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vielife Holdings Limited

Report and Financial Statements

Year Ended

31 December 2004

BDO

BDO Stoy Hayward
Chartered Accountants



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vielife Holdings Limited

Annual report and financial statements for the year ended 31 December 2004

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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 2004

The director presents his report together with the audited financial statements for the year ended 31 December 2004.

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

14,612,275 of the ordinary shares in which B Faure Beaulieu is interested are held by Gattaca Ltd, a holding company registered in Jersey which is wholly owned by a trust settled by B Faure Beaulieu the beneficiaries of which are B Faure Beaulieu and his family.

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.

vielife Holdings Limited

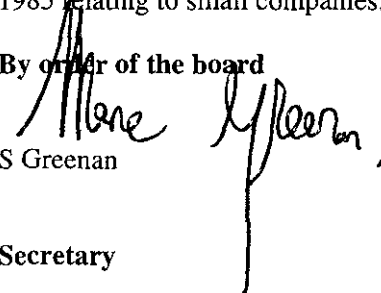
Report of the director for the year ended 31 December 2004 (Continued)

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the 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: 30 April 2005

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 2004 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 2004 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
*Chartered Accountants
and Registered Auditors*
Bromley

Date: 30 April 2005.

vielife Holdings Limited**Profit and loss account for the year ended 31 December 2004**

	Note	2004 £	2003 £
Turnover		-	-
Administrative expenses		<u>2,448,738</u>	<u>98,800</u>
Operating loss	2	(2,448,738)	(98,800)
Other interest receivable and similar income	4	162,051	431,481
Interest payable and similar charges	5	<u>(493,090)</u>	<u>(272,731)</u>
(Loss)/profit on ordinary activities before taxation		(2,779,777)	59,950
Taxation on (loss)/profit on ordinary activities		<u>-</u>	<u>(1,045,932)</u>
Loss on ordinary activities after taxation		(2,779,777)	(985,982)
Accumulated loss brought forward		<u>(15,854,921)</u>	<u>(14,868,939)</u>
Accumulated loss carried forward		<u>(18,634,698)</u>	<u>(15,854,921)</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.

There are no movements in shareholders' funds in the current and prior year apart from the loss for the year.

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

vielife Holdings Limited

Balance sheet at 31 December 2004

	Note	2004 £	2004 £	2003 As restated £	2003 As restated £
Fixed assets					
Tangible assets	6		53,555		-
Fixed asset investments	7		-		180,509
			<u>53,555</u>		<u>180,509</u>
Current assets					
Debtors	8	5,057,739		4,827,761	
Cash at bank and in hand		739		599	
		<u>5,058,478</u>		<u>4,828,360</u>	
Creditors: amounts falling due within one year	9	<u>1,000</u>		<u>1,000</u>	
Net current assets			<u>5,057,478</u>		<u>4,827,360</u>
Total assets less current liabilities			<u>5,111,033</u>		<u>5,007,869</u>
Creditors: amounts falling due after more than one year	10		<u>8,664,443</u>		<u>5,781,502</u>
			<u>(3,553,410)</u>		<u>(773,633)</u>
Capital and reserves					
Called up share capital	11		15,081,288		15,081,288
Profit and loss account			(18,634,698)		(15,854,921)
Equity shareholders' funds			<u>(3,553,410)</u>		<u>(773,633)</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 30 April 2005.

B Faure Beaulieu
Director

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

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 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.

Comparatives

The called up share capital has been increased by £11,376 to reflect shares issued prior to 1 January 2003 not included in the 2003 financial statements. Amounts due to group undertakings has been decreased accordingly.

vielife Holdings Limited**Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)****2 Operating loss**

	2004 £	2003 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	14,369	-
Auditors remuneration	-	2,500
Exceptional item	2,133,768	-
	<u> </u>	<u> </u>

The exceptional item relates to the provision against the debtor due from vielife SA which the director considered is unlikely to be repaid.

3 Director's remuneration

	2004 £	2003 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	54,850	36,000
	<u> </u>	<u> </u>

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

4 Other interest receivable and similar income

	2004 £	2003 £
Loans to group companies	141,409	262,889
Exchange gains	20,642	168,592
	<u> </u>	<u> </u>
	162,051	431,481
	<u> </u>	<u> </u>

The exchange gain arose on the retranslation of the French loan as at 31 December 2004.

5 Interest payable and similar charges

	2004 £	2003 £
Bank loans and overdrafts	-	69
Loans from group companies	493,090	272,662
	<u> </u>	<u> </u>
	493,090	272,731
	<u> </u>	<u> </u>

vielife Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

6 Tangible fixed assets

	Plant and machinery etc £
<i>Cost</i>	
Additions and at 31 December 2004	67,924
<i>Depreciation</i>	<hr/>
Provided for the year and at 31 December 2004	14,369
<i>Net book value</i>	<hr/>
At 31 December 2004	53,555
	<hr/>
At 31 December 2003	-
	<hr/>

The net book value of assets held under finance was £67,924 (2003: nil) and the depreciation charge for the year was £14,369 (2003: nil). The finance lease creditor is recognised in the financial statements of vielife Limited, a subsidiary company.

vielife Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

7 Fixed asset investments

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 January 2004	180,509
Impairment adjustment	(180,509)
	<hr/>
At 31 December 2004	-
	<hr/>

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 on-line 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 2004:

	Aggregate share capital and reserves		Profit / (loss) for the year	
	2004	2003	2004	2003
	£	£	£	£
vielife SA (unaudited)	-	(1,778,985)	-	(337,533)
vielife Limited	(4,816,291)	(3,181,934)	(1,634,357)	(2,734,125)
vielife on-line Limited	-	(76,371)	76,371	(38,843)
vielife One on One Limited	-	192,923	(192,923)	12,978
	<hr/>	<hr/>	<hr/>	<hr/>

vielife Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

8 Debtors

	2004 £	2003 £
Amounts receivable after more than one year		
Amounts owed by group undertakings	5,057,739	4,827,761
	<u> </u>	<u> </u>

9 Creditors: amounts falling due within one year

	2004 £	2003 £
Other creditors	1,000	1,000
	<u> </u>	<u> </u>

10 Creditors: amounts falling due after more than one year

	2004 £	2003 As restated £
Amounts owed to group undertakings	8,664,443	5,781,502
	<u> </u>	<u> </u>

11 Share capital

	2004 £	2003 As restated £
<i>Authorised</i>		
<i>Equity share capital</i>		
15,768,043 shares of £1 each	15,768,043	15,768,043
	<u> </u>	<u> </u>
	2004	2003
	£	As restated £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
15,081,288 ordinary shares of £1 each	15,081,288	15,081,288
	<u> </u>	<u> </u>

12 Related party disclosures

During the year, interest of £55,054 (2003:£175,757) was charged to vielife Limited in respect of a debtor balance at the year end of £5,057,739 (2003:£3,120,461).

Interest of £nil (2003:£17,786) was charged to vielife One on One in respect of a debtor balance at the year end of £nil (2003:£nil).

Interest of £493,090 (2003:£272,662) was payable to Gattaca, its ultimate parent company, in respect of a loan balance of £8,664,442 (2003:£5,781,502).

Interest of £86,355 (2003:£69,346) was charged to vielife SA in respect of a debtor balance of £2,133,768 (2003:£1,707,300). This balance has been fully provided against as at 31 December 2004.

13 Ultimate parent company and parent undertaking of larger group

The Company is a subsidiary of Gattaca Ltd, a holding company registered in Jersey which is wholly owned by a trust settled by B Faure Beaulieu the beneficiaries of which are B Faure Beaulieu and his family.