

UK Healthcare Properties Limited

**Audited financial statements
For the period ended 31 December 2003**

delivered



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ADMINISTRATION

Directors:	Staffan Carlson (appointed 6 June 2003) Tomas Lindhardt (appointed 6 June 2003) Andrew Wilson (appointed 6 June 2003) Hackwood Directors (appointed 21 March 2003, resigned 6 June 2003)
Secretary:	Hackwood Secretaries Limited (appointed 21 March 2003)
Auditors:	Ernst and Young LLP Apex Plaza Forbury Road Reading
Registered Office:	C/o Hackwood Secretaries Limited 1 Silk Street London EC2Y 8HQ

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the period ended 31 December 2003.

History

The company was incorporated on 21st March 2003.

Activities

The company is a holding company. During the period the company acquired shares in fellow group companies as detailed in note 8.

Results and dividends

The results for the period are set out in the profit and loss account on page 7. A dividend of £15,000,000 per share was declared in the period.

Directors

The directors of the company during the period were as set out on page 3.


The interests of the directors in the share capital of the Company, or in any company within the same group are detailed below, except where disclosed in the accounts of Capió AB. Options to subscribe for shares in Capió AB have been granted as follows:

<u>Director</u>	<u>Date of grant of option</u>	<u>Number of shares</u>	<u>Exercise price per share</u>
T. Lindhardt	13 May 2002	10,000	SEK 82.95
T. Lindhardt	25 February 2003	10,000	SEK 55.01

Auditors

Ernst & Young LLP are eligible for reappointment. A resolution to reappoint them will be proposed at the next Annual General Meeting.

By order of the Board on 11 June 2004


T. Lindhardt
Director

YR

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the accounts 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 are sufficient to show and explain the company's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the company at that time and to enable them to ensure that the accounts are prepared properly and in accordance 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.

Independent auditors' report

to the members of UK Healthcare Properties Limited

We have audited the group's financial statements for the period ended 31 December 2003, which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 16. These financial statements have been prepared on the basis of 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 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 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 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 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 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 group'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 affairs of the company as at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor

Reading

16 June 2004

PROFIT AND LOSS ACCOUNT
for the period ended 31 December 2003

	Note	31 December 2003	
		£'000	£'000
Turnover			-
Administrative expenses			
Professional fees		(149)	
Interest payable	4	(164)	
Interest receivable	4	378	
Operating profit	3		65
Income from investments and similar income	5		20,563
Tax on profit on ordinary activities	6		(1,162)
Profit on ordinary activities after taxation			19,466
Dividends	7		(15,000)
Profit retained for the period			4,466

The company has no recognised gains and losses except as shown above and accordingly no separate Statement of Total Recognised Gains and Losses has been presented.

The company's results are derived entirely from continuing operations

BALANCE SHEET
as at 31 December 2003

	Notes	31 December 2003 £'000	£'000
Investments	8		8,968
Current assets			
Debtors	9	20,569	
Cash at bank		-	
		<u>20,569</u>	
Creditors:			
amounts falling due within one year	10	<u>(23,553)</u>	
Net current liabilities			(2,984)
Provisions for liabilities and charges	12		<u>(817)</u>
Net assets			<u>5,166</u>
Financed by:			
Share capital	11		700
Profit and loss account			<u>4,466</u>
Total equity shareholders' funds	13		<u>5,166</u>

The Financial Statements on pages 7 to 14 were approved at a meeting of the directors and signed on their behalf.


T. Lindhardt
Director

11 June 2004

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2003

1. INCORPORATION

The company was incorporated in the United Kingdom on 21st March 2003.

2. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's Financial Statements.

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Cash flow

The company is exempt from preparing a cash flow statement, as required by Financial Reporting Standard No. 1 (Revised 1996) under s228 of the Companies Act 1985.

Intermediate parent undertaking

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts and deliver them to the Registrar of Companies hence these financial statements present information about the undertaking as an individual entity and not about its group. The results of the company are consolidated in the accounts of Capió AB.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and 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. 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;
- 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;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of 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 tax rates and laws enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2003

Investments

Investments in subsidiary companies are stated at cost, unless there is evidence of an impairment in value, in which case the carrying value of the investment is reduced to the higher of net realisable value and current value in use

3. OPERATING PROFIT

Operating profit is stated after charging fees payable to the auditors audit services of £24,903 and for non audit services of £10,575.

4. INTEREST PAYABLE AND RECEIVABLE

	31 December 2003
	£'000
Interest payable on loans to group undertakings	164
Interest receivable on loans for group undertakings	(378)
Net interest receivable	<u>(214)</u>

5. INTEREST FROM PARTICIPATING INVESTMENTS AND SIMILAR INCOME

	31 December 2003
	£,000
Distribution from UK Healthcare Limited Partnership Incorporated	5,532
Intercompany loans forgiven	15,031
Income from investments and similar income	<u>20,563</u>

In June 2003 UK Healthcare Properties Limited acquired 100% of the interest in UK Healthcare Limited Partnership Incorporated from Capio Healthcare Limited. As a result of this transaction, corporation tax paid by Capio Healthcare Limited on the original sale of the properties was repaid. The tax repaid was loaned to UK Healthcare Properties Limited and the loan subsequently forgiven.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2003

6. TAXATION

	2003 £000
UK corporation tax at 30%	(344)
Total taxation in respect of operations	(344)
UK deferred tax Origination and reversal of timing differences in respect of: Accelerated capital allowances	(818)
Tax on profit on ordinary activities	(1,162)

The tax assessed on the profit on ordinary activities for the previous year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £000
Profit on ordinary activities before tax	20,628
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30%	6,188
Intercompany loan forgiven not taxable	(4,509)
Distribution from UK Healthcare Limited Partnership not taxable	(1,660)
Expenses not deductible for tax purposes	325
Current charge for the year	344

Group relief is offered within the group for nil consideration.

7. DIVIDENDS

	31 December 2003 £000
Ordinary - final proposed of £15,000,000 per share	15,000

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2003

8. INVESTMENTS

31 December 2003
£'000

Cost or valuation.

Shares in subsidiary undertakings.

Additions at cost:

UK Healthcare Limited Partnership Incorporated

7,232

UK Healthcare Partners (General Partner)

-

Thomas Rivers Limited

1,736

8,968

9. DEBTORS

31 December 2003
£'000

Amounts owed by fellow subsidiary
undertakings

4,575

Amounts owed by ultimate parent company

15,994

20,569

10. CREDITORS

31 December 2003
£'000

Amounts owed to parent undertaking

21,464

Amounts owed to fellow subsidiary
undertaking

1,735

Accruals and deferred income

10

Corporation tax

344

23,553

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2003

11. SHARE CAPITAL

	<i>31 December 2003</i>
	<i>£</i>
Authorised	
- 100,000 Ordinary shares of £1 each	700,000
Issued	
- 100,000 Ordinary shares of £1 each	700,000
Called up and fully paid	
1 Ordinary shares of £1 each	1

12. DEFERRED TAX

Provisions for liabilities and charges

	<i>2003</i>
	<i>£'000</i>
Deferred taxation	
Transfer to profit & loss account	818
At 31 December 2003	<u>818</u>

The major components of the provision for deferred taxation are as follows:

	<i>2003</i>
	<i>£'000</i>
Accelerated capital allowances	<u>818</u>

13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS FUNDS

	31 December 2003
	£'000
Opening equity shareholders' funds	
Profit for period	19,466
Share capital introduced	-
Capital Contribution	700
Dividend paid	<u>(15,000)</u>
Closing equity shareholders' funds	<u>5,166</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2003

14. SUBSIDIARY UNDERTAKINGS

Listed below are the material subsidiary undertakings.

Name	Nature of business	Description of shares held	Proportion of nominal value of Issued shares or partnership interest held
UK Healthcare Limited Partnership Incorporated	Property Company	Partnership Interest	100%
UK Healthcare (General Partner) Limited	Partner	Ordinary shares	100%
Thomas Rivers Limited	Property Company	Ordinary shares	100%

UK Healthcare Limited Partnership Incorporated and UK Healthcare (General Partner) Limited are incorporated and operate in Guernsey and are registered in Guernsey. Thomas Rivers Limited is incorporated and operates in England.

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 'Related party disclosures' from disclosing transactions with other members of the group headed by Capio AB.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking is Capio AB, a company incorporated in Sweden. Copies of the group financial statements of Capio AB are available from the company at its registered office at PO Box 1064, SE-40522 Gothenburg, Sweden.