

PLAINPRIME LIMITED

(Registered No. 4369816)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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PLAINPRIME LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2008

The directors present their directors' report and the audited financial statements for the year ended 31 December 2008.

1. Principal activities

The principal activity of the company is that of an investment company.

2. International Financial Reporting Standards

The ultimate parent undertaking has prepared Group accounts in accordance with International Financial Reporting Standards (IFRS). The company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards.

3. Results and dividends

The profit for the year, before taxation, amounted to £5,481,053 (2007 : £6,203,128).

Dividends, totaling £947, were paid on the preference shares during the year, classified as liabilities in the accounts.

4. The Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report, indemnities are in force under which the company has agreed to indemnify the directors, to the extent permitted by law and the company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company or any of its subsidiaries.

5. Directors

The names of persons who were directors at any time during the year are as follows:

N T Beazley	
J P Davies	(resigned 23/05/2008)
F D Gregory	
R King	(resigned 15/05/2008)
M A Merchant	(appointed 23/05/2008)

6. Auditors

Pursuant to a shareholders resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

PLAINPRIME LIMITED

REPORT OF THE DIRECTORS - continued
for the year ended 31 December 2008

7. Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Registered Office:

Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA

20 March 2008

By Order of the Board



For and on behalf of
Bupa Secretaries Ltd
Secretary

PLAINPRIME LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 its 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.

PLAINPRIME LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAINPRIME LIMITED

We have audited the financial statements of Plainprime Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of movement in shareholders' funds and the related notes. These financial statements have been prepared under 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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.

PLAINPRIME LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAINPRIME LIMITED -
continued**

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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit M.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
20 March 2008

8 Salisbury Square
London EC4Y 8BB

PLAINPRIME LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
Interest receivable and similar income	4	6,027,645	6,586,118
Interest payable and similar charges	5	(546,592)	(385,318)
Other operating income		-	2,328
Profit on ordinary activities before taxation		<u>5,481,053</u>	<u>6,203,128</u>
Tax on profit on ordinary activities	7	(1,562,265)	(1,860,938)
Profit for the financial year		<u><u>3,918,788</u></u>	<u><u>4,342,190</u></u>

The operating profit is all derived from continuing operations.

There were no recognised gains and losses in the current or prior years other than the profits shown above.

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation.

The accounting policies and notes on pages 9 to 14 form part of these financial statements.

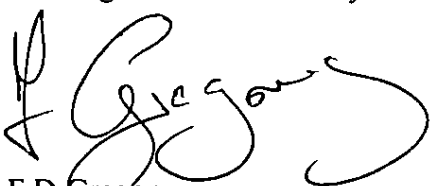
PLAINPRIME LIMITED

BALANCE SHEET

as at 31 December 2008

	<i>Note</i>	2008 £	2007 £
Fixed Assets			
Investments	8	145,892,943	139,865,299
Current Assets			
Cash at bank and in hand		133,778	73,628
Creditors: amounts falling due within one year	9	<u>(10,882,387)</u>	<u>(8,713,381)</u>
Net current liabilities		<u>(10,748,609)</u>	<u>(8,639,753)</u>
Total assets less current liabilities		135,144,334	131,225,546
Creditors: amounts falling due after more than one year	9	(15,000)	(15,000)
Net assets		<u>135,129,334</u>	<u>131,210,546</u>
Capital and reserves			
Called up share capital	10	113,010,001	113,010,001
Share Premium Account	11	10,179,650	10,179,650
Profit & Loss Account	11	11,939,683	8,020,895
Shareholders' funds		<u>135,129,334</u>	<u>131,210,546</u>

These financial statements were approved by the Board of Directors on 20 March 2009 and were signed on its behalf by



F D Gregory
Director

The accounting policies and notes on pages 9 to 14 form part of these financial statements.

PLAINPRIME LIMITED

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2008**

	2008 £	2007 £
Profit for the financial year	3,918,788	4,342,190
Retained profit	3,918,788	4,342,190
Opening shareholders' funds	131,210,546	126,868,356
Closing shareholders' funds	<u>135,129,334</u>	<u>131,210,546</u>

PLAINPRIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently on dealing with items which are considered material in relation to the financial statements, except as noted below.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention and in view of the letter of support from Bupa Finance Plc, which undertakes to provide such support as is necessary to enable the company to meet its liabilities as they fall due, on a going concern basis.

Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As at the Company is a wholly owned subsidiary of the British United Provident Association Limited ("Bupa"), the Company has taken advantage on the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Bupa, within which this Company is included, can be obtained from the address given in note 2.

(b) Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

(c) Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

(d) Taxation including deferred taxation

The charge for taxation is based on the result for the year and takes into account deferred tax.

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

PLAINPRIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

1. STATEMENT OF ACCOUNTING POLICIES - continued

(e) Taxation including deferred taxation - continued

- (i) Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- (ii) Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on current tax rates and laws.

Trading losses surrendered to other Group subsidiary undertakings are made on a full payment basis.

(f) Classification of financial instruments issued by the company - FRS 25 Financial Instruments Presentation

Following the adoption of FRS25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability is correspondingly higher over the life of the instrument.

PLAINPRIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

1. STATEMENT OF ACCOUNTING POLICIES - continued

(i) Classification of financial instruments issued by the company - continued

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking of Plainprime Limited is Bupa Beheer BV, a company registered in the Netherlands.

The largest group in which the results of the company are consolidated is that headed by The British United Provident Association Limited (Bupa), a company registered in England and Wales.

The smallest group in which they are consolidated is that headed by Bupa Finance PLC registered in England and Wales. The consolidated financial statements of these groups are available to the public and can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

(a) Employees

The company had no employees during the year (2007 : nil) and consequently incurred no staff costs.

(b) Directors' remuneration

No remuneration was paid to any of the directors for the year (2007 : £nil).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	£	£
Intercompany interest receivable	6,027,645	6,585,603
Other interest receivable	-	515
	<u>6,027,645</u>	<u>6,586,118</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Finance cost on shares classified as liabilities	1,105	-
Intercompany interest payable	545,487	385,318
	<u>546,592</u>	<u>385,318</u>

PLAINPRIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

6. AUDITORS' REMUNERATION

	2008 £	2007 £
Fees for the audit of the company	<u>1,972</u>	<u>3,253</u>

Fees for the audit of the Company represent the amount receivable by the Company's auditors. The amount may not be borne by the company.

Fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of Bupa, the ultimate parent undertaking, are required to disclose non-audit fees on a consolidated basis.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge in the year

	2008 £	2007 £
Current tax		
UK corporation tax on profits of the year	<u>1,562,265</u>	<u>1,860,938</u>
Tax on profit on ordinary activities	<u>1,562,265</u>	<u>1,860,938</u>

(ii) Factors affecting the tax charge

The tax assessed for the period is higher than the 2008 rate of corporation tax in the UK of 28.5%. The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>5,481,053</u>	<u>6,203,128</u>
Tax charge on profit on ordinary activities at 28.5%	1,561,950	1,860,938
Effects of:		
Expenses not deductible for tax purposes	<u>315</u>	<u>-</u>
Total current tax charge for year	<u>1,562,265</u>	<u>1,860,938</u>

PLAINPRIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

8. INVESTMENTS

	2008	2007
	£	£
Loans to group undertakings	<u>145,892,943</u>	<u>139,865,299</u>

9. CREDITORS

	2008	2007
	£	£
Amounts falling due within one year:		
Amounts due to Group undertakings	10,882,230	8,713,381
Accruals and deferred income	158	-
	<u>10,882,387</u>	<u>8,713,381</u>

Amounts falling due after more than one year :

Shares classified as liabilities	<u>15,000</u>	<u>15,000</u>
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10. SHARE CAPITAL

	2008	2007
	£	£
Authorised		
250,000,000 Ordinary shares of £1 each	250,000,000	250,000,000
10,000 Non-redeemable B Preference shares of £1 each	10,000	10,000
15,000 Preference share of £1 each	15,000	15,000
	<u>250,025,000</u>	<u>250,025,000</u>
Allotted, called-up and fully paid		
113,000,001 Ordinary shares of £1 each	113,000,001	113,000,001
10,000 Non-redeemable B Preference shares of £1 each	10,000	10,000
15,000 Preference shares of £1 each	15,000	15,000
	<u>113,025,001</u>	<u>113,025,001</u>
Shares classified as liabilities	15,000	15,000
Shares classified as shareholders' funds	<u>113,010,001</u>	<u>113,010,001</u>
	<u>113,025,001</u>	<u>113,025,001</u>

The 15,000 preference shares carry a dividend of LIBOR. Dividends are payable on 31 March and 30 September in each year. The dividend rights are cumulative.

The preference shares carry no votes at meetings unless the business of the meeting includes a resolution for the winding up of the company or reduction or repayment of all or any part of the capital paid up on any shares.

On a winding up of the company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

PLAINPRIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

11. RESERVES

	Profit and Loss Account £	Share Premium Account £	Total £
At the beginning of the year	8,020,895	10,179,650	18,200,545
Retained profit for the year	3,918,788	-	3,918,788
At the end of the year	<u>11,939,683</u>	<u>10,179,650</u>	<u>22,119,333</u>