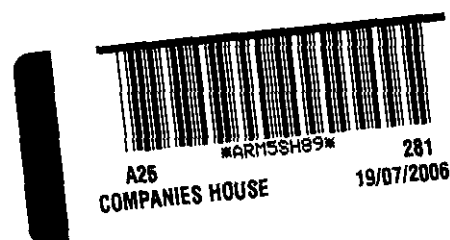


FPS (HOLDINGS) LIMITED

Company No. 1474522

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2005



FPS (HOLDINGS) LIMITED

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FPS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors at 31 December 2005

J J Yates

Secretary

P Shakespeare ACIS

Registered Office

Windsor House, Telford Centre, Shropshire, TF3 4NB

Solicitors

Wragge & Co, Birmingham

Bankers

HSBC

Auditors

PricewaterhouseCoopers LLP

FPS (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The Director presents the annual report and the audited financial statements of FPS (Holdings) Limited for the year ended 31 December 2005.

Principal activities

The Company did not trade during the year. The movement in the profit and loss account represents the change in the value of the investment in the subsidiary undertaking.

Results

The results for the year are shown on page 6. The director did not recommend payment of a dividend (2004:£nil).

Directors and Directors' Interests

The following person served as Directors of the company during the year:

J J Yates

The director did not have any disclosable interest in any of the group companies.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare, for each financial year, financial statements which give a true and fair view of the Company's state of affairs at the end of the year and profit and loss for the year ended. In preparing these financial statements, the Directors are required to ensure that:

- suitable accounting policies are selected and consistently applied;
- reasonable and prudent judgements and estimates are made;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Director confirms that the financial statements comply with the above requirements and also confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director 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.

The Directors are responsible for keeping proper accounting records which 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 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.

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and accordingly a resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

By order of the Board



P SHAKESPEARE
Company Secretary

27 March 2006

FPS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FPS (HOLDINGS) LIMITED

We have audited the financial statements of FPS (Holdings) Limited for the year ended 31 December 2005 which comprise the profit and loss account, the 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 Annual Report and 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 (UK 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

FPS (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

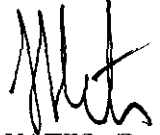
	Notes	2005 £'000	2004 £'000
Other operating (charges)/income		(2)	9
(Loss)/profit on ordinary activities before taxation		(2)	9
Tax on profit on ordinary activities		-	-
Retained (loss)/profit for the financial year	6	(2)	9

There are no recognised gains or losses other than the loss on ordinary activities shown above accordingly no statement of total recognised gains and losses has been presented.

BALANCE SHEET AT 31 DECEMBER 2005

	Notes	2005 £'000	2004 £'000
Fixed Assets			
Investments	3	1,790	1,792
Creditors: amounts falling due within one year	4	(6,234)	(6,234)
Net Liabilities		(4,444)	(4,442)
Capital and Reserves			
Called up share capital	5	39	39
Share premium account	6	828	828
Profit and loss account	6	(5,311)	(5,309)
Total shareholders' funds - equity		(4,444)	(4,442)

These accounts were approved by the Board of Directors on 27 March 2006.


J J YATES - Director

The accounting policies and notes on pages 7 to 10 form part of these financial statements.

FPS (HOLDINGS) LIMITED

ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared on the historical cost basis and in accordance with applicable Accounting Standards. Consolidated financial statements are not presented as the Company is a member of a group in which the ultimate UK parent undertaking prepares consolidated financial statements. The Company is exempt from preparing a cashflow statement in accordance with Financial Reporting Standard 1, (revised 1996) as it is a 100% owned subsidiary of Swiss Reinsurance Company which prepares a consolidated cashflow statement dealing with the cashflows of the group.

Life Assurance Holding Corporation Limited has confirmed that so long as it remains the company's immediate parent undertaking, it intends to provide such financial and other support as is necessary for the company to continue to trade or otherwise meet its obligations as they fall due. On the strength of this assurance the financial statements have been prepared on a going concern basis.

Investment in Subsidiary Undertakings

Investments in subsidiary undertakings are valued at lower of cost and net realisable value.

Taxation

Tax is charged on all profit and income earned to date less reliefs.

Provision is made for deferred tax assets and liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax is calculated at the rates at which it is expected that the tax will arise and discounted to take into account the likely timing of payments and the pattern of the expected realisation of investments. Deferred tax is recognised in the profit and loss account for the period. Deferred tax assets are recognised where it is considered more likely than not, that there is expected to be adequate taxable income in the foreseeable future against which the deferred assets may be recovered.

FPS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Employees

The Company employs no staff. The director is not employed by and does not receive any emoluments in respect of his services to the Company (2004: Nil).

2. Taxation

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%), (2004: 30%). The differences are explained below:

	2005 £'000	2004 £'000
(Loss)/profit on ordinary activities before tax	(2)	9
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	(1)	3
Effects of:		
Expenses permanently disallowed for tax purposes	1	(3)
Current tax charge for year	-	-

3. Investments

	2005 £'000	2004 £'000
Investments in group undertakings	7,101	7,101
Less: provision for diminution in value	(5,311)	(5,309)
Net investment	1,790	1,792

The investment represents a holding of 100% of the issued ordinary share capital of G Financial Services Ltd, which is registered in England.

4. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts owed to group undertakings	6,234	6,234

No repayment terms exist and no interest is currently charged.

FPS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Share capital

	2005 No.	2004 No.	2005 £'000	2004 £'000
Authorised:				
'A' Ordinary shares of £1 each	50,000	50,000	50	50
'B' Ordinary shares of 25p each	200,000	200,000	50	50
'C' Ordinary shares of 1p each	1,800,000	1,800,000	18	18
'D' Ordinary shares of 1p each	108,500	108,500	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	2,158,500	2,158,500	119	119
	<hr/>	<hr/>	<hr/>	<hr/>
Allotted, called up and fully paid:				
'A' Ordinary shares of £1 each	5,000	5,000	5	5
'B' Ordinary shares of 25p each	61,250	61,250	15	15
'C' Ordinary shares of 1p each	1,742,400	1,742,400	18	18
'D' Ordinary shares of 1p each	108,028	108,028	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	1,916,678	1,916,678	39	39
	<hr/>	<hr/>	<hr/>	<hr/>

6. Reserves

	Share Premium £'000	Profit and loss account £'000
At 1 January 2005	828	(5,309)
Retained loss for the financial year	-	(2)
	<hr/>	<hr/>
At 31 December 2005	828	(5,311)
	<hr/>	<hr/>

FPS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Reconciliation of movement in shareholder funds

	2005	2004
	£'000	£'000
Opening shareholders' funds	(4,442)	(4,451)
Result for the financial year	(2)	9
Closing shareholders' funds	<u>(4,444)</u>	<u>(4,442)</u>

8. Related Party Transactions

The Company has made use of the exemption under the Financial Reporting Standard 8 from reporting on transactions with any of its group undertakings.

9. Immediate and Ultimate Parent Undertaking

The Company's immediate parent undertaking is GLH Limited, registered in England.

The largest group in which the results of the company are consolidated is that of which Swiss Reinsurance Company is the parent company. The consolidated accounts of Swiss Reinsurance Company may be obtained from its registered office at Mythenquai 50/60, PO Box 8022, Zurich, Switzerland.

The smallest such group is that of which Swiss Re GB Plc is the parent company, whose consolidated accounts may be obtained from its registered office at 30 St Mary Axe, London, EC3A 8EP.