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Company Registration No. FC025708

HAREWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2005



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COMPANIES HOUSE 17/10/06

COMPANY INFORMATION

Directors

M Field
H J M Reynaud
N E Brick

Secretary

Carey Olsen

Registered Office

47 Esplanade
St Helier
JE1 0BD
Jersey

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HAREWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT

For the period ended 31 December 2005

The Directors present their report and the financial statements of Harewood Investments Limited (the 'Company') for the period 16 July 2004 to 31 December 2005 (hereafter 'the period'). The first reporting date was extended to 31 December 2005 to be consistent with group reporting.

Principal activity and review of the business

The Company was incorporated on 16 July 2004 for the purpose of investing in financial securities. The Company is incorporated in Jersey and its principal place of business is the United Kingdom.

During the period, the Company invested in a portfolio of UK government securities ('gilts').

Future developments

The Company will continue to hold investments in financial securities.

Financial risk management

The Company's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Foreign exchange risk

The Company is not exposed to foreign exchange risk as all its assets and liabilities are denominated in the Company's functional currency of sterling.

(b) Price risk

The Company is exposed to securities price risk because of investments held by the Company and classified on the balance sheet as available-for-sale investments. The Company is not exposed to commodity price risk.

(c) Credit risk

The Company has no significant concentrations of credit risk. All credit risk is currently with other group companies and the UK government.

(d) Liquidity risk

Other group companies will provide liquidity to the Company as and when cash is required.

(e) Cash flow and fair value interest rate risk

The Company is exposed to fair value interest rate risk from its investment in fixed rate UK Government securities. The Company is exposed to cash flow interest rate risk from its floating rate cash balances. It is the opinion of the Directors that the cash flow and fair value interest rate risk arising from these investments is insufficient to require hedging.

Results and dividends

The profit after taxation of the Company for the period amounted to £815. The income statement is set out on page 5 of the financial statements.

The Directors do not recommend the payment of a dividend.

HAREWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT

For the period ended 31 December 2005

Directors and their interests

The Directors holding office since 16 July 2004 were:

M Field	Appointed 16 July 2004
H J M Reynaud	Appointed 8 October 2004
M D Toubkin	Appointed 16 July 2004 and Resigned 31 May 2006
N E Brick	Appointed 25 May 2006

No Director had any beneficial interest, as defined by the Companies Act 1985 in the Company's shares at any time during the period.

Charitable and political donations

There were no charitable or political contributions made in the period.

Approved by the Board of Directors and signed on their behalf.

By Order of the Board



Director

16th October 2006

HAREWOOD INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the period ended 31 December 2005

Company law requires the Directors to prepare accounts for each financial period that give a true and fair view of the state of affairs of the Company and of the profit and loss for that period.

In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with International Financial Reporting Standards; 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 confirm that they have complied with the above requirements in preparing the financial statements.

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. 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.

HAREWOOD INVESTMENTS LIMITED**INCOME STATEMENT****For the period ended 31 December 2005**

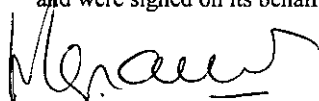
	Notes	2005 £
Interest receivable	2	1,164
Profit before taxation	3	1,164
Taxation	4	(349)
Profit for the period		815

The results for the 2005 represent the period 16 July 2004 to 31 December 2005, and are derived wholly from continuing operations.

HAREWOOD INVESTMENTS LIMITED**BALANCE SHEET**
At 31 December 2005

	Notes	2005 £
ASSETS		
Non-current assets		
Available-for-sale financial assets	5	8,379
		8,379
Current assets		
Other receivables	6	178
Cash and cash equivalents	7	2,231
		2,409
LIABILITIES		
Current Liabilities		
Other payables	8	(236)
Net Current Assets		2,173
NET ASSETS		10,552
SHAREHOLDERS' EQUITY		
Ordinary shares	9	10,000
Available for sale reserves		(263)
Retained earnings		815
TOTAL EQUITY		10,552

The financial statements on pages 5 to 17 were approved by the Board of Directors on 16th October 2006 and were signed on its behalf by:


Director

HAREWOOD INVESTMENTS LIMITED**CASH FLOW STATEMENT****For the period ended 31 December 2005**

	Notes	2005 £
Cash flows from operating activities		
Cash generated from operations	11	-
Interest received		986
Net cash from operating activities		986
Cash flows from investing activities		
Purchase of available-for-sale investments		(8,755)
Net cash used in investing activities		(8,755)
Cash flows from financing activities		
Issued Share Capital		10,000
Net cash from financing activities		10,000
Net decrease/increase in cash and cash equivalents		2,231
Cash and cash equivalents at 16 January 2004		-
Closing cash and cash equivalents at 31 December 2005		2,231

HAREWOOD INVESTMENTS LIMITED**STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 December 2005

	Ordinary Shares	Available- for-sale reserves	Retained Earnings	Total equity
	£	£	£	£
Proceeds from Shares Issued	10,000	-	-	10,000
Profit for the period	-	-	815	815
Net loss on available for sale financial assets	-	(376)	-	(376)
Tax on available for sale financial assets - available-for-sale financial assets, net of tax	-	113	-	113
Balance at 31 December 2005	10,000	(263)	815	10,552

The available-for-sale reserve arises from changes in the fair value of available-for-sale financial assets held by the Company, net of taxation, and is not distributable.

These gains and losses are recognised in equity until the underlying financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

HAREWOOD INVESTMENTS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the period ended 31 December 2005

1. Accounting Policies

The principal activity of the Company is to invest in financial securities. During the period, the Company invested in a portfolio of UK government securities ('gilts').

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the period presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with European Union ("EU") adopted International Financial Reporting Standards ('IFRS') and IFRIC interpretations. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments. A summary of the more important accounting policies is set out below.

The Directors have prepared the financial statements in accordance with section 700(1) of the Companies Act 1985 ('the Act') as modified by the Oversea Companies (Accounts) (Modifications and Exemptions) Order 1990 (SI 1990/440) ('the 1990 Regulations').

The principal effect of this modification of section 700(1) is to require overseas companies subject to the provisions of the Act to prepare their accounts in accordance with Part VII, and the schedules to that part, of the Act as they were originally published and without the amendments or repeals made by the Companies Act 1989 and subsequent legislation. The un-amended Part VII, and the schedules thereto, of the Act have no prescriptive formats for accounts of overseas companies nor do they specify an, or preclude any, accounting framework for use in preparing their accounts. As such the Directors have chosen to use IFRS as adopted by the European Union as the underlying accounting framework for the preparation of these financial statements.

The 1990 Regulations also provide exemptions for overseas companies to omit particular information from their financial statements that would otherwise be required. The Directors have chosen not to take advantage of the following exemptions and therefore the financial statements include:

- a Directors' report.
- taxation information:
- the basis of computation and amount of any provision, or charge to revenue for UK corporation tax (ignoring double tax relief) and UK income tax.
- the amount of any charge for taxation imposed outside the UK on profits, income and capital gains (to the extent that capital gains are credited to revenue).
- the amount of turnover and the method by which it is arrived at.
- details in the parent Company's financial statements of the identities of, the place of incorporation of, and particulars of the Company's shareholdings in subsidiaries.
- details of investments that exceed one-tenth of the nominal value of any class of the issued equity share capital of another body corporate and details of any investment that exceeds one-tenth of the company's own assets.
- details of the name and place of incorporation of the Company's ultimate parent company.
- particulars of the chairman's and the highest-paid Director's emoluments and the banding of all Directors' emoluments (although this is no longer a requirement of the Act).
- details of any emoluments that directors have waived.
- details of the bandings of higher-paid employees' emoluments (although this is no longer a requirement of the Act).
- particulars of loans and other transactions with Directors and officers.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. Once approved, the Financial Statements cannot be amended without re-presenting them for approval by the Board.

HAREWOOD INVESTMENTS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the period ended 31 December 2005

b) Accounting Convention

(i) *First time adoption of IFRS*

The Company has adopted EU adopted IFRS in these financial statements. As this is the first reporting period, no comparative information exists.

(ii) *Trade date accounting*

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets.

c) Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as fair value of financial instruments (Note 10).

d) Revenue recognition

(i) *Interest income*

Interest income arises from cash at bank, and from interest earning available-for-sale investments. Interest income is recognised in the income statement using the effective interest method.

e) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements, are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, with exception of available-for-sale financial assets which are recognised in reserves.

f) Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) *Derivative financial instruments*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

HAREWOOD INVESTMENTS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the period ended 31 December 2005

f) Financial instruments (cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising, from changes in the fair value of the 'derivative financial instruments' category, including interest and dividend income, are presented in the income statement within 'net gains and losses on derivative financial instruments', in the year in which they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdraft. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

h) Share capital, capital contribution and debt instruments

Ordinary shares and capital contributions that evidence a residual interest in the assets of the Company after deducting all of its liabilities are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

HAREWOOD INVESTMENTS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the period ended 31 December 2005

i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

j) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability that at the time of the transaction affects neither the accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that foreseeable future taxable profit will be available against which the temporary differences can be utilised.

k) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

2. Interest receivable

	2005 £
Interest income on UK Government Securities	1,049
Interest income on amounts due from ultimate parent undertaking (Note 12)	115
	1,164

3. Profit before taxation

All administrative expenses have been borne by the ultimate parent undertaking.

a) Directors' emoluments

The Directors provide services to the Company, the ultimate parent undertaking and a number of fellow subsidiary undertakings. The emoluments of all Directors are paid by the parent undertaking. It is not practical to apportion the emoluments received and therefore they are not disclosed in respect of any Directors in these financial statements.

b) Number of employees

The Company had no employees during the period to 31 December 2005.

HAREWOOD INVESTMENTS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****For the period ended 31 December 2005****4. Taxation****(a) Analysis of change in the period**

	2005 £
Current taxation – continuing operations	(349)

(b) Tax on items charged to equity

	2005 £
Current tax charge/(credit) on exchange movements offset in reserves	-
Current tax charge/(credit) on available for sale investments	(113)
Tax charge/(credit) on items charged to equity	(113)

The tax for the period is calculated at the standard rate of corporation tax in the UK of 30% (2004: 30%) as detailed below:

	2005 £
Profit on ordinary activities before taxation	1,164
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(349)

HAREWOOD INVESTMENTS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
For the period ended 31 December 2005**5. Available-for-sale financial assets**

	2005 £
Opening balance	-
Additions	8,755
Revaluation surplus transferred to equity	(376)
Balance at 31 December	8,379

Available-for-sale financial assets of UK Government securities comprises of "Gilts" 7.75%, 8 September 2006 and 7.5%, 7 December 2006. These financial assets were re-valued at bid prices prevailing at the balance sheet date. The effective interest rate of the gilts held at the balance sheet date approximates to 7.63%.

The net deficit on revaluation of £263 was taken to equity, and is disclosed in 'available for sale reserves' in the balance sheet.

6. Other receivables

	2005 £
Accrued coupon interest receivable	117
Amounts owed by group undertaking	61
	178

Amounts owed by group undertaking represent accrued interest receivable on cash and cash equivalents.

7. Cash and cash equivalents

	2005 £
Cash at bank and in hand	2,231

Cash and cash equivalents are held with the ultimate parent undertaking and earn interest at a fixed interest rate of 4.08%.

8. Other payables

	2005 £
Group Tax relief creditors	236

The Group tax relief creditors have no maturity date and the effective interest rate of the liability is zero percent.

HAREWOOD INVESTMENTS LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the period ended 31 December 2005

9. Share capital

	Number of shares	2005 £
Authorised:		
Ordinary shares of £1 each	500,010,000	500,010,000
Issued and fully paid:		
Ordinary shares of £1 each	10,000	10,000

The Company has in issue only one class of equity share, which is non-redeemable, carries one vote per share and has no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up.

10. Financial Instruments

a) Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Foreign exchange risk

The Company is not exposed to foreign exchange risk as all its assets and liabilities are denominated in the Company's functional currency of sterling.

(b) Price risk

The Company is exposed to securities price risk because of investments held by the Company and classified on the balance sheet as available-for-sale investments. The Company is not exposed to commodity price risk.

(c) Credit risk

The Company has no significant concentrations of credit risk. All credit risk is currently with other group companies and the UK government.

(d) Liquidity risk

Other group companies will provide liquidity to the Company as and when cash is required.

(e) Cash flow and fair value interest rate risk

The Company is exposed to fair value interest rate risk from its investment in fixed rate UK Government securities. The Company is exposed to cash flow interest rate risk from its floating rate cash balances. It is the opinion of the Directors that the cash flow and fair value interest rate risk arising from these investments is insufficient to require hedging.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

b) Accounting for derivative financial instruments and hedging activities

The Company does not hold any derivative instruments nor undertake hedging activities at year end.

HAREWOOD INVESTMENTS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
For the period ended 31 December 2005**10. Financial Instruments continued****c) Fair values of financial assets and financial liabilities and contractual re-pricing dates**

In accordance with IAS 32, the table below discloses the interest rate risk and exposure of assets and liabilities by reference to the next contractual re-pricing or, if earlier, maturity dates.

Book value and Fair value	Not more than three months £'000	More than three months but not more than six months £'000	More than six months but not more than one year £'000	More than one year but not more than five years £'000	Non- interest bearing £'000	Total £'000
Financial assets						
Available-for-sale financial assets (Note 5)	-	-	8,379	-	-	8,379
Other receivables (Note 6)	178	-	-	-	-	178
Cash and cash equivalents (Note 7)	2,231	-	-	-	-	2,231
	2,409	-	8,379	-	-	10,788
Financial liabilities						
Other payables (Note 8)	-	-	-	-	(263)	(263)

The above asset fair values represent the maximum credit risk of the company at the balance sheet date

d) Maturity of financial liabilities

The financial liabilities of the Company comprise Group tax relief creditors which have the maturity of one year or less, or on demand.

The Company does not pay interest on its funding liabilities.

HAREWOOD INVESTMENTS LIMITED**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
For the period ended 31 December 2005**11. Cash flow from operating activities**

Reconciliation of profit for the year to net cash inflow from operating activities:

	2005 £
Profit for the period	815
Adjustments for:	
— interest income	(1,164)
— taxation	349
Changes in working capital	-
Cash generated from operations	-

12. Related party transactions

The following transactions were carried out with related parties:

(i) Share capital

On 16 July 2004, the Company issued 10,000 Ordinary shares of £1 each. These shares were issued at par and subscribed for by BNP Paribas S.A. Succursale de Luxembourg, a fellow subsidiary undertaking.

(i) Interest receivable

Interest receivable from ultimate parent undertaking amounted to £115 in respect of a current account bearing interest at an average rate of 4.08%.

In respect of related party transactions, the outstanding balances receivable / (payable) as at 31 December 2005 were as follows:

Nature of transaction	Related party	2005 £
Other receivables	Ultimate parent undertaking	61
Cash and cash equivalents	Ultimate parent undertaking	2,231
Group tax relief creditor	Fellow subsidiaries	(236)

Costs including key management compensation, audit fees, and services provided by support functions of the ultimate parent undertaking, e.g. (finance, legal and secretarial services) which are incidental to the Company's operations, were borne by the ultimate parent undertaking and no re-charge was made to the Company.

13. Ultimate parent undertaking

BNP Paribas SA the main provider of funds, is the immediate, ultimate parent and controlling party of the group, and is the smallest and largest group to consolidate these financial statements. BNP Paribas SA is a company incorporated in France with limited liability.

Copies of the group financial statements can be obtained from BNP Paribas SA, 16 boulevard des Italiens, 75009 Paris, France.