

Reports & Financial Statements

For the year ended 31 December 2004

**Axéria Insurance Company
Limited (formerly known as
London & European Insurance
Management Company Limited)**

Company Registration No: 4559805



AXÉRIA INSURANCE COMPANY LIMITED
(formerly known as London & European Insurance Management Company Ltd)

DIRECTORS:
P Balsollier
G Bearman
P H Foley

SECRETARY:
M Johnson

COMPANY NUMBER:
4559805

REGISTERED OFFICE:
5th Floor Minerva House
Valpy Street
READING
Berkshire RG1 1AQ

AUDITORS:
Mazars LLP
24 Bevis Marks
LONDON
EC3A 7NR

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DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year to 31 December 2004.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors 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 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 United Kingdom 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 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 1985. 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.

REVIEW OF THE BUSINESS

In September 2004, the company allotted 3,499,900 ordinary £1 shares fully paid to April Group and on 29 September 2004 it was authorised by the FSA to underwrite insurance. No insurance premiums have been written to date.

The result for the year and the year end position were satisfactory.

On 25 February 2005 the name of the company was changed to Axéria Insurance Company Limited.

DIVIDENDS

The directors do not recommend the payment of a dividend (2003: £Nil).

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2004 to the date of this report unless otherwise stated.

P H Foley
G Bearman
P Balsollier

None of the directors had any interests in the shares of the company or any other group company incorporated in Great Britain.

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DIRECTORS' REPORT (continued)

AUDITORS

Mazars LLP succeeded to Mazars as the independent auditor to the company during the year.

Mazars LLP have signified their willingness to continue in office and a resolution will be proposed at the forthcoming annual general meeting.

By order of the Board

Director

19 / 5 / 2005

Pierre Balsolin



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

AXÉRIA INSURANCE COMPANY LIMITED

We have audited the financial statements of Axéria Insurance Company Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and the accounting policies set out therein.

This report is made solely to the Company's member, in accordance with section 235 of Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' 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 member 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 the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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. 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises the directors' report. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

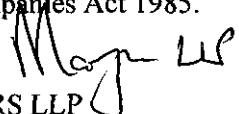
Basis of audit opinion

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 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.

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 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.


MAZARS LLP
CHARTERED ACCOUNTANTS
and Registered Auditors
24 Bevis Marks
London EC3A 7NR

19 May 2005

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PROFIT AND LOSS ACCOUNT : NON-TECHNICAL ACCOUNT
For the year ended 31 December 2004

	Note	2004 £	2003 £
Balance on the technical account for general business		-	-
Investment income		30,321	-
Other charges		(30,385)	-
Loss on ordinary activities before tax	3	(64)	-
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after tax	10	(64)	-

No items fall to be disclosed in the general business technical account.

All the above items relate to continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

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AXÉRIA INSURANCE COMPANY LIMITED
(formerly known as London & European Insurance Management Company Ltd)

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BALANCE SHEET as at 31 December 2004

	Note	2004 £	2003 £
ASSETS			
Investments	7	3,300,000	-
Debtors			
Other debtors		319	100
Other assets			
Cash at bank and in hand		223,951	-
Prepayments and accrued income			
Accrued interest		6,336	-
TOTAL ASSETS		<u>£3,530,606</u>	<u>£ 100</u>
LIABILITIES			
Capital and reserves			
Called up share capital	8	3,500,000	100
Profit and loss account		(64)	-
Equity shareholders' funds	9	<u>3,499,936</u>	<u>100</u>
Creditors			
Other creditors	11	26,570	-
Accruals and deferred income		<u>4,100</u>	<u>-</u>
TOTAL LIABILITIES		<u>£ 3,530,606</u>	<u>£ 100</u>

The financial statements on pages 4 to 9 were approved by the Board on 26 April 2005 and were signed on its behalf by

Director

19/5/2005

[Signature]

Pierre Behrman

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004

1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom.

On 29 September 2004, the company was authorised by the FSA as an insurance company. Accordingly these accounts have been prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985.

The company has complied with the Statement of Recommended Practice issued by the Association of British Insurers in November 2003 ("the ABI SORP").

The basis of preparation described above represents a change from the basis adopted previously – preparation in accordance with Schedule 4 to the Companies Act 1985 – and comparative figures have been restated as appropriate.

The company is a wholly owned subsidiary of April Group, a company incorporated in France, which publishes consolidated financial statements which include the affairs of the company. The company is therefore not required to prepare a cash flow statement or disclose details of transactions with other entities belonging to the same group.

2. ACCOUNTING POLICIES

(a) Investment income

Interest from financial investments and cash deposits is recognised in the non-technical account on accash accruals basis.

(b) Investments

Financial investments are stated at current value at the balance sheet date.

(c) Taxation and deferred tax

Taxation is based on the taxable result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax at the rates of tax expected to apply when the timing differences reverse.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAX

The loss on ordinary activities before tax:

	2004	2003
	£	£
Auditors' fees		
- for audit services	2,000	-
- for non-audit services	3,350	-
	<u>5,350</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004	2003
	£	£
Based on the loss for the year:		
Corporation tax @ 30%	£-	£-
	<u> </u>	<u> </u>
	2004	2003
	£	£
Loss on ordinary activities before tax	(64)	-
	<u> </u>	<u> </u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(19)	-
Effects of:		
Losses carried forward	19	-
	<u> </u>	<u> </u>
Current tax charge	£ -	£ -
	<u> </u>	<u> </u>

5. STAFF COSTS

There were no employees during the year (2003: nil).

6. DIRECTORS

	2004	2003
	£	£
Total remuneration	£ -	£ -
	<u> </u>	<u> </u>

7. INVESTMENTS

	Market value		Cost	
	2004	2003	2004	2003
	£	£	£	£
Shares and other variable yield securities and units in unit trusts	£3,300,000	£-	£3,300,000	£-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

8. SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2004	2003	2004	2003
	£	£	£	£
Ordinary shares of £1 each	<u>£5,000,000</u>	<u>£5,000,000</u>	<u>£3,500,000</u>	<u>£100</u>

In September 2004, 3,499,900 ordinary shares of £1 each were allotted and issued fully paid to April Group. These shares were issued at par for cash.

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Loss for the financial year	(64)	-
New share capital subscribed	<u>3,499,900</u>	<u>100</u>
Net addition to shareholders funds	3,499,836	100
Opening shareholders' funds	<u>100</u>	<u>-</u>
Closing shareholders' funds	<u>£3,499,936</u>	<u>£100</u>

10. RESERVES

	Profit and loss account
	£
At 1 January 2004	-
Retained loss for the year	<u>(64)</u>
At 31 December 2004	<u>£(64)</u>

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11. OTHER CREDITORS

	2004	2003
	£	£
Amount due to fellow subsidiary undertaking	25,100	-
Other creditors	1,470	-
	<u>£26,570</u>	<u>£-</u>

12. PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard APRIL GROUP, a company incorporated in France as the Company's immediate and ultimate holding company and controlling party.

During the year, the shares held in the company by L & E Title Group Limited, itself a subsidiary of APRIL GROUP, were transferred to APRIL GROUP.

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