

BUPA AUSTRALIAN FINANCE
an unlimited company
(Registered No. 4513656)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



BUPA AUSTRALIAN FINANCE

REPORT OF THE DIRECTORS for the year ended 31 December 2005.

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

1. Principal activities

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

2. Review of the business

At the 1st January 2005 the reporting currency of the company was changed from Australian Dollars to Pounds Sterling. The directors consider the development of the company during the year to be satisfactory, and do not foresee any significant changes in the forthcoming year.

3. Conversion to IFRS

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.

4. Results and dividends

The profit for the year, after taxation, amounted to £1,878,838 (2004: loss £52)
No dividend is proposed for 2005.

5. 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.

6. Directors and directors' interests

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

J P Davies

R King

A D Walford Resigned 01/09/2005

N T Beazley Appointed 01/09/2005

M R Hampton Appointed 17/09/2005

B D J Kent Appointed 01/09/2005

There were no directors' interests requiring disclosure under Section 234 of the Companies Act 1985.

7. Auditors

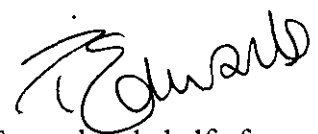
Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office :

BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

9 March 2006

By Order of the Board


For and on behalf of
BUPA Secretaries Limited
Secretary

BUPA AUSTRALIAN FINANCE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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.

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 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 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 the 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BUPA AUSTRALIAN FINANCE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA AUSTRALIAN FINANCE

We have audited the financial statements of BUPA Australian Finance for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements 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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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.

BUPA AUSTRALIAN FINANCE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA AUSTRALIAN FINANCE - 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 the 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

9 March 2006

BUPA AUSTRALIAN FINANCE

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2005.

	<i>Note</i>	2005 £	2004 (Restated) £
Income from investment activities	4	4,258,012	7,120
Interest payable and similar charges	5	(6,867)	(6,490)
Operating expenses		<u>(2,952)</u>	<u>(705)</u>
Profit/(loss) on ordinary activities before taxation	6	4,248,193	(75)
Tax on profit/(loss) on ordinary activities	7	(2,369,355)	23
Retained profit/(loss) for the financial year		<u><u>1,878,838</u></u>	<u><u>(52)</u></u>

The operating profit is all derived from continuing operations.

There were no recognised gains and losses other than the loss for the financial year.

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 13 form part of these financial statements.

BUPA AUSTRALIAN FINANCE

BALANCE SHEET

as at 31 December 2005

	<i>Note</i>	2005 £	2004 (Restated) £
Current assets			
Debtors: amounts falling after more than one year	8	96,030,133	91,772,121
Creditors: amounts falling due within one year	9	(2,377,984)	(5,673)
Cash at bank and in hand		<u>(159)</u>	<u>(72)</u>
Total assets less current liabilities		93,651,990	91,766,376
Creditors: amounts falling due after more than one year	9	(135,884)	(129,108)
Net Assets		<u>93,516,106</u>	<u>91,637,268</u>
Capital and reserves			
Called up share capital	10	91,642,230	91,642,230
Profit and loss account	11	1,873,876	(4,962)
Equity shareholders' funds		<u>93,516,106</u>	<u>91,637,268</u>

These financial statements were approved by the Board of Directors on 9 March 2006 and were signed on its behalf by



B D J Kent

Director

The accounting policies and notes on pages 9 to 13 form part of these financial statements.

BUPA AUSTRALIAN FINANCE**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**
for the year ended 31 December 2005.

	2005	2004
	£	(Restated) £
Profit/(Loss) for the financial year	1,878,838	(52)
Net increase/(decrease) to shareholders' funds	<u>1,878,838</u>	<u>(52)</u>
Opening shareholders' funds	91,637,268	91,637,320
Closing shareholders' funds	<u><u>93,516,106</u></u>	<u><u>91,637,268</u></u>

BUPA AUSTRALIAN FINANCE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005.

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting convention and on a going concern basis.

In view of the ongoing transactions being undertaken by the company the directors have decided the appropriate reporting currency of the company should be pound sterling and therefore at the 1st January 2005 the reporting currency of the company was changed from Australian Dollars to Pound Sterling. The 2004 comparative results have been restated to reflect this change. No impact to the financial results of the company has arisen as a consequence of the change.

(b) Related party transactions

As the company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (BUPA), a company registered in England and Wales, which publishes consolidated accounts, the company has pursuant to paragraph 17 of Financial Reporting Standard No. 8: Related Party Disclosures (FRS 8) not included details of transactions with other BUPA group companies which are subsidiary undertakings of the BUPA Group. There are no other related party transactions.

(c) Cash flow statement

Under Financial Reporting Standard No. 1: Cash flow statements (revised 1996) (FRS 1) the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of The British United Provident Association Limited, a company that prepares a consolidated cash flow statement for the BUPA Group.

(d) Investments

Listed investments are stated at market value and unrealised gains and losses are taken directly to the reserves. All other investments are included at cost less any provision for impairment in value. Dividends on equity investments are accounted for on a received basis and other investment income is accounted for on an accruals basis. Profits or losses on disposal are accounted for by reference to carrying values.

(e) Taxation including deferred taxation

The charge for taxation is based on the result for the period 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:

- (i)** Provision is made for tax on gains arising from the revaluation of property to its market value, the fair value adjustment of fixed assets, or 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 and without it being possible to claim rollover relief. 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005 - continued.

(e) Taxation including deferred taxation - continued

- (ii) 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.
- (iii) 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 periods 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) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking of BUPA Australian Finance is BUPA Australian Investments Limited, a company registered in England and Wales.

The ultimate parent undertaking of BUPA Australian Finance is The British United Provident Association Limited (BUPA), a company registered in England and Wales. Both BUPA Finance PLC and BUPA prepare consolidated group accounts which include BUPA Australian Finance. Copies of the accounts can be obtained from The Registrar of Companies, Cardiff, CR4 3UZ.

BUPA AUSTRALIAN FINANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005 - continued.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

(a) Employees

The Company had no employees during the year (2004 : nil) and consequently incurred no staff costs.

(b) Directors' remuneration

No remuneration was paid to any of the directors for the year (2004 : £nil).

4. INCOME FROM INVESTMENT ACTIVITIES

	2005	2004 (Restated)
	£	£
Interest receivable from group undertakings	<u>4,258,012</u>	<u>7,120</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004 (Restated)
	£	£
Interest payable to group undertakings	6,855	6,412
Other interest payable	12	78
	<u>6,867</u>	<u>6,490</u>

6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005	2004 (Restated)
	£	£
<i>Profit/(Loss) on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	2,877	705
Exchange losses	4	-
Other operating costs	71	-
	<u>2,952</u>	<u>705</u>

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(i) Analysis of tax charge/(credit)

	2005	2004 (Restated)
	£	£
Current tax		
UK corporation tax on profits/(loss) of the period	1,274,458	(23)
Adjustments in respect of prior periods	1,094,897	-
Tax charge/(credit) on profit/(loss) on ordinary activities	<u>2,369,355</u>	<u>(23)</u>

BUPA AUSTRALIAN FINANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005 - continued.

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES - continued

(ii) Factors affecting the tax charge/(credit)

There is no difference between the assessed and the standard rate of corporation tax in the UK of 30%

	2005	2004 (Restated)
	£	£
Profit/(Loss) on ordinary activities before tax	<u>4,248,193</u>	<u>(75)</u>
Tax charge/(credit) on profit/(loss) on ordinary activities at 30%	1,274,458	(23)
Effects of:		
Adjustments to tax charge/(credit) in respect of prior periods	<u>1,094,897</u>	<u>-</u>
Total current tax charge/(credit) for year	<u>2,369,355</u>	<u>(23)</u>

8. DEBTORS

	2005	2004 (Restated)
	£	£
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>96,030,133</u>	<u>91,772,121</u>

9. CREDITORS

	2005	2004 (Restated)
	£	£
Amounts falling due within one year:		
Amounts owed to group undertakings	2,376,125	4,933
Accruals and deferred income	<u>1,859</u>	<u>740</u>
	<u>2,377,984</u>	<u>5,673</u>

	2005	2004 (Restated)
	£	£
Amounts falling due after more than one year:		
Amounts owed to group undertakings	<u>135,884</u>	<u>129,108</u>

10. SHARE CAPITAL

	2005	2004 (Restated)
	£	£
Authorised		
600,000,000 ordinary shares of AUD1 each	<u>244,379,277</u>	<u>244,379,277</u>
Allotted, called-up and fully paid		
225,000,002 ordinary shares of AUD1 each	<u>91,642,230</u>	<u>91,642,230</u>

BUPA AUSTRALIAN FINANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005 - continued.

11. RESERVES

	2005	2004
		(Restated)
	£	£
At the beginning of the year	(4,962)	(4,910)
Loss for the year	1,878,838	(52)
At the end of the year	<u>1,873,876</u>	<u>(4,962)</u>