

ING LONDON (NO. 12) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010



Registered No. 3021535

ING LONDON (NO.12) LIMITED

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ING LONDON (NO.12) LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

A N Marsh
G Richardson

SECRETARY

A N Marsh

REGISTERED OFFICE

60 London Wall
London
EC2M 5TQ

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

ING LONDON (NO.12) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as investment company

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company has performed in line with the directors' expectations. The profit and loss account for the year is set out on page 7

The directors have assessed the company's ability to continue as a going concern and confirm that they are satisfied that the company currently has adequate resources to continue in business for the foreseeable future. For this reason, they believe it is appropriate to prepare the financial statements of the company on a "going concern" basis.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2009 Nil). The loss for the financial year 2010 of £262,423 (2009 Loss of £265,345) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors during the year and up to the signing of these financial statements were

- A N Marsh
- G Richardson (appointed on 23 February 2010)

None of the directors who held office at the end of the financial year had any disclosable interests in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares or debentures of the company have been granted to any of the directors and their immediate families, or exercised by them, during the financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is mainly exposed to liquidity, foreign exchange, credit and market risks.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. The company mitigates liquidity risk by managing and generating liquidity with group undertakings.

Foreign exchange risk

Foreign exchange risk is the risk that the company's assets and liabilities denominated in foreign currencies are subject to changes in foreign currency rates. The company manages the foreign exchange risk through transactions with group companies in the same currency as the asset or liability denominated in a foreign currency.

Credit risk

Credit risk is the risk that the company's debtors will cause a financial loss by failing to discharge an obligation. This risk is mitigated as most debtor balances are with group companies.

Market risk

Market risk is the risk that the value of the company's investments may change due to changes in interest rates, economic or market conditions. The company manages this risk through the ING Groep N V market risk management framework.

RISK MANAGEMENT

The company monitors principal risks and uncertainties through the ING Groep N V risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The framework aims to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risks faced by the company.

ING LONDON (NO.12) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors at the date of approving this report are 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. Each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with the Companies Act 2006, the company has elected to dispense with the obligation to appoint auditors annually. Ernst & Young LLP are therefore deemed to be re-appointed as the company's auditors for each succeeding year, as long as the election remains in force.

Approved by the board of directors on 5/7/11 and signed on behalf of the Board



G Richardson
Director

ING LONDON (NO.12) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 the period. 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 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 to 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.

ING LONDON (NO.12) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ING LONDON (NO. 12) LIMITED

We have audited the financial statements of ING London (No 12) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account and the Balance Sheet and the related notes 1 to 15. 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement (*set out on page 2*), 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 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 Directors' Report and Financial Statements of ING London (No 12) Limited to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2010 and of its loss 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.

ING LONDON (NO.12) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ING LONDON (NO.12) LIMITED
(continued)**

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

Andy Bates (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

7th July 2011

ING LONDON (NO.12) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Investment income		37,959	-
Dividend income		<u>61,003</u>	<u>93,292</u>
OPERATING PROFIT		98,962	93,292
Interest receivable	4	9,261	2,847
Gain/(Loss) on foreign exchange translations		115,866	(305,715)
Net change in investments in works of art and historical archive	6	(137,606)	(12,900)
Impairment of Financial Assets	6	(200,711)	-
Other expenses		<u>(191,064)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(305,292)	(222,476)
Tax on ordinary activities	5	<u>42,869</u>	<u>(42,869)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(262,423)</u>	<u>(265,345)</u>

All results from the previous and current year are from continuing operations

There are no recognised gains or losses for the current or previous year other than as stated in the profit and loss account

The notes on pages 9 to 13 form an integral part of these financial statements

ING LONDON (NO.12) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Investments	6	7,917,532	7,770,308
CURRENT ASSETS			
Debtors amounts falling due within one year	7	4,310,441	4,915,593
CURRENT LIABILITIES			
Creditors amounts falling due within one year	8	-	(195,505)
NET CURRENT ASSETS		<u>12,227,973</u>	<u>4,720,088</u>
NET ASSETS		<u>12,227,973</u>	<u>12,490,396</u>
CAPITAL AND RESERVES			
Called up share capital	9	29,962,852	29,962,852
Share premium account	10	30,000,000	30,000,000
Profit and loss account	11	<u>(47,734,879)</u>	<u>(47,472,456)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>12,227,973</u>	<u>12,490,396</u>

The notes on pages 9 to 13 form an integral part of these financial statements

The board of directors approved the accounts on 5/7/11
Signed on behalf of the board of directors



G Richardson
Director

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

a) Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention and on a going concern basis

Under section 400 of the Companies Act 2006, the company is exempt from the requirement to consolidate its subsidiaries because its ultimate parent company, ING Groep NV, a company incorporated in the Netherlands, prepares consolidated financial statements which include the results of the company

Due to the nature of the company's business, it has no equivalent to turnover, cost of sales and gross profit. Such figures are therefore not included in the profit and loss account. The directors believe that this departure from statutory requirements is necessary for the best presentation of company's results

b) Revenue recognition

Interest income is recognised on an accrual basis at the rate of interest per the terms of agreement with group companies

Dividend income is recognised on a cash basis

c) Foreign currencies

Transactions denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction

Assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rate of exchange prevailing at that date. All foreign exchange differences are taken to the profit and loss account

d) Taxation

The charge for corporation tax is based on profit for the year and is provided for at the current rate

e) Cashflow statement

Under FRS 1 (Revised 1996) the company is exempt from the requirement to prepare a cashflow statement as it is a wholly-owned subsidiary of ING Groep NV, a company incorporated in the Netherlands, and its cash flows are included in the consolidated cashflow statement within that group's financial statements

f) Investments

All investments are stated at the lower of cost or net realisable value unless the directors have reason to believe that there has been an impairment of an investment in which case the loss is reflected in the profit and loss account. The directors assess the net realisable value at each balance sheet date by reference to the net asset value of the investments. On a quarterly basis, impairment review meetings are held to ensure impairments are not required

Investment in works of art and historical archive is valued at cost unless the directors have reason to believe that such investment has sustained damage in which case the loss from impairment would be reflected in the profit and loss account. On a 7-yearly basis, valuations of the works of art and historical archive are carried out by an external firm which is then used as input for impairment review

In the opinion of the directors, the aggregate value of the subsidiary undertakings and investment in works of art and historical archive is not less than the aggregate amount at which the assets are included in the company's balance sheet

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

g) Related party transactions

Under paragraph 3(c) of the Amendment to FRS 8 the company is exempt from making the related party disclosures required by that standard in respect of entities within the ING Groep N V. This is because 100% of the company's voting rights are controlled by that group and consolidated accounts for ING Groep N V, which include the company, are publicly available.

2. ADMINISTRATIVE EXPENSES

For the current and previous financial year, auditors' remuneration was borne by ING Bank N V London Branch and are disclosed in the consolidated financial statements of the ultimate parent undertaking.

3. STAFF COSTS AND DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to this company for the current or previous financial year. ING London (No 12) Limited has no employees (2009: none).

4. INTEREST RECEIVED

	2010 £	2009 £
Interest received on deposit with other group companies	9,261	2,847
	<u>9,261</u>	<u>2,847</u>

5. TAX

	2010 £	2009 £
Factors affecting the tax charge for the current period		
The tax (credit) / charge is made up as follows		
Current tax		
UK Corporation Tax on profit for the year	-	42,869
Adjustment in respect of prior periods	(42,869)	-
Total current tax (credit) / charge	<u>(42,869)</u>	<u>42,869</u>
	2010 £	2009 £
Current tax reconciliation		
Loss on ordinary activities before tax	(305,292)	(222,476)
Profit on ordinary activities multiplied by implied rate of corporation tax in the UK at 28% (2009: 28%)	(85,482)	(62,293)
<i>Effects of</i>		
Permanent differences	-	93,822
Non-taxable income	(60,015)	-
Non-deductible expenses	148,226	-
Payments for group relief over/(under) 28% (2009: 28%)	-	27,803
Group relief claimed for nil consideration	(2,729)	-
Relief for overseas tax	-	(16,463)
Adjustments to tax charge in respect of prior period	(42,869)	-
Total current tax (credit)/charge	<u>(42,869)</u>	<u>42,869</u>

At 31 December 2010, the company had unused non-trading tax losses carried forward. Since there is no certainty of future trading profits against which to utilise these losses, no deferred tax asset has been recognised. The unrecognised deferred tax asset in respect of non-trading losses carried forward is £66,623 (2009: £26,221). The losses are not expected to expire.

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

6. INVESTMENTS

	2010 £	2009 £
Group undertakings (a)	-	1
Financial assets (b)	3,624,014	3,342,183
Works of art and historical archive (c)	4,293,518	4,428,124
	<u>7,917,532</u>	<u>7,770,308</u>

(a) Investment in group undertakings

	2010 £	2009 £
At cost		
At 1 January	1	2
Dissolution of group undertaking	-	(1)
Sale of group undertaking	(1)	-
At 31 December	<u>-</u>	<u>1</u>

ING Services Limited was sold during the period to another group undertaking, ING UK Holdings Limited, for consideration of £1. ING London (No 12) Limited no longer has any investments in group undertakings.

(b) Financial assets

Investment in financial assets represents investment in unlisted equity shares

	2010 £	2009 £
At cost		
At 1 January	3,342,183	3,376,335
Additions	439,733	269,372
Impairments	(200,711)	-
Exchange adjustment	117,804	(303,524)
Cost adjustment	(74,995)	-
At 31 December	<u>3,624,014</u>	<u>3,342,183</u>

(c) Works of art and historical archive

	2010 £	2009 £
At cost		
At 1 January	4,428,124	4,431,024
Purchases	3,000	10,000
(Write-off)/adjustment	(3,857)	(12,900)
Impairments	(133,749)	-
At 31 December	<u>4,293,518</u>	<u>4,428,124</u>

7. DEBTORS amounts falling due within one year

	2010 £	2009 £
Tax receivable	13,728	21,951
Amounts owed by group companies	4,296,713	4,893,642
	<u>4,310,441</u>	<u>4,915,593</u>

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

8 CREDITORS amounts falling due within one year

	2010 £	2009 £
Tax creditor	-	(42,869)
Other creditors	-	(152,636)
	<u>-</u>	<u>(195,505)</u>

9. AUTHORISED AND ISSUED SHARE CAPITAL

	2010 £	2009 £
<i>Authorised</i>		
500,000,000 Ordinary shares of £1 each	<u>500,000,000</u>	<u>500,000,000</u>
<i>Allotted issued and fully paid</i>		
29 962 852 ordinary shares of £1 each	<u>29,962,852</u>	<u>29,962,852</u>

10. SHARE PREMIUM ACCOUNT

	2010 £	2009 £
Opening balance	30,000,000	30,000,000
Arising on share issues	-	-
Closing balance	<u>30,000,000</u>	<u>30,000,000</u>

11. PROFIT AND LOSS ACCOUNT

	2010 £	2009 £
Opening balance	(47,472,456)	(47,207,111)
Retained loss for the financial year	<u>(262,423)</u>	<u>(265,345)</u>
Closing balance	<u>(47,734,879)</u>	<u>(47,472,456)</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	12 490,396	12 755,741
Loss for the financial year	<u>(262,423)</u>	<u>(265,345)</u>
Closing shareholders' funds	<u>12,227,973</u>	<u>12,490,396</u>

13 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There is £2.7 million (USD \$4.2 million) of uncalled capital commitment with respect to the Investcorp fund (2009 £3.1 million (USD \$5.0 million)). There are no other capital commitments or contingent liabilities as at 31 December 2010.

14. CAPITAL MANAGEMENT

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006.

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

15. ULTIMATE HOLDING COMPANY

The ultimate parent undertaking is ING Groep N V, a company incorporated in the Netherlands. ING Groep N V is the only undertaking preparing consolidated financial statements, which include the financial statements of ING UK Holdings Limited, of which group the company is a member. Copies of the ultimate parent's consolidated financial statements may be obtained from

The Secretary,
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1081 KL, Amsterdam
The Netherlands