

SWINTON PROPERTIES LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2004



Registered Number: 1770899 England

SWINTON PROPERTIES LIMITED

DIRECTORS:

P J Halpin
A M Hazeldine
A E Jackson
J Ordish
P J E Smith

SECRETARY:

S A Hargreaves

REGISTERED OFFICE:

6 Gt. Marlborough Street
Manchester
M1 5SW

REGISTERED AUDITORS:

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

REGISTERED NUMBER:

1770899 England

SWINTON PROPERTIES LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2004.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company continued to be property management.

Both the level of business and the year end position were satisfactory.

RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (2003 : £Nil).

FIXED ASSETS

The changes in fixed assets during the year are shown in note 6 on page 10 to the financial statements.

DIRECTORS

The members of the board during the year were:

P J Halpin
A M Hazeldine
A E Jackson
J Ordish
P J E Smith

No director had any interests in the shares or debentures of the Company.

P J E Smith, A E Jackson and J Ordish have acquired shares in Swinton (Holdings) Limited, another group company. Details of these shares can be found in the accounts of Swinton (Holdings) Limited. The shares issued to these three directors as at 1 January 2004 and 31 December 2004 are as follows:

Director	Number of shares
P J E Smith	13,829,340
A E Jackson	3,918,313
J Ordish	3,918,313

P J E Smith also holds through his interests in Webbshare Limited, 49,356 Ordinary 'A' Shares (16.5% of the Ordinary Share Capital) in Its4me plc, a subsidiary of MMA Holdings (UK) plc.

SWINTON PROPERTIES LIMITED

REPORT OF THE DIRECTORS

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and to 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 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 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.

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



S A HARGREAVES
Secretary

20 April 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SWINTON PROPERTIES LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Note of Historical Cost Profits and Losses, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of 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 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 described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the Company 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.

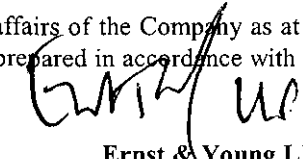
Basis of Audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 of the state of affairs of the Company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
Manchester
20 April 2005

SWINTON PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

All Continuing Operations

	Note	2004 £'000	2003 £'000
TURNOVER	2	1,341	1,197
Other operating income		24	3
Administrative expenses		(3)	(19)
		<hr/>	<hr/>
OPERATING PROFIT	3	1,362	1,181
Profit on disposal of tangible fixed assets		-	179
		<hr/>	<hr/>
		1,362	1,360
Other interest receivable		-	1
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,362	1,361
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	11	1,362	1,361
		<hr/> <hr/>	<hr/> <hr/>

SWINTON PROPERTIES LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
Profit for the financial year		1,362	1,361
Unrealised surplus on revaluation of properties	10	2,660	736
		<hr/>	<hr/>
Total gains and losses for the year		4,022	2,097
		<hr/>	<hr/>

A statement of the movement on reserves can be found in notes 10 to 11.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
Profit on ordinary activities before taxation		1,362	1,361
Realisation of property revaluation gains of previous years	10	-	40
		<hr/>	<hr/>
Historical cost profit before taxation		1,362	1,401
		<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends		1,362	1,401
		<hr/>	<hr/>

SWINTON PROPERTIES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible assets	6	14,716	12,056
CURRENT ASSETS			
Trade debtors		16	24
Amounts owed by group undertaking due after more than one year		11,726	10,376
		11,742	10,400
CREDITORS: Amounts falling due within one year	7	(62)	(82)
NET CURRENT ASSETS		11,680	10,318
TOTAL ASSETS LESS CURRENT LIABILITIES		26,396	22,374
CREDITORS: Amounts falling due after more than one year	8	(4,945)	(4,945)
		21,451	17,429
CAPITAL AND RESERVES			
Called up share capital	9	1,094	1,094
Share premium account		1,781	1,781
Revaluation reserve	10	6,403	3,743
Profit and loss account	11	12,173	10,811
EQUITY SHAREHOLDERS' FUNDS	12	21,451	17,429

The financial statements on pages 4 to 13 were approved by the board on the 20 April 2005 and signed on their behalf by



P J HALPIN - DIRECTOR

SWINTON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below.

Basis of Preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards.

Fixed Assets

a) Valuations

Interests in freehold and long leasehold properties are stated at valuation. All freehold and long leasehold properties are valued by independent professionally qualified valuers at least once every three years with valuations in the intervening years being performed by the Company's qualified surveyors. The basis of valuation is open market value or, for those properties occupied by the Company, open market value for existing use. Surpluses or deficits arising on valuation are taken direct to the revaluation reserve. Where there is a material permanent diminution in value of a freehold or long leasehold property, as a result of consumption of economic benefit, such a diminution is recognised in the profit and loss account in the year in which it occurs or is first perceived.

b) Depreciation

Freehold and long leasehold properties, the majority of which are operated as retail outlets by Swinton Group Limited (a fellow subsidiary undertaking), are maintained to a high standard. As a result, the directors are of the opinion that the residual values, estimated at the date of acquisition or subsequent valuation, are such that depreciation is not significant. Accordingly, freehold and long leasehold properties are not depreciated. Annual impairment reviews are performed on these assets.

The costs of maintenance and repair of freehold and long leasehold property are charged through the profit and loss account of Swinton Group Limited as they arise. Improvements to these properties are capitalised within Swinton Group Limited and written off over an estimated useful life of five years.

c) Disposals of Freehold and Long Leasehold Property

The difference between net proceeds and net carrying amount is dealt with through the profit and loss account. Any amount in the revaluation reserve relating to the property is transferred to the profit and loss reserve.

SWINTON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and 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. 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;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that the underlying timing difference will reverse and that there will be suitable taxable profits from which the future reversal can be deducted.

Cash Flows

The Company's ultimate parent undertaking is La Mutuelle du Mans Assurances IARD (which is registered in France) and its cash flows are included in the consolidated cash flow statement of that company. Consequently the Company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement.

2. TURNOVER

Turnover comprises net property, chief and group rents as recognised on a receivable basis, as follows:-

	2004	2003
	£'000	£'000
Group Rents	1,269	1,123
External Rents	72	74
	<hr/>	<hr/>
	1,341	1,197
	<hr/>	<hr/>

All turnover relates to one class of business within the United Kingdom

3. OPERATING PROFIT

Auditors' remuneration for the year was borne by another group undertaking.
Remuneration of the Company's auditors for provision of non-audit services to the Company was £nil (2003 - £nil).

SWINTON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

4. DIRECTORS' AND EMPLOYEE INFORMATION

The directors did not receive any remuneration in respect of their services to the Company during the period (2003 - £nil).

The Company had no employees in the year (2003 - nil).

5. TAXATION

(a) The tax charge is made up as follows:

	2004	2003
	£'000	£'000
<i>Current tax:</i>		
UK corporation tax	-	-
Adjustments in respect of previous periods	-	-
	<hr/>	<hr/>
Total current tax (b)	-	-
	<hr/>	<hr/>
<i>Deferred tax:</i>		
Short term timing differences	-	-
Accelerated capital allowances	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

(b) Factors affecting tax charge for the period:

Profit on ordinary activities before tax	1,362	1,361
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard tax rate in the UK of 30% (2003 - 30%)	409	408
Expenses not deductible for tax purposes		
- other (including goodwill amortisation)	-	4
Group relief claimed	(409)	(365)
Utilisation of tax losses	-	(47)
	<hr/>	<hr/>
Total current tax (a)	-	-
	<hr/>	<hr/>

SWINTON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

5. TAXATION (continued)

(c) Deferred tax

Deferred taxation has not been provided in respect of any liability to taxation that may arise on the sale of land and buildings at their valuation as, at the balance sheet date, there is no binding agreement to dispose of the assets.

6. TANGIBLE FIXED ASSETS

	Freehold Property £'000	Long Leasehold Property £'000	Total £'000
Valuation			
At 1 January 2004	9,796	2,260	12,056
Revaluation adjustment	2,524	136	2660
	<hr/>	<hr/>	<hr/>
At 31 December 2004	12,320	2,396	14,716
	<hr/>	<hr/>	<hr/>
At 1 January 2004	9,796	2,260	12,056
	<hr/>	<hr/>	<hr/>

Freehold and long leasehold properties to the value of £14,716,000 (2003: £7,270,000) were valued at 31 December 2004 by Weatherall Green & Smith North Limited trading as Sanderson Weatherall Chartered Surveyors and Property Consultants (2003: Insignia Richard Ellis, Property Agents, Surveyors and Valuers) at an open market value on the basis of existing use where occupied by Swinton Group Limited (a fellow subsidiary undertaking) and at an open market value where otherwise occupied, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The remaining properties in 2003 were valued by internal qualified Chartered Surveyors on the same basis.

The approximate historical cost of freehold and long leasehold property at 31 December 2004 amounted to £8,313,000 (2003 - £8,313,000).

SWINTON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£'000	£'000
Other creditors including taxation and social security	4	4
Accruals and deferred income	58	78
	<hr/>	<hr/>
	62	82
	<hr/>	<hr/>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003
	£'000	£'000
Amounts owed to group undertaking	4,945	4,945
	<hr/>	<hr/>

9. SHARE CAPITAL

£

Authorised

At 1 January 2004 and 31 December 2004

1,094,047 deferred shares of £1 each	1,094,047
40,000 deferred shares of 1p each	400
500 ordinary shares of 5p each	25

1,094,472

Issued and fully paid

At 1 January 2004 and 31 December 2004

1,094,047 deferred shares of £1 each	1,094,047
40,000 deferred shares of 1p each	400
419 ordinary shares of 5p each	21

1,094,468

Holders of all deferred shares are not entitled to vote at any General Meeting of the Company. They are entitled to a 5% per annum fixed non-cumulative dividend if net profits of the Company for a financial year available for distribution are in excess of £20 million. On winding up of the Company they are entitled to a return of the capital paid up on these shares only after £20 million has been distributed in respect of ordinary shares.

SWINTON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

10. REVALUATION RESERVE

	£'000
At 1 January 2004	3,743
Increase in property valuation (note 6)	2,660
	<hr/>
At 31 December 2004	6,403
	<hr/>

11. PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 2004	10,811
Profit for the financial year	1,362
	<hr/>
At 31 December 2004	12,173
	<hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Profit for the financial year	1,362	1,361
Other recognised gains and losses for the year	2,660	736
	<hr/>	<hr/>
Net addition to shareholders' funds	4,022	2,097
Opening shareholders' funds	17,429	15,332
	<hr/>	<hr/>
Closing shareholders' funds	21,451	17,429
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13. LEASEHOLD COMMITMENTS

The Company's obligations in respect of its long leasehold properties are borne by a fellow subsidiary undertaking, Swinton Group Limited.

SWINTON PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

14. RELATED PARTY TRANSACTIONS

The Company has applied the provisions of Financial Reporting Standard 8 ("Related Party Transactions") and taken the exemption allowed by the Standard from disclosing transactions with entities in the MMA IARD Group.

15. ULTIMATE PARENT COMPANY & CONTROLLING PARTY

The Company's immediate parent company continues to be Swinton (Holdings) Limited.

In the directors' opinion, the Company's ultimate parent company, controlling party and largest undertaking which produces consolidated accounts (which includes the Company) is La Mutuelle du Mans Assurances IARD ["MMA IARD"] which is registered in France. Copies of its group accounts can be obtained from MMA Insurance plc, Norman Place, Reading RG1 8DA.

The smallest undertaking in the group which produces consolidated accounts (which include the Company) continues to be Swinton (Holdings) Limited which is registered in England & Wales. A copy of its accounts can be obtained from the Company's registered office.