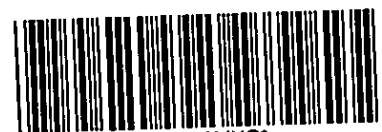


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AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2010

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AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2010

The Directors present their report and audited financial statements of Automobile Association Insurance Services Holdings Limited ("the Company") for the year ended 31 January 2010

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of a holding company. The Company did not trade during the year.

Due to the inactive nature of the Company, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the year (2009 £nil).

DIRECTORS

The Directors, who held office during the period, were as follows:

S M Howard

A J P Strong

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by law 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 for the year.

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 Directors confirm that the accounting policies are appropriate to the Company's business and have been applied consistently. In preparing the financial statements for the year, the Directors have made reasonable and prudent judgements, have ensured that applicable accounting standards have been followed, and confirm that it is appropriate to prepare the financial statements on a going concern basis.

The Directors are responsible for maintaining 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 2006. 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.

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2010

RE-APPOINTMENT OF AUDITORS

In accordance with section 487(2) of the Companies Act 2006, the Auditor Ernst & Young LLP is deemed re-appointed

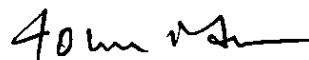
DISCLOSURE OF INFORMATION TO AUDITORS

Each current Director has made enquiries of their fellow Directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Relevant audit information is that information needed by the auditor in connection with preparing its report. So far as each director approving this report is aware, and based on the above steps, there is no relevant audit information of which the auditor is unaware

In preparing the Directors Report, the Directors have taken advantage of the exemptions from making full disclosure, as permitted by the small companies regime under Part 15 of the Companies Act 2006

BY ORDER OF THE BOARD



J DAVIES
COMPANY SECRETARY
4th August 2010

Registered Office
Fanum House
Basing View
Basingstoke
Hampshire
RG21 4EA

Registered number 2413321

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOMOBILE
ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

We have audited the financial statements of Automobile Association Insurance Services Holdings Limited for the year ended 31 January 2010 which comprise the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 January 2010,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

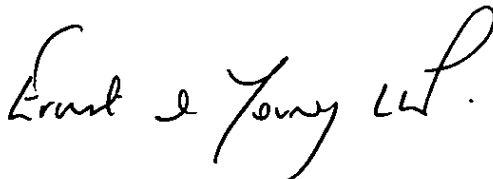
Opinion on other matter prescribed by the Companies Act 2006

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.



James Lenton (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

August 2010

/s/

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED
BALANCE SHEET AT 31 JANUARY 2010

	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Investments in group undertakings	4	577	577
CURRENT ASSETS			
Debtors	5	131,401	131,401
NET ASSETS		<u>131,978</u>	<u>131,978</u>
CAPITAL AND RESERVES			
Called up share capital	6	21,549	21,549
Share premium account	7	1,447	1,447
Capital reserve	7	105,000	105,000
Profit and loss account	7	3,982	3,982
EQUITY SHAREHOLDER'S FUNDS	8	<u>131,978</u>	<u>131,978</u>

The financial statements on pages 4 to 7 were approved by the board of directors on 6th August 2010 and were signed on its behalf by



S M HOWARD
DIRECTOR

The notes on pages 5 to 7 form part of these financial statements

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as defined in the Companies Act 2006 s 464

The financial statements are prepared on a going concern basis. A summary of the accounting policies, which have been applied on a consistent basis with the prior year, is set out below

The Company is exempt from the requirement to prepare consolidated financial statements as it is a wholly owned subsidiary of Acromas Holdings Limited, whose consolidated financial statements are publicly available. These financial statements present information about the entity as an individual undertaking.

The profit and loss account has not been prepared as there have been no transactions in the current or prior financial years.

Cash flow statement

The Directors have taken advantage of the exemption available under FRS 1 (Cash flow statements) of the requirement to prepare a cash flow statement as a consolidated cash flow statement has been presented in the financial statements of the ultimate parent undertaking, Acromas Holdings Limited.

Investments

Investments are stated at cost, less accumulated provisions for any impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods that are different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 AUDITOR'S REMUNERATION

The audit fee of £4,000 has been borne by another group company (2009 £4,000)

3 DIRECTORS' EMOLUMENTS

S M Howard and A J P Strong are remunerated by Saga Group Limited, a fellow subsidiary of the ultimate parent undertaking, Acromas Holdings Limited. Neither of these Directors received any emoluments during the year in respect of their services as a director of the Company.

The Company has no employees (2009 nil)

4 FIXED ASSET INVESTMENTS

Shares in group undertakings	£'000
Cost	
At 31 January 2009 and at 31 January 2010	<u>2,237</u>
Provision	
At 31 January 2009 and at 31 January 2010	<u>(1,660)</u>
Net book value	
At 31 January 2009 and at 31 January 2010	<u>577</u>

The Company owns 100% of the share capital of AA Financial Services Limited, a company dormant at the balance sheet date, incorporated in England and Wales.

5 DEBTORS

	2010	2009
	£'000	£'000
Amounts owed by group undertakings	<u>131,401</u>	<u>131,401</u>

Amounts owed by group undertakings are unsecured, have no repayment terms and bear no interest.

6 CALLED UP SHARE CAPITAL

	2010	2009
	£'000	£'000
Ordinary shares of £1 each		
Allotted, called up and fully paid	<u>21,549</u>	<u>21,549</u>

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 RESERVES

	Share Premium Account £'000	Capital Reserve £'000	Profit and Loss Account £'000
At 31 January 2009 and at 31 January 2010	<u>1,447</u>	<u>105,000</u>	<u>3,982</u>

8 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2010 £'000	2009 £'000
Opening and closing shareholder's funds	<u>131,978</u>	<u>131,978</u>

9 CROSS COMPANY GUARANTEES

The Company along with certain of its fellow subsidiaries acts as Obligor on bank loans made to Acromas Mid Co Limited. At the balance sheet date, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £5,176.9 million (2009 £5,164.0 million).

10 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption within FRS 8 (Related party disclosures) in not disclosing transactions with other entities in the Acromas group of companies. There are no other related party transactions.

11 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Automobile Association Developments Limited, a company registered in England and Wales.

The ultimate parent undertaking, which is also the parent of the smallest and largest group to consolidate these financial statements, is Acromas Holdings Limited whose registered office is at Enbrook Park, Folkestone, Kent, CT20 3SE.

Copies of the financial statements of Acromas Holdings Limited are available from the Company Secretary at this address.