

Registered Number 646222

GRAYWOOD INVESTMENTS LIMITED

Directors' Report and Financial Statements

for the year ended 31 December 2007



Registered Office 5 Old Broad Street, London EC2N 1AD

GRAYWOOD INVESTMENTS LIMITED

DIRECTORS

GRE Nominee Shareholdings Limited
J P Small

SECRETARY

J P Small

AUDITORS

PricewaterhouseCoopers LLP

GRAYWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITY

The Company's principal business is as an investment holding company. Its principal investment is AXA Business Services Private Limited, an Indian company based in Bangalore and Pune, which provides back office services for the AXA group, worldwide.

BUSINESS REVIEW

The Company made a loss after taxation of £571,000 (2006: £nil).

The loss arose from exchange movements on the redemption of preference shares by its subsidiary undertaking, AXA Business Services Private Limited.

The directors expect that the Company will continue to invest in AXA Business Services Private Limited for the foreseeable future.

The Company reports a net liability position. Its immediate parent undertaking, Société Beaujon, has indicated its willingness to offer financial support, as necessary. Accordingly, the directors consider that it is appropriate to draw up the financial statements on the going concern basis.

CHANGE OF PARENT COMPANY

On 4 October 2007 the Company was sold by its parent Guardian Royal Exchange plc to its French fellow subsidiary undertaking, Société Beaujon.

DIRECTORS

The directors of the Company at the date of this report are shown on page 2.

Mr I D L Richardson resigned as a director on 31 December 2007 and GRE Nominee Shareholdings Limited was appointed a director of the Company on the same day.

INDEMNIFICATION OF DIRECTORS

The Company is party to an indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of the Companies Act 1985.

GRAYWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

FINANCIAL INSTRUMENTS

The extent of the Company's business restricts exposure to financial risk and its use of financial instruments is not considered material for an assessment of its financial position other than as disclosed below

Currency

The Company is exposed to currency risk in respect of a holding in a subsidiary undertaking operating in India

Credit risk

Credit risk can be defined as the risk of capital or income loss resulting from counterparty default. As all material balances are with the AXA group the risk is not considered material.

Liquidity risk

Liquidity risk is defined as the risk that the Company, irrespective of solvency and profitability, may not have sufficient available cash (or near cash assets or funding facilities) to pay obligations when they fall due at reasonable cost

Liquidity risk could arise from illiquid asset holdings, inappropriate asset/liability matching or inexact forecast operating liquidity requirements resulting in insufficient short-term (including intra-day) and longer-term liquidity. This is controlled via the higher level requirements of the AXA group for annual liquidity reviews including stress testing to ensure that sufficient liquidity exists in the business. In addition, a robust working capital management environment is encouraged by ensuring there are appropriate loan and overdraft facilities, backed up by shorter-term, regular cash flow forecasting

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each director in office at the date of approval of this report confirms that:

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

GRAYWOOD INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements

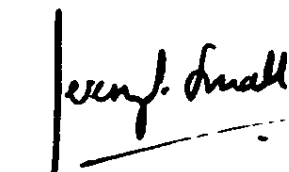
Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a 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 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

By Order of the Board



J. P. Small

Secretary

30 September 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAYWOOD INVESTMENTS LIMITED

We have audited the financial statements of Graywood Investments Limited for the year ended 31 December 2007 which comprise the profit and loss account, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 (United Kingdom and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 (United Kingdom 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
GRAYWOOD INVESTMENTS LIMITED (Continued)**

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 2007 and of its loss 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

2nd October 2008

GRAYWOOD INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended at 31 December 2007

	Note	2007 £'000	2006 £'000
Expense from other fixed asset investments	2	(571)	-
Loss on ordinary activities before taxation		<u>(571)</u>	<u>-</u>
Tax on loss on ordinary activities	3	-	-
Loss for the financial year	7,8	<u>(571)</u>	<u>-</u>

All the transactions relate to continuing operations

There were no other recognised gains or losses during the year (2006 £nil)

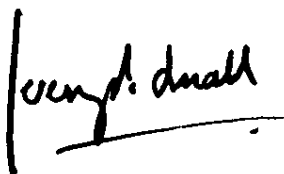
There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

GRAYWOOD INVESTMENTS LIMITED

BALANCE SHEET as at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Shares in subsidiary undertaking	4	3,873	6,599
Current liabilities			
Creditors - amounts falling due within one year	5	(4,723)	(6,878)
Net liabilities		<u>(850)</u>	<u>(279)</u>
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account	8	(851)	(280)
Equity shareholders' funds	8	<u>(850)</u>	<u>(279)</u>

The financial statements on pages 8 to 13 were approved by the board on 30 September 2008 and were signed on its behalf by



J. P. Small
Director

GRAYWOOD INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are set out below

(a) Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards

The Company has not adopted Financial Reporting Standard ("FRS") 29 (Financial Instruments Disclosures) The Company is exempt from this standard as it has not adopted FRS 26 (Financial Instruments Recognition and Measurement)

(b) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at year-end exchange rates Exchange gains and losses are taken to the profit and loss account for the year

(c) Investments

Shares in the subsidiary undertaking have been stated at cost less any provision for impairment in value

(d) Going concern

As at the end of the year, the Company showed an excess of current liabilities over current assets The immediate parent undertaking, Société Beaujon, has confirmed that it will provide such financial support to the Company as it may require from time to time in order to meet its liabilities as they fall due Accordingly, the directors consider that it is appropriate to draw up the financial statements on the going concern basis

2. EXPENSE FROM OTHER FIXED ASSET INVESTMENTS

	2007 £'000	2006 £'000
Exchange losses (note 3)	<u>(571)</u>	<u>-</u>

3. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of charge for the period

	2007 £'000	2006 £'000
Current tax:		
UK corporation tax on losses for the period	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

GRAYWOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. TAX ON LOSS ON ORDINARY ACTIVITIES (Continued)

(b) Factors affecting current tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	2007 £'000	2006 £'000
Loss on ordinary activities before tax	(571)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(171)	-
Expenses not deductible for tax purposes	171	-
Current tax charge for the period (note 3a)	-	-

4. INVESTMENT IN SUBSIDIARY UNDERTAKING

	2007 £'000	2006 £'000
Cost at 1 January 2007	6,599	6,599
Redemption of preference shares	(2,726)	-
Cost at 31 December 2007	3,873	6,599

During the year the subsidiary undertaking, AXA Business Services Private Limited, redeemed £2,726,000 of preference shares. The Company incurred an exchange loss of £571,000 on the transaction.

Name of subsidiary undertaking	Country of registration and of principal operation	Holding of ordinary and preference shares
AXA Business Services Private Limited	India	100%

The undertaking provides back office services for the AXA group, worldwide.

As permitted by Section 228 of the Companies Act 1985, group accounts have not been submitted, the Company being a wholly-owned subsidiary of AXA which prepares group accounts.

GRAYWOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£'000	£'000
Amount due to immediate parent company	4,723	-
Amount due to intermediate parent company	-	4,875
Amount due to fellow subsidiary undertaking	-	2,003
	<u>4,723</u>	<u>6,878</u>

6. CALLED UP SHARE CAPITAL

	2007		2006	
	Authorised £	Paid-up £	Authorised £	Paid-up £
400 'A' ordinary shares of £1 each	400	400	400	400
600 'B' ordinary shares of £1 each	600	600	600	600
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Class A shares and class B shares rank pari passu in a winding up of the Company, but are treated as two separate classes of ordinary shares in the Company for the purposes of the declaration of dividend by the board of directors of the Company

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£'000	£'000
Loss for the financial year	(571)	-
Net decrease in shareholders' funds	(571)	-
Shareholders' funds at 1 January	(279)	(279)
Shareholders' funds at 31 December	<u>(850)</u>	<u>(279)</u>

8. STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2007	1	(280)	(279)
Loss for financial year	-	(571)	(571)
Balance at 31 December 2007	<u>1</u>	<u>(851)</u>	<u>(850)</u>

GRAYWOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. DIRECTORS' EMOLUMENTS

The directors are employed and paid by companies in the AXA group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the AXA group in respect of services to the Company.

GRE Nominee Shareholdings Limited is a company within the AXA group.

10. AUDITORS' REMUNERATION

During the year the Company obtained the following services from the Company's auditors at costs as detailed below:

	2007 £'000	2006 £'000
Audit services		
Fees payable to the Company's auditors for the audit of the statutory accounts	<u>3</u>	<u>10</u>

The remuneration of the auditors was borne by the immediate parent company, Société Beaujon (2006 intermediate parent company, AXA UK plc).

11. CASH FLOW STATEMENT

Under FRS 1 (Cash flow statements (revised 1996)), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement. The cash flow of the Company is consolidated in the AXA group financial statements, which can be obtained from 23, avenue Matignon, 75008 Paris, France.

12. RELATED PARTIES

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under FRS 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with group companies qualifying as related parties provided that consolidated financial statements are publicly available.

13. ULTIMATE PARENT

On 4 October 2007 the Company was sold by its parent Guardian Royal Exchange plc to its French fellow subsidiary undertaking, Société Beaujon.

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.