

BUPA TREASURY LIMITED

(Registered No. 1419145)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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BUPA TREASURY LIMITED

Registered number 1419145

REPORT OF THE DIRECTORS

for the year ended 31 December 2009

The directors present their directors' report and financial statements for the year ended 31 December 2009

1. Principal activities

The principal activity for the Company for the year was that of an investment holding company

2. Business review

The results for the Company show a profit before taxation of £2.0m (2008 £5.4m) for the year and turnover of £2.0m (2008 £5.6m). The Company has net assets of £93.8m (2008 £92.4m).

Current account balances were capitalised into loans resulting in an increase in investment loan balance of £78.9m (2008 £0.8m). During 2009 there was a significant decrease in LIBOR rates, causing a decrease in interest receivable from group undertakings.

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 where possible and are reviewed on a regular basis in line with Group policies. Details of Bupa Group's business risks and risk management process are set out in the parent company report.

The directors do not consider the use of KPIs necessary to provide an understanding of the development, performance or position of the business.

3. Proposed dividend

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008 £nil).

4. Companies (Audit, Investigations and Community Enterprise) Act

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.

5. Directors

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

N T Beazley

G M Evans

F D Gregory

M A Merchant

6. Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year.

REPORT OF THE DIRECTORS
for the year ended 31 December 2009 - continued

7. 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.

8. 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.

9. Auditors

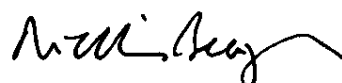
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Registered Office

By Order of the Board

Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA

17 March 2010



For and on behalf of
Bupa Secretaries Limited
Secretary

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA TREASURY LIMITED

We have audited the financial statements of Bupa Treasury Limited for the year ended 31 December 2009 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

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.



Simon Pashby
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB
17 March 2010

BUPA TREASURY LIMITED
Registered number 1419145

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Income from investment activities	4	2,041,729	5,604,455
Interest payable and similar charges	5	<u>(42,799)</u>	<u>159,659</u>
Profit on ordinary activities before taxation		1,998,930	5,444,796
Tax charge on profit on ordinary activities	7	(569,902)	(1,551,618)
Profit for the financial year		<u><u>1,429,028</u></u>	<u><u>3,893,178</u></u>

The operating profit is all derived from continuing operations

There were no recognised gains and losses in the current or preceding financial year other than the profits shown above

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

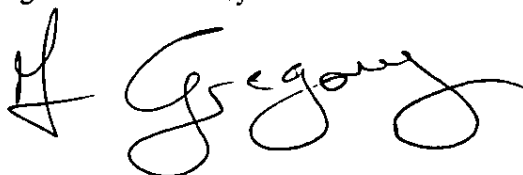
The notes on pages 8 to 12 form part of these financial statements

BUPA TREASURY LIMITED
Registered number 1419145

BALANCE SHEET
as at 31 December 2009

	<i>Note</i>	2009 £	2008 £
Fixed assets			
Investments	8	93,717,304	14,842,280
Current assets			
Debtors amounts falling due within one year	9	-	81,323,459
Cash at bank and in hand		574,337	652,303
Creditors: amounts falling due within one year	10	<u>(493,328)</u>	<u>(4,448,757)</u>
Net current assets		81,009	77,527,006
Total assets less current liabilities		<u>93,798,313</u>	<u>92,369,285</u>
Net assets		<u>93,798,313</u>	<u>92,369,285</u>
Capital and reserves			
Called up share capital	11	71,223,099	71,223,099
Profit and loss account	12	22,575,214	21,146,186
Equity shareholders' funds		<u>93,798,313</u>	<u>92,369,285</u>

These financial statements were approved by the Board of Directors on 17 March 2010 and were signed on its behalf by



F D Gregory

Director

The notes on pages 8 to 12 form part of these financial statements

BUPA TREASURY LIMITED
Registered number 1419145

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2009

	2009 £	2008 £
Profit for the financial year	<u>1,429,028</u>	<u>3,893,178</u>
Net addition to shareholders' funds	1,429,028	3,893,178
Opening shareholders' funds	92,369,285	88,476,107
Closing shareholders' funds	<u>93,798,313</u>	<u>92,369,285</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

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 stated below

(a) Basis of preparation

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

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) Investment income

Dividends on equity investments are included, together with the related tax credit, in the profit and loss account on a cash basis which is not materially different from an ex-dividend basis; other investment income is recognised on an accruals basis.

(c) Investments

Investments are included at cost less any provision for diminution in value.

(d) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

(e) Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 - continued

1. STATEMENT OF ACCOUNTING POLICIES - continued

(f) Taxation including deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 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
- (ii) 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 be 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

2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the company is Bupa Investments Limited, 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. The smallest group into which these financial statements are consolidated is that headed by Bupa Finance Plc, a company registered in England and Wales. Copies of the consolidated financial statements are available from The Registrar of Companies, Cardiff, CF14 3UZ

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 - continued

3. STAFF COSTS AND DIRECTORS' REMUNERATION

(a) Employees

The Company had no employees during the year (2008 nil) and consequently incurred no staff costs

(b) Directors' remuneration

No remuneration was paid to any of the directors for the year (2008 £nil)

4. INCOME FROM INVESTMENT ACTIVITIES

	2009	2008
	£	£
Interest receivable from Group undertakings	2,041,729	5,604,455
Foreign exchange gain	-	-
	<u>2,041,729</u>	<u>5,604,455</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Interest payable to Group undertakings	39,935	172,570
Other interest payable	30	22
Foreign exchange loss/(gain)	2,834	(12,933)
	<u>42,799</u>	<u>159,659</u>

6. AUDITORS' REMUNERATION

	2009	2008
	£	£
Fees for the audit of the Company	<u>2,000</u>	<u>1,972</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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 - continued

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge

	2009	2008
	£	£
Current tax		
UK corporation tax on profits for the year	560,994	1,551,618
Adjustments in respect of prior periods	8,908	
Tax charge/(credit) on profit on ordinary activities	<u>569,902</u>	<u>1,551,618</u>

(ii) Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than (2008 equal to) the standard rate of corporation tax in the UK of 28% (2008 28.5%) The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before tax	<u>1,998,930</u>	<u>5,444,796</u>
Tax charge on profit on ordinary activities at 28% (2008 28.5%)	559,700	1,551,618
Effects of		
Expenses not deductible for tax purposes	1,294	
Adjustments to tax credit in respect of prior periods	8,908	-
Total current tax charge for the year	<u>569,902</u>	<u>1,551,618</u>

8. INVESTMENTS

	1 January 2009	Additions	Disposals/Repayments	31 December 2009
	£	£	£	£
Group undertakings:				
Shares	803	-	-	803
Loans	<u>14,841,477</u>	<u>82,872,303</u>	<u>(3,997,279)</u>	<u>93,716,501</u>
	14,842,280	82,872,303	(3,997,279)	93,717,304

	Holding	Class of share	Place of Incorporation
Bupa Egypt Insurance S A E	0.05%	Ordinary	Egypt

Bupa Egypt Insurance S A E 's principal activity is to provide insurance contracts for customers based in the Middle East

9. DEBTORS

	2009	2008
	£	£
Amounts falling due within one year:		
Amounts owed by Group undertakings	<u>-</u>	<u>81,323,459</u>

The amount owed by Group undertakings at 31st December 2008 was converted from a current account balance to an intercompany loan (Note 8)

BUPA TREASURY LIMITED
Registered number 1419145

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 - continued

10. CREDITORS

Amounts falling due within one year:

	2009	2008
	£	£
Amounts owed to Group undertakings	493,328	4,448,757

11. SHARE CAPITAL

	2009	2008
	£	£
Authorised, allotted, called-up and fully paid ordinary shares of £1 each	71,223,099	71,223,099

12. RESERVES

	Profit and Loss
	£
At the beginning of the year	21,146,186
Profit for the year	1,429,028
At the end of the year	22,575,214

13. GUARANTEES & OTHER FINANCIAL COMMITMENTS

The Company has given a guarantee and loan 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