

Registration No. 4617115

FIRSTASSIST GROUP LIMITED

Report and Accounts

For the year ended 31 December 2005



FirstAssist Group Limited
For the year ended 31 December 2005

Contents

| | Page |
|------------------------------------------|-------------|
| Company information | 2 |
| Directors' report | 3 - 4 |
| Statement of directors' responsibilities | 5 |
| Auditors' report | 6 |
| Profit and loss account | 7 |
| Balance sheet | 8 |
| Notes to the accounts | 9 - 15 |

FirstAssist Group Limited
For the year ended 31 December 2005

Company information

Directors

T. A. Ablett (C.E.O. & M.D.)
S. Mukerji (F.D.)
M. Totty (C.D.)

Secretary

F. Firmin

Registered Office

Marshall's Court
Marshall's Road
Sutton
Surrey
SM1 4DU

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

FirstAssist Group Limited
For the year ended 31 December 2005

Directors' report

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

Principal activity

The Company carries on the business of an investment company operating in the health, wellbeing and assistance sector.

Review of the business and future developments

The vision of the Group is to create a Healthcare Insurance Services Group which focuses on the wellbeing of individuals and companies who want to improve employee productivity by managing sickness and absence. This is being achieved by delivering service, protection and claims management solutions to customers in selected market segments. The proposition involves creating an integrated and holistic approach to Healthcare and wellbeing by providing a continuum of solutions, some of which will be service and some insurance lead. The Group does not contain an insurance company although it offers insurance solutions supported by capacity provided by Munich Reinsurance Company.

The result for the year and financial position at the year end were considered satisfactory by the directors.

Result and dividend

The result for the year is shown in the profit and loss account on page 7. The directors do not recommend payment of a dividend (2004: £Nil).

FirstAssist Group Limited
For the year ended 31 December 2005

Directors' report (continued)

Directors and directors' interests

The directors who held office during the year and to the date of this report were as follows:

| | Date of appointment (if during the year) |
|--------------|---------------------------------------------------------|
| T. A. Ablett | - |
| S. Mukerji | - |
| M. Totty | 5 May 2005 |

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

The interests of the directors in the share capital of the ultimate parent company, FirstAssist Group Holdings Limited are disclosed in the directors' report of that company.

According to the register of directors' interests, no rights to subscribe for shares in the Company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the year.

Political and charitable contributions

The Company made no political contributions or donations to UK charities during the period (2004: £Nil).

Auditors

A resolution to reappoint KPMG Audit Plc as auditors to the Company will be proposed at the next general meeting at which accounts are laid before the Company.

By order of the directors



F. Firmin
Secretary

12 May 2006

FirstAssist Group Limited
For the year ended 31 December 2005

Statement of directors' responsibilities

Directors' responsibilities

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

FirstAssist Group Limited
For the year ended 31 December 2005

Auditors' report

Report of the independent auditors to the members of FirstAssist Group Limited

We have audited the financial statements of FirstAssist Group Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet 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 5, 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 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss 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

16 May 2006

FirstAssist Group Limited

Profit and loss account for the year ended 31 December 2005

| | Notes | 2005 Year £'000 | 2004 Year £'000 |
|----------------------------------------------------|-------|--------------------------------|--------------------------------|
| Interest receivable and similar income | 2 | 997 | 4,591 |
| Interest payable and similar charges | 3 | (7,583) | (6,754) |
| Loss on ordinary activities before taxation | 5 | (6,586) | (2,163) |
| Tax on loss on ordinary activities | 6 | 18 | 649 |
| Retained loss for the period | | (6,568) | (1,514) |

All figures relate to continuing operations.

There have been no recognised gains or losses or other movements in shareholders' funds in the reporting period other than those recorded in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

FirstAssist Group Limited

Balance sheet as at 31 December 2005

| | Notes | 2005 £'000 | 2004 £'000 |
|----------------------------------------------------------------------------------|-------|-----------------------------|-----------------------------|
| Fixed asset investments | | | |
| Shares in group undertakings | 7 | 91,227 | 91,227 |
| | | 91,227 | 91,227 |
| Current assets | | | |
| Debtors (including £10,000,000 due after more than one year (2004: £10,000,000)) | 8 | 14,253 | 11,268 |
| Cash at bank and in hand | | - | 8,536 |
| | | 14,253 | 19,804 |
| Creditors: amounts falling due within one year | 9 | (1,550) | (5,220) |
| Net current assets | | 12,703 | 14,584 |
| Total assets less current liabilities | | 103,930 | 105,811 |
| Creditors: amounts falling due after more than one year | 10 | (113,386) | (108,699) |
| Net liabilities | | (9,456) | (2,888) |
| Share capital and reserves | | | |
| Called up share capital | 11 | - | - |
| Profit and loss account | 12 | (9,456) | (2,888) |
| Equity shareholders' funds | | (9,456) | (2,888) |

These financial statements were approved by the board of directors on
signed on their behalf by:

12 May 2006 and were

T. A. Ablett
Director

S. Mukerji
Director

FirstAssist Group Limited
For the year ended 31 December 2005

Notes to the accounts

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance the provisions of Section 226 of and Schedule 4 to the Companies Act 1985, and in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 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.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Investments

Shares in group undertakings are shown at cost.

Investment income

Investment income is accounted for on a receivable basis. Interest income is accrued up to the balance sheet date.

Taxation

UK taxation in the profit and loss account is based on profits and income of the year as determined in accordance with the relevant tax legislation, together with adjustments of provisions for prior years.

Deferred taxation is provided in accordance with Financial Reporting Standard No. 19 ("FRS 19") on all timing differences between the treatment of certain items for taxation and accounting purposes which have originated but not reversed by the balance sheet date. Deferred taxation assets are only recognised to the extent that they are regarded as recoverable.

FirstAssist Group Limited
For the year ended 31 December 2005

Notes to the accounts (continued)

2. Interest receivable and similar income

| | 2005 Year | 2004 Year |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Receivable from group undertakings | 600 | 4,011 |
| Other | 397 | 580 |
| | 997 | 4,591 |

3. Interest payable and similar charges

| | 2005 Year | 2004 Year |
|-------------------------------|--------------|--------------|
| | £'000 | £'000 |
| On bank loans and overdrafts | 816 | 648 |
| On all other loans | 6,124 | 5,541 |
| Payable to group undertakings | 643 | 565 |
| | 7,583 | 6,754 |

4. Directors' emoluments

The directors did not receive any emoluments during the period. They were employed by a fellow group undertaking and were remunerated by that undertaking for their services to the Group as a whole.

5. Loss on ordinary activities before taxation

| | 2005 Year | 2004 Year |
|---------------------------------------------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| The loss on ordinary activities before taxation is stated after charging: | | |
| Auditors' remuneration: | | |
| Audit | 13 | - |
| Other fees | 7 | - |

Notes to the accounts (continued)

6. Tax on loss on ordinary activities

| | 2005 | 2004 |
|-------------------------------------------|--------------|--------------|
| | Year | Year |
| | £'000 | £'000 |
| Current tax | | |
| UK Corporation Tax | (18) | (649) |
| Tax on loss on ordinary activities | (18) | (649) |

UK Corporation tax for the period is based on a rate of 30% (2004: 30%).

A deferred tax asset of £1,957,000 in respect of tax losses has not been recognised in the accounts as there is insufficient certainty as to the availability of suitable taxable profits against which these losses can be utilised.

Factors affecting the current tax charge

The current tax charge for the year is less than (2004: less than) 30% due to items set out in the reconciliation below.

| | 2005 | 2004 |
|----------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Loss on ordinary activities before tax | (6,586) | (2,163) |
| Current tax at 30% (2004 – 30%) | (1,975) | (649) |
| Factors affecting charge : | | |
| Trade losses not recognised | 1975 | 649 |
| Total current tax (see above) | - | - |

FirstAssist Group Limited
For the year ended 31 December 2005

Notes to the accounts (continued)

7. Shares in group undertakings

| | Group undertakings |
|----------------------------|-------------------------------|
| | £'000 |
| Shares at cost | |
| At 1 January 2005 | 91,227 |
| Additions | - |
| At 31 December 2005 | 91,227 |
| Net book value | |
| At 31 December 2005 | 91,227 |
| At 31 December 2004 | 91,227 |

Investments in group undertakings, which are all wholly owned, are as follows:

| | Country of incorporation | Class of shares held | Principal activity | Held directly or indirectly |
|-------------------------------------------|-------------------------------------|---------------------------------|-------------------------------|----------------------------------------|
| FirstAssist Insurance Services Limited | Great Britain | Ordinary | Healthcare insurance | Direct |
| FirstAssist Services Limited | Great Britain | Ordinary | Healthcare administration | Direct |
| FirstAssist Administration Limited | Great Britain | Ordinary | Business administration | Direct |

8. Debtors

| | 2005 | 2004 |
|------------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Amounts owed by group undertakings | 13,586 | 10,619 |
| Group relief receivable | 667 | 649 |
| | 14,253 | 11,268 |

Of which £10,000,000 falls due after more than one year
(2004: £10,000,000).

FirstAssist Group Limited
For the year ended 31 December 2005

Notes to the accounts (continued)

9. Creditors : amounts falling due within one year

| | 2005 | 2004 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Debenture loans | 1,330 | 5,000 |
| Amounts owed to group undertakings | - | 35 |
| Other creditors | - | 125 |
| Accruals | 36 | 60 |
| Bank Overdraft | 184 | - |
| | 1,550 | 5,220 |

10. Creditors : amounts falling due after more than one year

| | 2005 | 2004 |
|------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Fixed rate loan notes | 99,845 | 93,759 |
| Debenture loans | 4,541 | 5,940 |
| Amounts owed to group undertakings | 9,000 | 9,000 |
| | 113,386 | 108,699 |

The rights of the loan note holders are subordinated to the rights of the debenture loan holders.

Analysis of debt :

| | 2005 | 2004 |
|--------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Debt can be analysed as falling due: | | |
| In one year or less, or on demand | 1,330 | 5,000 |
| Between one and two years | 1,335 | |
| Between two and five years | 3,206 | 5,940 |
| In five years or more | 108,845 | 102,759 |
| | 114,716 | 113,699 |

FirstAssist Group Limited
For the year ended 31 December 2005

Notes to the accounts (continued)

11. Share capital

| | <u>2005</u> | <u>2004</u> |
|-----------------------------------------|-------------|-------------|
| | £ | £ |
| Authorised: | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| Allotted, issued and fully paid: | | |
| 1 ordinary share of £1 | 1 | 1 |

12. Profit & loss account

| | <u>2005</u> | <u>2004</u> |
|---------------------|-------------|-------------|
| | £'000 | £'000 |
| Opening balance | (2,888) | (1,374) |
| Loss for the period | (6,568) | (1,514) |
| Closing balance | (9,456) | (2,888) |

13. Reconciliation of movements in equity shareholders' funds

| | <u>2005</u> | <u>2004</u> |
|-----------------------------|-------------|-------------|
| | £'000 | £'000 |
| Opening shareholders' funds | (2,888) | (1,374) |
| Loss for the period | (6,568) | (1,514) |
| Closing shareholders' funds | (9,456) | (2,888) |

14. Capital commitments

The Company had no capital commitments at 31 December 2005 (2004: £Nil).

15. Related party transactions

The Company has taken advantage of the exemption provided in FRS 8 from disclosing details of transactions with FirstAssist Group Holdings Limited and its subsidiaries.

FirstAssist Group Limited
For the year ended 31 December 2005

Notes to the accounts (continued)

16. Ultimate parent company

The parent company in which the results of the Company are consolidated is that headed by FirstAssist Group Holdings Limited, which is registered in England & Wales. The consolidated accounts of that company can be obtained from Marshall's Court, Marshall's Road, Sutton, Surrey, SM1 4DU. No other group accounts include the results of the Company.

28. Post Balance Sheet Event

On 20th September 2005, First Assist Insurance Services Limited, a wholly owned subsidiary of First Assist Group Holdings Limited, signed a contract to sell its Private Medical Insurance business to Standard Life Healthcare Limited ("SLH") subject to a number of conditions. These conditions, being principally the approval of the courts for a Part VII portfolio transfer of the insurance business and the approval of the Financial Services Authority were subsequently satisfied and the contract completed on 31 March 2006. Additionally, the staff employed by First Assist Insurance Services Limited in the conduct of its PMI business were transferred to SLH and the lease and the fixed assets contained in its Bournemouth building were also sold to SLH.