the year in which it is receivable.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Interest income and expense

Interest income and expense have been accounted for on an accruals basis.

Leasing

Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and the net amount is included in 'Other operating expenses'.

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

2. Investment income

	2012 £	2011 £
Dividend income from subsidiary undertakings	1,311,164	2,029,152
	<u>1,311,164</u>	<u>2,029,152</u>

3. Other interest receivable and similar income

Interest income arises on deposits with the London Branch of Portigon AG.

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2012 £	2011 £
Auditors' remuneration for audit services (net of value added tax)	7,000	11,000
Foreign exchange gain	(539)	(46,652)
	<u>7,000</u>	<u>(46,652)</u>

5. Staff costs and directors' remuneration

No staff were employed by the Company during the year or the preceding year.

The directors receive emoluments from Portigon AG in respect of their services for the Portigon AG group as a whole and it is therefore considered that there is no appropriate basis on which they can apportion part of their remuneration for their services to the Company.

Notes to the financial statements

at 31 December 2012

6. Tax on profit on ordinary activities

The tax on profit on ordinary activities comprises

	2012	2011
	£	£
Current tax		
UK Corporation tax at 24.5%		
Current year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation is as follows

	2012	2011
	£	£
Profit on ordinary activities before taxation	1,678,845	1,980,465
Tax on profit on ordinary activities at standard		
UK corporation tax rate of 24.5%	411,317	524,823
United Kingdom dividend income	(306,298)	(537,725)
Non-taxable income	(117,836)	-
Non-deductible expenditure	6,091	106
Unrelieved tax losses and other deductions	6,726	12,796
Group relief surrender	-	-
Total current tax	<u>-</u>	<u>-</u>

The Company has losses carried forward that can be used to reduce future taxable profits. The deferred tax asset of £808,560 has not been recognised on the grounds that the timing of future taxable profits is uncertain.

Legislation was introduced in Finance Act 2011 to reduce the main rate of corporation tax from 26% to 24% with effect from 1 April 2012. The effect of this reduction is reflected in the unrecognised deferred tax asset. The UK government has announced its intent to legislate to reduce the rate further by 1% per annum falling to 22% with effect from 1 April 2014.

The directors estimate that the effect of these changes will be to reduce the Company's unrecognised deferred tax asset by £34,880.

Notes to the financial statements

at 31 December 2012

7. Fixed asset investments

	2012 £	2011 £
Subsidiary undertakings	214	12,560,006
	<u>214</u>	<u>12,560,006</u>

At 31 December 2012, the Company has investments in the following subsidiary undertakings and other participating interests. All the companies listed below are incorporated in the United Kingdom and registered in England and Wales, except where otherwise stated.

<i>Subsidiary undertaking</i>	<i>Principal activity</i>	<i>Nominal value of holding £</i>	<i>Proportion of issued ordinary share capital held by the company %</i>
Portigon Property Services Limited	Owning and letting of office properties	2	100
WMB Leasing Seven Limited	Leasing	100	100
WMB Leasing Ten Limited	Leasing	100	100
WestLB International Services Limited	Service Company	10	100
Portigon UK Limited	Dormant	2	100

All companies, except WestLB International Services Limited, are incorporated in the United Kingdom, registered in England and Wales. WestLB International Services Limited is incorporated in Jersey.

On 30 June 2012 the Company sold its investments in Methuselah Life Markets Limited, West Merchant Limited and WestLB Limited at their book value. On the same date, the company acquired 100% of the share capital of the following subsidiaries, previously owned by WestLB Limited – WMB Leasing Seven Limited, WMB Leasing Ten Limited and WestLB International Services Limited.

Subsidiary undertakings

	£
Cost	
At 1 January 2012	12,560,006
Profit/Loss on revaluation	396,000
Acquisitions	210
Disposals	(12,956,002)
At 31 December 2012	<u>214</u>
Net book value	
At 31 December 2012	<u>214</u>
At 31 December 2011	<u>12,560,006</u>

Notes to the financial statements

at 31 December 2012

8. Debtors: amounts falling due within one year

	2012 £	2011 £
Deposits with the London Branch of Portigon AG	20,797,210	5,925,566
Other debtors	22,326	479,834
	<u>20,819,536</u>	<u>6,405,400</u>

9. Creditors: amounts falling due within one year

	2012 £	2011 £
Accruals	201,189	53,674
	<u>201,189</u>	<u>53,674</u>

10. Issued share capital

	2012 £	2011 £
<i>Authorised, allotted, called up and fully paid</i>		
20,000,000 (2011 – 20,000,000) ordinary shares of £1 each	20,000,000	20,000,000
	<u>20,000,000</u>	<u>20,000,000</u>

11. Profit and loss account

	2012 £	2011 £
At 1 January	(1,018,116)	(2,989,232)
Retained profit for the year	1,678,845	1,971,116
At 31 December	<u>660,729</u>	<u>(1,018,116)</u>

12. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,678,845	1,971,116
Share capital reduction	-	(5,000,000)
Net decrease in shareholders' funds	<u>1,678,845</u>	<u>(3,028,884)</u>
Opening shareholders' funds	18,981,884	22,010,768
Closing shareholders' funds	<u>20,660,729</u>	<u>18,981,884</u>

13. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Portigon AG

Notes to the financial statements

at 31 December 2012

14. Ultimate controlling party

The Company is a subsidiary of Portigon AG (formerly WestLB AG), which is incorporated in Germany

The ultimate parent company and the ultimate controlling party of the Company is Portigon AG, a company incorporated in Germany

Portigon AG is the parent company of the smallest and largest group of which the Company is a member and for which group financial statements are drawn up. Copies of the financial statements of Portigon AG are available from Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA