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vielife Holdings Limited

Report and Financial Statements

Year Ended

31 December 2003



BDO

BDO Stoy Hayward
Chartered Accountants

vielife Holdings Limited

Annual report and financial statements for the year ended 31 December 2003

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Director

B Faure Beaulieu

Secretary and registered office

S Greenan, 72- 76 Borough High Street, London, SE1 1XF

Company number

3976059

Auditors

BDO Stoy Hayward LLP, Northside House, 69 Tweedy Road Bromley, Kent, BR1 3WA

vielife Holdings Limited

Report of the director for the year ended 31 December 2003

The director presents his report together with the audited financial statements for the year ended 31 December 2003.

Results

The profit and loss account is set out on page 5 and shows the loss for the year.

Principal activities

The principal activity of the company is to act as a non trading holding company.

Director

The director of the company during the year was:

B Faure Beaulieu

The director had no beneficial interest in the share capital of the company.

Director's responsibilities

Company law requires the director 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 year. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

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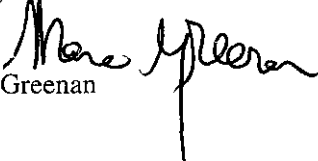
Report of the director for the year ended 31 December 2003 (Continued)

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the director appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


S Greenan

Secretary

Date: 27/10/04

vielife Holdings Limited

Report of the independent auditors

To the shareholders of vielife Holdings Limited

We have audited the financial statements of vielife Holdings Limited for the year ended 31 December 2003 on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities.

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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 director 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.

vielife Holdings Limited

Report of the independent auditors (Continued)

Going concern

In forming our opinion, we have considered the disclosures made in note 1 to the financial statements regarding the company's ability to continue as a going concern which depends on the ability of its parent company to provide continuing support. In view of the significance of this uncertainty we consider that it should be drawn to your attention. However, our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Bromley*

Date: *29 October 2004*

vielife Holdings Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover		-	-
<i>Administrative expenses</i>		<u>98,800</u>	<u>340</u>
Operating loss	2	(98,800)	(340)
Other interest receivable and similar income	4	431,481	579,300
Amounts written off investments		-	(14,889,405)
Interest payable and similar charges	5	<u>(272,731)</u>	<u>(566,689)</u>
Profit/(loss) on ordinary activities before taxation		59,950	(14,877,134)
Taxation on profit/(loss) on ordinary activities		<u>(1,045,932)</u>	<u>-</u>
Loss on ordinary activities after taxation		(985,982)	(14,877,134)
(Accumulated loss)/retained profit brought forward	11	<u>(14,868,939)</u>	<u>8,195</u>
Accumulated loss carried forward	11	<u>(15,854,921)</u>	<u>(14,868,939)</u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 7 to 12 form part of these financial statements.

vielife Holdings Limited

Balance sheet at 31 December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Fixed asset investments	6		180,509		180,509
Current assets					
Debtors	7	4,827,761		3,009,679	
Cash at bank and in hand		599		-	
		<u>4,828,360</u>		<u>3,009,679</u>	
Creditors: amounts falling due within one year	8	<u>1,000</u>		<u>1,000</u>	
Net current assets			<u>4,827,360</u>		<u>3,008,679</u>
Total assets less current liabilities			<u>5,007,869</u>		<u>3,189,188</u>
Creditors: amounts falling due after more than one year	9		<u>5,792,878</u>		<u>2,988,215</u>
			<u>(785,009)</u>		<u>200,973</u>
Capital and reserves					
Called up share capital	10		15,069,912		15,069,912
Profit and loss account	11		(15,854,921)		(14,868,939)
Equity shareholders' funds	12		<u>(785,009)</u>		<u>200,973</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the director on 27 October 2004.

B Faure Beaulieu
Director



The notes on pages 7 to 12 form part of these financial statements.

vielife Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2003

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small sized group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Going Concern

The company currently meets its day to day working capital requirements through the support of its parent company. The directors are confident that such funding will continue to be available in the future and, on this basis, consider it appropriate to prepare the financial statements on the going concern basis.

vielife Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

2 Operating loss

	2003 £	2002 £
This is arrived at after charging:		
Auditors remuneration	2,500	1,000

3 Director's remuneration

No director received any emoluments during the current year (2002 - £NIL).

There were no directors in vielife Limited's (the company's subsidiary) pension scheme in the year.

4 Other interest receivable and similar income

	2003 £	2002 £
Loans to group companies	262,889	579,300
Exchange gains	168,592	-
	431,481	579,300

The exchange gain arose on the retranslation of of the French loan as at 31 December 2003.

5 Interest payable and similar charges

	2003 £	2002 £
Loans from group companies	272,662	566,166
Exchange losses	-	468

vielife Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

6 Fixed asset investments

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 January 2003 and 31 December 2003	180,509

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
vielife SA	France	99.8%	Provider of health and well being advice
vielife Limited	UK	100%	Provider of health and well being advice
vielife online Limited	UK	100%	Provider of health and well being advice
vielife one on one Limited	UK	100%	Provider of health and well being advice

Unless otherwise stated, the following figures have been extracted from audited financial statements for the year ended 31 December 2003:

	Aggregate share capital and reserves		Profit / (loss) for the year	
	2003	2002	2003	2002
	£	£	£	£
vielife SA (unaudited)	(1,778,985)	(1,441,452)	(337,533)	(391,396)
vielife Limited	(3,181,934)	(447,809)	(2,734,125)	(5,557,348)
vielife online Limited	(38,843)	(37,528)	(76,731)	(37,529)
vielife one on one Limited	(186,732)	179,945	(366,317)	(696,161)

The directors have carried out an impairment review of the company's investments in subsidiary undertakings and consider the recoverable amount to exceed the carrying amount of the investments.

vielife Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

7 Debtors

	2003 £	2002 £
Amounts receivable after more than one year		
Amounts owed by group undertakings	4,827,761	3,009,679

8 Creditors: amounts falling due within one year

	2003 £	2002 £
Other creditors	1,000	1,000

9 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Amounts owed to group undertakings	5,792,878	2,988,215

10 Share capital

	2003 £	2002 £
<i>Authorised</i>		
<i>Equity share capital</i>		
15,768,043 shares of £1 each	15,768,043	15,768,043
	2003 £	2002 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
15,069,912 ordinary shares of £1 each	15,069,912	15,069,912

vielife Holdings Limited**Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)****11 Reserves**

	Profit and loss account £
At 1 January 2003	(14,868,939)
Loss for the year	(985,982)
	<hr/>
At 31 December 2003	(15,854,921)
	<hr/>

12 Reconciliation of movements in shareholder's funds

	2003 £	2002 £
Loss for the year	(985,982)	(14,877,134)
Issue of shares	-	13,490,000
	<hr/>	<hr/>
Net deductions from shareholder's funds	(985,982)	(1,387,134)
Opening shareholder's funds	200,973	1,588,107
	<hr/>	<hr/>
Closing shareholder's funds	(785,009)	200,973
	<hr/>	<hr/>

13 Related party disclosures

During the year, interest of £175,757 (2002:£470,170) was charged to vielife Limited in respect of a debtor balance at the year end of £3,120,461 (2002:£1,508,278).

Interest of £17,786 (2002:44,178) was charged to vielife One on One in respect of a debtor balance at the year end of £nil (2002:£157,674).

Interest of £272,662 (2002:£566,166) was payable to Gattaca, its ultimate parent company, in respect of a loan balance of £5,792,878 (2002:£2,988,215).

Interest of £69,346 (2002:£64,952) was charged to vielife SA in respect of a debtor balance of £1,707,300 (2002:£1,349,729).

vielife Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

14 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Gattaca Limited which is the ultimate parent company incorporated in Jersey. The ultimate controlling party is B F Beaulieu, a director of the company.