

BUPA INVESTMENTS LIMITED

(Registered No. 902253)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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BUPA INVESTMENTS LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2008

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

1. Principal activities

The principal activities for the company for the year was that of a holding and intercompany funding company.

2. Business review

The results for the company show a loss before taxation of £83.7m (2007 loss: £27.6m) and turnover of £125.1m (2007: £119.4m). The company has net assets of £315.3m (2007: £381.4m).

Total income from continuing activities increased by £4.9m. This increase is due to an increase in intercompany interest receivable of £7.8m as a result of new loans to the recently acquired Bupa US Holdings II Inc of £329m and Bupa Financial Securities (1992) Ltd of £298m and an increase in the loan to Bupa Finance plc of £266m. An increase of £1m in investment management fees arose as a result of an increase of funds managed for Bupa Insurance Ltd and the addition of funds managed from the newly acquired MBF, an Australian insurance company. Other income decreased by £0.8m as a result of less cash held. Dividends received from Group companies decreased by £3.2m.

Intercompany interest receivable and payable were impacted by LIBOR rates being lower in the marketplace in 2008 from an average of 5.8% for the first ten months of the year to just over 2.77% in December 2008 (average of 6.2% in 2007).

Interest payable increased by £61.0m. This increase is driven by an increase in Group interest payable of £44.1m as a result of a 35.5% increase in loans with Bupa Finance plc of £623m, Bupa IT Services Ltd of £44m, Bupa Europe Finance Ltd of £42m and Bupa Malta Investments No. 2 Ltd of £44.7m and a foreign exchange loss of £2.5m on intercompany loans, where a gain of £13.7m was recorded in 2007.

During the year, the company wrote down the value of property by £0.7m. This write down occurred due to changes in the market conditions and valuations.

During 2008 world economic market conditions changed dramatically due to the credit crunch and the subsequent turmoil in the major global economies. The relative weakness of Sterling compared to the other currencies, principally the Euro, Australian Dollar and the US Dollar, has led to large losses from foreign exchange loans during 2008.

The external commercial environment is expected to remain competitive in 2009. The company's management and its strategy are subject to a number of uncertainties and risks. These risks and uncertainties include interest rate and foreign exchange rate fluctuations driven by the external investment market and the uncertainty of timing of cash generation within the other Group companies. Management believes that these risks and uncertainties are managed effectively and are reviewed on a regular basis, in line with Group policies.

Details of Bupa Group's business risks and risk management processes are set out in the parent company's annual report.

The Company is managed on a divisional basis as part of the Group's operations. The Directors do not therefore consider the use of KPIs to be appropriate or necessary to provide an understanding of the development, performance or position of the company.

BUPA INVESTMENTS LIMITED

DIRECTORS' REPORT - contd **for the year ended 31 December 2008**

3. International Financial Reporting Standards

The ultimate parent undertaking has prepared Group accounts in accordance with International Financial Reporting Standards (IFRS). The company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards.

4. Proposed Dividends

Dividends payable to Group companies amounted to £nil. (2007: £nil).

5. Directors

The directors who held office during the year were as follows:

N T Beazley
J P Davies (resigned 23/05/2008)
G M Evans (appointed 07/08/2008)
I J Goodacre (appointed 02/01/2008)
F D Gregory
M R Hampton (resigned 07/08/2008)
R King (resigned 15/05/2008)
M A Merchant (appointed 23/05/2008)
T D Singer (appointed 15/05/2008)

The directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

6. Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report, indemnities are in force under which the company has agreed to indemnify the directors, to the extent permitted by law and the company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company or any of its subsidiaries.

7. Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

8. Auditors

Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office:

Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA

13 March 2009

By Order of the Board



For and on behalf of
Bupa Secretaries Ltd
Secretary

BUPA INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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;
- 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; 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

BUPA INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA INVESTMENTS LIMITED

We have audited the financial statements of Bupa Investments Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movement in Shareholders' Funds, Statement of Total Recognised Gains and Losses and the related notes. 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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.

BUPA INVESTMENTS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA INVESTMENTS
LIMITED - continued**

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at the 31 December 2008 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
13 March 2009

8 Salisbury Square
London EC4Y 8BB

BUPA INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008**

	<i>Note</i>	2008 £	2007 £
Income from investment activities	4	125,057,769	119,402,862
Interest payable and similar charges	7	(207,677,228)	(146,716,475)
Administrative expenses		(1,132,449)	(1,902,831)
Operating loss		(83,751,908)	(29,216,444)
Other interest receivable and similar income	5	792,463	1,588,439
Gain on disposal of shares in Group undertakings	8	-	1,699
Loss on write down of Fixed Assets	9	(726,343)	-
Loss on ordinary activities before taxation		(83,685,788)	(27,626,306)
Tax on loss on ordinary activities	10	17,618,907	5,332,901
Loss for the financial year		<u>(66,066,881)</u>	<u>(22,293,405)</u>

The operating loss is all derived from continuing operations.

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation.

The accounting policies and notes on pages 9 to 19 form part of these financial statements.

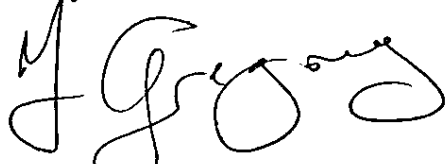
BUPA INVESTMENTS LIMITED

BALANCE SHEET

as at 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	11	674,890	1,519,875
Investments	12	<u>3,950,237,706</u>	<u>3,094,917,010</u>
		3,950,912,596	3,096,436,885
Current assets			
Debtors: amounts falling due within one year	13	822,290,257	754,508,002
Cash at bank and in hand		<u>341,487</u>	<u>8,435,845</u>
		822,631,744	762,943,847
Creditors: amounts falling due within one year	14	<u>(1,244,934,465)</u>	<u>(1,082,019,868)</u>
Net current liabilities		<u>(422,302,721)</u>	<u>(319,076,021)</u>
Total assets less current liabilities		3,528,609,875	2,777,360,864
Creditors: amounts falling due after more than one year	14	(3,212,686,653)	(2,395,488,812)
Provisions for liabilities and charges	15	(612,873)	(494,822)
Net assets		<u><u>315,310,349</u></u>	<u><u>381,377,230</u></u>
Capital and reserves			
Called up share capital	16	50,000	50,000
Revaluation reserve	17	-	172,297
Profit and loss account	17	<u>315,260,349</u>	<u>381,154,933</u>
Equity shareholders' funds		<u><u>315,310,349</u></u>	<u><u>381,377,230</u></u>

These financial statements were approved by the Board of Directors on 13 March 2009 and were signed on its behalf by



F D Gregory
Director

The accounting policies and notes on pages 9 to 19 form part of these financial statements.

BUPA INVESTMENTS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2008**

	2008 £	2007 £
Loss for the financial year	(66,066,881)	(22,293,405)
Unrealised surplus on revaluation of properties	172,297	-
Total recognised gains and losses relating to the financial year	<u>(65,894,584)</u>	<u>(22,293,405)</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2008**

	2008 £	2007 £
Loss for the financial year	(66,066,881)	(22,293,405)
Other recognised gains relating to the year	<u>-</u>	<u>-</u>
Net reduction to shareholders' funds	(66,066,881)	(22,293,405)
Opening shareholders' funds	381,377,230	403,670,635
Closing shareholders' funds	<u>315,310,349</u>	<u>381,377,230</u>

The accounting policies and notes on pages 9 to 19 form part of these financial statements.

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except where noted below.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under historical cost accounting rules, modified to include the revaluation of properties. In view of the letter of support from Bupa Finance plc, which undertakes to provide such support as is necessary to enable the company to meet its liabilities as they fall due, the financial statements are also prepared on a going concern basis.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to produce group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of the British United Provident Association Limited ("Bupa"), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Bupa, within which this Company is included, can be obtained from the address given in note 2.

(b) Investments

Investments in subsidiary undertakings are carried at cost less provisions for diminution in value. Dividends on equity investments are accounted for on a receivable basis; other investment income is accounted for on an accrual basis.

Short term deposits and listed investments are included at cost.

(c) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

1. STATEMENT OF ACCOUNTING POLICIES - continued

(d) Fixed assets and depreciation

Long leasehold land and buildings, which are all occupied by the group for its own use, are stated at current value. Interim valuations of property are made at least every three years. Full valuations are completed at least every five years. Depreciation is provided to write-off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	- term of the lease less one year
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Unrealised gains/losses on revaluation are taken to revaluation reserves in accordance with FRS 15.

(e) Taxation including deferred taxation

The charge for taxation is based on the result for the year and takes into account deferred tax.

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions :

- (i) Provision is made for tax on gains arising from the revaluation of property to its market value, the fair value adjustment of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- (ii) Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- (iii) Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current tax rates and laws.

Trading losses surrendered to other group subsidiary undertakings are made on a full payment basis.

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

1. STATEMENT OF ACCOUNTING POLICIES - continued

(f) Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking of the company and the smallest group into which these financial statements are consolidated is that headed by Bupa Finance Plc, a company registered in England and Wales.

The ultimate parent undertaking and the largest group into which these financial statements are consolidated is that headed by The British United Provident Association Limited (Bupa), a company registered in England and Wales.

Copies of the accounts of Bupa and Bupa Finance Plc can be obtained from :

The Registrar of Companies, Cardiff, CF14 3UZ

BUPA INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2008 - continued**3. STAFF COSTS AND DIRECTORS' REMUNERATION****(a) Employees**

The company had no employees during the year (2007 : nil) and consequently incurred no staff costs.

(b) Directors' remuneration

No remuneration was paid to any of the directors for the year (2007 : £nil).

4. INCOME FROM INVESTMENT ACTIVITIES

	2008	2007
	£	£
Income from shares in Group undertakings	5,911,328	9,063,063
Interest receivable from Group undertakings	116,284,363	108,490,367
Investment Management charges	2,862,078	1,849,432
	<u>125,057,769</u>	<u>119,402,862</u>

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	£	£
Interest receivable	499,777	1,578,915
Rental income	283,236	-
Other income	9,450	9,524
	<u>792,463</u>	<u>1,588,439</u>

6. AUDITORS' REMUNERATION

	2008	2007
	£	£
Fees for the audit of the company	<u>34,299</u>	<u>33,851</u>

Fees for the audit of the company represent the amount receivable by the company's auditors. The amount may not be borne by the company.

Fees paid to the company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of Bupa, the ultimate parent undertaking, are required to disclose non-audit fees on a consolidated basis.

7. OTHER INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Bank loans and overdrafts	691,416	288,638
Interest rate swap interest payable	2,556,582	2,276,440
Foreign exchange loss/(gain)	2,544,457	(13,703,228)
Interest payable to Group undertakings	201,884,773	157,854,625
	<u>207,677,228</u>	<u>146,716,475</u>

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2008 - continued**

8. GAIN ON DISPOSAL OF SHARES IN GROUP UNDERTAKINGS

	2008	2007
	£	£
Proceeds (net of sale expenses) less cost	-	1,699

9. LOSS ON THE WRITE OFF OF FIXED ASSETS

	2008	2007
	£	£
	726,343	-

During the year a write down of the carrying value of fixed assets of £0.7m occurred which represented properties St John's in Manchester, Dolphyn Court in London, Thameside House and Pinetrees in Staines, being written down to nil value.

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge in the year

	2008	2007
	£	£
Current tax		
UK corporation tax on profits of the year	(17,897,720)	(5,584,825)
Adjustments in respect of prior periods	(106,115)	(239,349)
	(18,003,835)	(5,824,174)
Double taxation relief	(336,597)	-
	(18,340,432)	(5,824,174)
Foreign tax on income for the year	603,473	531,696
Total current tax	(17,736,959)	(5,292,478)
Deferred tax		
Origination and reversal of timing differences	56,628	(4,740)
Change in Tax Rates	-	(35,683)
Adjustments in respect of prior periods	61,424	-
Tax on profit on ordinary activities	(17,618,907)	(5,332,901)

(ii) Factors affecting the tax charge

The tax assessed for the year is lower than the 2008 rate of corporation tax in the UK of 28.5% (2007:30%). The differences are explained below

	2008	2007
	£	£
Profit/(loss) on ordinary activities before tax	(83,685,788)	(27,626,306)
Tax charge/(credit) on profit/(loss) on ordinary activities at 28.5% (2007:30%)	(23,848,163)	(8,287,891)
Effects of:		
Non taxable income	(2,161,181)	(6,132,630)
Expenses not deductible for tax purposes	304,183	1,278,729
Transfer pricing adjustment	7,865,075	7,711,397
Accelerated capital allowance	-	(18,004)
Depreciation in excess of capital allowances claimed	4,881	-
Deferred tax on short term and other timing differences	(62,515)	23,083
Higher tax rates on overseas earnings	266,876	372,187
Adjustments to tax charge in respect of prior periods	(106,115)	(239,349)
Total current tax charge for year	(17,736,959)	(5,292,477)

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

11. TANGIBLE ASSETS

	Leasehold Properties £
Cost or valuation	
At the beginning of the year	3,432,240
Revaluation	(2,732,248)
At the end of the year	<u>699,992</u>
Depreciation	
At the beginning of the year	1,912,365
Charge for the year	118,642
Impairment losses	726,343
Revaluation	(2,732,248)
At the end of the year	<u>25,102</u>
Net Book Value	
At 31 December 2008	<u>674,890</u>
At 31 December 2007	<u>1,519,875</u>
Depreciable amount at 31 December 2008	<u>699,992</u>
Depreciable amount at 31 December 2007	<u>2,880,980</u>

	2008 £	2007 £
The net book value of land and buildings comprises:		
Long leasehold	674,890	850,000
Short leasehold	-	669,875
	<u>674,890</u>	<u>1,519,875</u>

	2008 £	2007 £
Revaluation		
At 31 December - open market sale	<u>699,992</u>	<u>850,000</u>

One investment property was valued at 31 December 2008 by Knight Frank, Chartered Surveyors, as external valuers on the basis of open market sale. This was valued at nil. The valuations were carried out in accordance with the Appraisals and Valuation Standards issued by the Royal Institution of Chartered Surveyors. One long leasehold properties was valued 31 December 2006. The directors consider it appropriate to carry the property at the same valuation as at 31 December 2007.

12. INVESTMENTS

	1 January 2008 £	Additions £	Disposals/Repayments £	31 December 2008 £
Listed investments	13,018	-	-	13,018
Short term deposits	126,305	5,485	(6,970)	124,820
Group undertakings:				
Shares	1,700,462,822	17,101,514	-	1,717,564,336
Loans	<u>1,490,115,765</u>	<u>919,741,363</u>	<u>(81,520,696)</u>	<u>2,328,336,432</u>
	3,190,717,910	936,848,362	(81,527,666)	4,046,038,606
Provision for diminution in value	<u>(95,800,900)</u>	-	-	<u>(95,800,900)</u>
	<u>3,094,917,010</u>	<u>936,848,362</u>	<u>(81,527,666)</u>	<u>3,950,237,706</u>

BUPA INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2008 - continued**12. INVESTMENTS - continued****a) Listed Investments**

All listed Investments are dealt on recognised stock exchanges and are summarised as follows:

	2008	2007
	£	£
Equities: UK - Listed on the London Stock Exchange	13,018	13,018
	<u>13,018</u>	<u>13,018</u>

The cost of listed investments at 31 December 2008 amounted to £13,018 (2007: £13,018).

b) Group Companies - Shares

During the year the company increased its investments in Bupa Health Assurance Limited by £15m.

	2008	2007
	£	£
At the beginning of the year	1,700,462,822	1,674,236,404
Additions	17,101,514	40,151,224
Disposals	-	(13,924,806)
At the end of the year	<u>1,717,564,336</u>	<u>1,700,462,822</u>
Provision for diminution in value	(93,600,057)	(93,600,157)
Utilisation of provision for diminution in value	-	100
	<u>1,623,964,279</u>	<u>1,606,862,765</u>

The principal subsidiary undertakings of the company are listed below and unless otherwise stated, are registered in England and Wales and are wholly owned unless otherwise stated. All holdings consist of ordinary equity shares, unless otherwise stated.

b) Group Companies - Shares - continued**INTERNATIONAL**

Bupa International Limited (99.999%) (incorporated in Hong Kong)

Bupa (Asia) Limited (30%) (incorporated in Hong Kong)

INSURANCE

BM Leasing (1992) Limited

Bupa Health Assurance Limited (99%)

Bupa Trustees Limited

Bupa Travel Services Limited

Bupa Wellbeing Limited

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

12. INVESTMENTS - continued

GROUP

Bupa Services Limited
Bupa Secretaries Limited
Idealoutcome Limited
Bupa Europe Limited
Bupa Dunedin Hospital Limited
Bupa Financial Investments Limited (0.025%)
Bupa Gatwick Park Properties Limited
Bupa Holdings (Jersey) Limited (ordinary shares and preference shares)
Bupa IT Services Limited
Bupa Leasing (Dublin) Limited (99.9%)
Bupa Media Purchasing Limited (incorporated in Guernsey - 99.999%)
Bupa Treasury Limited
Bupa Worldwide Media Services Limited (99.99%)
BMSL Limited (99%)
Bupa Properties (1995) Limited
Bupa Limited
Bupa Roding Hospital Limited
Bupa Shop Limited
Essex Street Investments Limited
General Leasing Limited
Outcome Technologies Limited
Bupa Finance No.1 Limited (50%)
Bupa Finance (Jersey) Limited (preference shares)
K B Jackson & Son (Developments) Limited
Bupa Malta Investments No.1 Limited (incorporated in Gibraltar)
Bupa Malta Investments No.2 Limited (incorporated in Gibraltar)
Bupa Guernsey No.1 Limited (incorporated in Gibraltar)(Class A Shares)
Bupa Construction Services Limited (99.999%)
Bupa Developments Limited
Bupa Hospital Edinburgh Limited
Bupa Hospital Properties Limited
Cardiff Medical Services Limited
Bupa Finance No.2 Limited (50%)

b) Group Companies - Shares - continued

CARE SERVICES

Country House Nursing Homes Limited (99.99%)
BHS Leasing (1993) Limited
Bupa Operational Services Limited
Care Homes Purchasing Limited
Bupa Childcare Provision Limited
Teddies Nurseries Limited
Country House Homes Limited (50%)

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

12. INVESTMENTS - continued

c) Group Companies: Loans

	2008	2007
	£	£
Loans to Group companies	2,328,336,432	1,490,115,765
Provision for doubtful debt	(2,200,843)	(2,200,843)
Carrying value at 31 December	<u>2,326,135,589</u>	<u>1,487,914,922</u>

13. DEBTORS

	2008	2007
	£	£
Amounts falling due within one year:		
Shares held	90,000	-
Prepayments and accrued income	39,125	-
Amounts owed by group undertakings	818,549,168	742,494,329
Other debtors	3,553,279	11,923,951
Taxation and social security	58,685	89,722
	<u>822,290,257</u>	<u>754,508,002</u>

14. Creditors

	2008	2007
	£	£
Amounts falling due within one year:		
Bank loans and overdrafts	1,183,099	-
Amounts owed to group undertakings	1,240,827,118	1,051,816,770
Other creditors	2,301,294	3,061,895
Taxation and social security	622,954	27,141,203
	<u>1,244,934,465</u>	<u>1,082,019,868</u>

Amounts falling due after more than one year:

Accruals and deferred income	4,551,459	4,770,830
Amounts owed to group undertakings	3,208,135,194	2,390,717,982
	<u>3,212,686,653</u>	<u>2,395,488,812</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	2008	2007
	£	£
At beginning of year	(494,822)	(535,245)
Provided in year	(118,051)	4,740
Released in year	-	35,683
At end of year	<u>(612,873)</u>	<u>(494,822)</u>

Deferred taxation

Deferred tax assets and liabilities are analysed as follows:

	Provided 2008	Provided 2007
	£	£
Accelerated capital allowances	176,170	180,966
Other timing differences	436,703	313,856
	<u>612,873</u>	<u>494,822</u>

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

15. PROVISIONS FOR LIABILITIES AND CHARGES - cont

The movement for the year in the net deferred tax liability is as follows:

	2008	2007
	£	£
At the beginning of the year	494,822	535,245
Deferred tax charge for the year	118,051	(40,423)
At the end of the year	<u>612,873</u>	<u>494,822</u>

16. SHARE CAPITAL

	2008	2007
	£	£
Authorised, allotted, called-up and fully paid 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

17. RESERVES

	Property Revaluation	Profit and loss account	Total
	£	£	£
At the beginning of the year	172,297	381,154,933	381,327,230
Transfer of reserve	(172,297)	172,297	-
Profit for the financial year	-	(66,066,881)	(66,066,881)
At the end of the year	<u>-</u>	<u>315,260,349</u>	<u>315,260,349</u>

Reserve to reserve transfer of property

	Transfer amount
	£
At the beginning of the year	172,297
St John, Manchester	(172,297)
At the end of the year	<u>-</u>

18. CONTINGENCIES

The company had the following interest rate swaps at 31 December 2008, that are held off-balance sheet as the Company has not adopted FRS 26.

The interest rate swaps are held to hedge the £330m subordinated bond in the Group, and any gains/losses on the swap will only be realised on maturity of the swap.

	Maturity date	Notional value	Fair value
		£	£
Interest rate swap	15 September 2020	50,000,000	6,036,993
Interest rate swap	15 September 2020	200,000,000	24,120,865

BUPA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 - continued

**19. GUARANTEES & OTHER FINANCIAL COMMITMENTS IN FAVOUR OF OTHER UNDERTAKINGS
IN THE SAME GROUP**

At 31 December 2008, the company was a party to a £1.1 billion multi currency revolving credit facility and a separate £200m multi currency revolving credit facility. The company has joint and several liability for all obligations under the agreements.

The company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Group undertakings.

Under a group registration the company is jointly and severally liable for value added tax due by certain other Group companies.

The company has also undertaken to support Group undertakings with net liabilities.