

Company Registration No. 05029900 (England and Wales)

DISCOVERY GROUP EUROPE LIMITED

(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



4647 AA

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
COMPANY INFORMATION

Directors	A Gore M I Hilkowitz S Matisonn R Farber
Secretary	Norose Company Secretarial Services Limited
Company registration number	05029900
Registered office	3 More London Riverside London SE1 2AQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Bankers	Barclays Bank plc 114 Fenchurch Street The City London EC3P 3HY

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
CONTENTS

	Page
Directors' report	1 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 19

**DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

The directors present their report and audited financial statements for the year ended 30 June 2013

Principal activities and review of the business

The principal activity of the company during the year was that of an investment holding company. Its investment is a 75% interest in Prudential Health Holdings Limited ("Holdings"). Holdings owns Prudential Health Insurance Limited (previously Standard Life Healthcare) and Prudential Health Limited (together "PruHealth"), both licensed insurance companies who offer an innovative private medical insurance product in the UK. Holdings also funds and provides administration services to PruProtect, the life insurance business launched in October 2007.

On 12 August 2013, the company changed its name from Discovery Offshore Holdings Limited to Discovery Group Europe Limited.

PruHealth's number of insured lives stabilized during the year in line with the previous year at 553,388 insured lives (30 June 2012: 554,430). The Directors were pleased with this performance given the loss of insured lives over the two financial periods prior to the acquisition of Prudential Health Insurance Limited in 2010. Further, during the course of the year, PruHealth replaced lapsed lives with, in the main, more profitable lives. PruHealth is in a position where it has a solid profitable base to grow going forward. PruHealth made a profit of £10,008,871 excluding a one off reinsurance recapture (statutory loss of £12,060,211) and is expected to continue to be profitable in the future as it exploits its scale and position in the market.

PruProtect continues to perform exceptionally well in challenging market conditions. New business grew strongly over the year growing the number of in force policies to 153,671 by 30 June 2013 (30 June 2012: 109,929). The business is written using Prudential Assurance Company's licence, which has been secured long-term as part of the increase in shareholding, in order to be as capital efficient as possible and Holdings will receive a profit share on the business written.

**DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013**

In assessing the recoverability of investments in subsidiaries the company needs to consider their recoverable amount through projecting future after tax profits. The directors' valuation of the investment at £270.2 million (2012: £209.1 million) has enabled the company to reverse its previous impairment of Holdings. In projecting future after-tax profits of the business, it is necessary to make certain assumptions about the future performance of the business. These assumptions were arrived at based on internal experience, including all relevant experience between year-end and the date of these financial statements. The internal experience is augmented by reinsurance and industry information.

The most significant of these assumptions are the following:

Risk discount rate - 4.97% (2012: 4.40%)

Risk free rate - 3.01% (2012: 2.26%)

Corporation tax rate - 23% reducing to 20% in April 2015 (2012: 25% in 2012 reducing to 21% in April 2014)

PruHealth projection term - 20 years (2012: 20 years)

PruProtect asset return - 3.85% (2012: 2.66%)

PruHealth loss ratio - based on loss ratio experience subsequent to year-end, adjusted to take into account the full-year impacts of loss ratio initiatives undertaken by the date of these financial statements and the seasonality of experienced claims.

PruProtect mortality and morbidity - based on internal experience, where available augmented by reinsurance, industry and Discovery Group information.

Lapse rates - using current experience, and the historic experience of Prudential Health Insurance Limited.

Of these assumptions, the most sensitive is the PruHealth loss ratio. An increase in loss ratio of 1% has an impact of decreasing the valuation by 5% (2012: 5%). This attribute thus receives dedicated focus from Holding's Board and management.

During the year the company allotted Nil (2012: 5,250,000) ordinary shares with a nominal value of £1 each and received a consideration of Nil (2012: £5,250,000). The previous year consideration was to fund further investments into Holdings, which in turn used the funding to grow PruProtect. It is not envisaged that Holdings will require funding during the financial year to 30 June 2014.

The principal risks the Company faces are the profitability, valuation and continued success of its investment in Holdings. To this extent, the Company is represented, either as a member or an attendee, on all decision making bodies of Holdings, its subsidiaries and PruProtect including the board of directors, actuarial committee, audit committee, risk committee and remuneration committee.

Results and dividends

The results for the year ended 30 June 2013 and the financial position as at that date, are set out on pages 7 and 8.

The directors do not recommend payment of an ordinary dividend. No ordinary dividend was recommended for the year ended 30 June 2012.

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

Directors

The following directors have held office during the current year and up to the date of signing the financial statements

A Gore
M I Hilkowitz
S Matisonn
R Farber

Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Directors' responsibilities statement

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013**

Statement of disclosure to auditors

Each of the persons who are directors at the date of approval of this report confirm that

(a) So far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) We have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Qualifying third party indemnity provisions

The company maintains liability insurance for its directors and officers. These include qualifying third party indemnity provisions (as defined in the Companies Act 2006) which were in force during the year and remain in force

On behalf of the board



R Farber

Director

29 October 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DISCOVERY GROUP EUROPE LIMITED (FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)

We have audited the financial statements of Discovery Group Europe Limited (formerly Discovery Offshore Holdings Limited) for the year ended 30 June 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

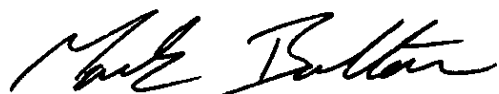
INDEPENDENT AUDITORS' REPORT (CONTINUED)

**TO THE MEMBERS OF DISCOVERY GROUP EUROPE LIMITED (FORMERLY
DISCOVERY OFFSHORE HOLDINGS LIMITED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mark Bolton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside, London, UK

31 October 2013

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
	Notes	£	£
Administrative expenses		(2,425,504)	(1,984,075)
Other operating income		70,568	-
Operating loss	2	(2,354,936)	(1,984,075)
Interest receivable and similar income	3	1,371,573	1,470,281
Impairment reversal	4	63,740,000	-
Interest payable and similar charges	5	(2,557,641)	(2,656,114)
Profit/(loss) on ordinary activities before taxation		60,198,996	(3,169,908)
Tax on profit/(loss) on ordinary activities	6	421,366	-
Profit/(loss) for the financial year	14	60,620,362	(3,169,908)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account, and therefore no statement of total recognised gains and losses is presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historic cost equivalents

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
BALANCE SHEET

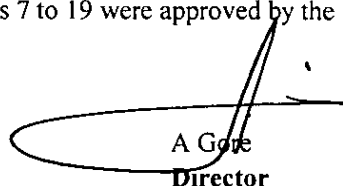
AS AT 30 JUNE 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	7	126,190	-
Investments	8	267,015,000	203,275,000
		<u>267,141,190</u>	<u>203,275,000</u>
Current assets			
Debtors amounts falling due within one year	9	1,000,541	1,319,353
Debtors amounts falling due after more than one year	9	25,753,732	25,830,346
Cash at bank and in hand		2,439,910	1,935,176
		<u>29,194,183</u>	<u>29,084,875</u>
Creditors: amounts falling due within one year	10	<u>(1,767,068)</u>	<u>(969,573)</u>
Net current assets		<u>27,427,115</u>	<u>28,115,302</u>
Total assets less current liabilities		294,568,305	231,390,302
Creditors: amounts falling due after more than one year	11	<u>(57,186,498)</u>	<u>(54,628,857)</u>
Net Assets		<u><u>237,381,807</u></u>	<u><u>176,761,445</u></u>
Capital and reserves			
Called up share capital	13	246,307,414	246,307,414
Profit and loss account	14	<u>(8,925,607)</u>	<u>(69,545,969)</u>
Total shareholders' funds	15	<u><u>237,381,807</u></u>	<u><u>176,761,445</u></u>

The financial statements on pages 7 to 19 were approved by the Board and authorised for issue on
29 October 2013



R Farber
Director


A Gore
Director

Company Registration No. 05029900

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The financial statements are prepared on a going concern basis

The company is a wholly owned subsidiary of Discovery Limited (previously named Discovery Holdings Limited) and is included in the consolidated financial statements of Discovery Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996)

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently and in line with the Companies Act 2006

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	3 years straight line
--------------------------------	-----------------------

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5 Investments

Fixed asset investments are stated at cost less provision for impairment

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

1 Accounting policies **(Continued)**

1.7 Deferred taxation

The credit/(charge) for taxation is based on the result for the period and takes into account deferred tax

Deferred taxation is provided in full in respect of taxation deferred by 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 receive more tax

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 the timing differences reverse, based on current tax rates and laws

1.8 Group financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Discovery Limited, a company incorporated in South Africa, and is included in the consolidated financial statements of that company

2 Operating loss	2013	2012
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets - owned assets	63,095	-
Operating lease rentals other than plant and machinery	57,309	68,721
Fees payable to the company's auditors for the audit of the company's annual financial statements	13,800	12,600
	<u>13,800</u>	<u>12,600</u>

3 Interest receivable and similar income	2013	2012
	£	£
Interest from loans in group undertakings	1,306,667	1,413,429
Bank interest	12,705	5,076
Other interest	52,201	51,776
	<u>1,371,573</u>	<u>1,470,281</u>

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

4	Impairment reversal	2013	2012
		£	£
	Amounts written off investments in prior years written back - reversal of past impairment	(63,740,000)	-
		<u><u> </u></u>	<u><u> </u></u>
5	Interest payable and similar charges	2013	2012
		£	£
	On amounts payable to group undertakings	2,557,641	2,656,114
		<u><u> </u></u>	<u><u> </u></u>

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

6 Tax on profit/(loss) on ordinary activities	2013	2012
	£	£
Domestic current year tax		
- Consideration received for surrender of losses	(421,366)	-
Total current tax	<u>(421,366)</u>	<u>-</u>

The tax assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 23.75% (2012 25.50%). The differences are explained below

Factors affecting the tax (credit)/charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>60,198,996</u>	<u>(3,169,908)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.75% (2012 25.50%)	<u>14,297,262</u>	<u>(808,327)</u>
Effects of		
Non deductible expenses and other items	(601)	46
Depreciation expensed in excess of capital allowances	6,923	351
Reversal of impairment of fixed asset investment	(15,138,250)	-
Losses available for surrender	381,563	610,951
Other short term timing differences	31,737	196,979
	<u>(14,718,628)</u>	<u>808,327</u>
Current tax (credit)/charge for the year	<u>(421,366)</u>	<u>-</u>

The current year tax credit relates to the tax value of losses surrendered by way of group relief

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

6 Taxation

(Continued)

On 3 July 2012, Finance Bill 2012 received its third reading in the House of Commons and the previously announced reduced rate of corporation tax of 23% (2012 24%) from 1 April 2013 was substantively enacted. The Chancellor further stated his intention in the March 2013 Budget to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015.

These further rate changes had not been substantively enacted as at the balance sheet date, and as a result, the company has not re-measured its deferred tax assets and liabilities as at 30 June 2013.

Deferred tax assets in respect of losses and short term timing differences are not recognised as the directors are not certain when these might be used. The unrecognised deferred tax asset as at 30 June is as follows:

	2013	2012
	£	£
Fixed Assets	7,021	-
Short term	219,943	188,263
Losses	387,568	404,418
	<u>614,532</u>	<u>592,681</u>

7 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 July 2012	-
Additions	189,285
At 30 June 2013	<u>189,285</u>
Accumulated depreciation	
At 1 July 2012	-
Charge for the year	63,095
At 30 June 2013	<u>63,095</u>
Net book value	
At 30 June 2013	<u>126,190</u>
At 30 June 2012	<u>-</u>

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 2012 & at 30 June 2013	267,015,000
Provisions for impairment	
At 1 July 2012	63,740,000
Reversal of past impairment charge	(63,740,000)
At 30 June 2013	-
Net book value	
At 30 June 2013	267,015,000
At 30 June 2012	203,275,000

The directors believe that the carrying value of the investments is supported by their underlying net assets and projection of future after tax profits

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies (* - Indirect holding)

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Prudential Health Holdings Limited	England and Wales	Ordinary shares	75 00
Prudential Health Limited *	England and Wales	Ordinary shares	75 00
Prudential Health Services Limited *	England and Wales	Ordinary shares	75 00
Prudential Health Insurance Limited *	England and Wales	Ordinary shares	75 00
Insure Your Health Limited**	England and Wales	Ordinary shares	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows (** - Indirect holding and short accounting period)

		Capital and reserves at 30 June 2013	Profit/(loss) for the year ended 30 June 2013
	Principal activity	£	£
Prudential Health Holdings Limited	Holding company	298,048,000	2,166,000
Prudential Health Limited *	Provider of medical insurance	38,160,000	(44,627,000)
Prudential Health Services Limited *	Provider of admin services	15,710,000	3,000
Prudential Health Insurance Limited *	Provider of medical insurance	181,711,000	30,594,000
Insure Your Health Limited**	Insurance intermediary	1,803,000	(197,000)

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

8 Fixed asset investments

(Continued)

During the year, the company subscribed in cash for Nil (2012 5,250,000) "B" ordinary shares issued by Prudential Health Holdings Limited ("Holdings")

The directors have valued the investment in Holdings based on their estimate of the recoverable amount. The directors' valuation is arrived at using an Embedded Value approach. The Embedded Value is calculated as the value of projected future after-tax profits of the business in force discounted at the risk discount rate. The directors' valuation of the investment at £270.2 million (2012 £209.1 million) has enabled the Company to reverse its previous impairment of Holdings.

In projecting future after-tax profits of the business, it is necessary to make certain assumptions about the future performance of the business. These assumptions were arrived at based on internal experience, including all relevant experience between year-end and the date of these financial statements. The internal experience is augmented by reinsurance and industry information.

The most significant of these assumptions are the following:

Risk discount rate - 4.97% (2012 4.40%)

Risk free rate - 3.01% (2012 2.26%)

Corporation tax rate - 23% reducing to 20% in April 2015 (2012 25% in 2012 reducing to 21% in April 2014)

PruHealth projection term - 20 years (2012 20 years)

PruProtect asset return - 3.85% (2012 2.66%)

PruHealth loss ratio - based on loss ratio experience subsequent to year-end, adjusted to take into account the full-year impacts of loss ratio initiatives undertaken by the date of these financial statements and the seasonality of experienced claims.

PruProtect mortality and morbidity - based on internal experience, where available augmented by reinsurance, industry and Discovery Group information.

Lapse rates - using current experience, and the historic experience of Prudential Health Insurance Limited.

Of these assumptions, the most sensitive is the PruHealth loss ratio. An increase in loss ratio of 1% has an impact of decreasing the valuation by 5% (2012 5%). This attribute thus receives dedicated focus from Holding's Board and management.

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

9 Debtors	2013	2012
	£	£
Amounts owed by subsidiary undertakings	25,700,000	25,700,000
Other debtors	1,053,732	1,448,486
Prepayments and accrued income	541	1,213
	<u>26,754,273</u>	<u>27,149,699</u>

Amounts falling due after more than one year and included in the debtors above are

	2013	2012
	£	£
Amounts owed by subsidiary undertakings	25,700,000	25,700,000
Other debtors	53,732	130,346
	<u>25,753,732</u>	<u>25,830,346</u>

The loan of £25.7 million to the company's subsidiary undertaking, Prudential Health Holdings Limited was made in three tranches. The first on 28 May 2010 of £3.0 million, the second on 30 June 2010 of £8.2 million and the final tranche of £14.5 million on 28 December 2010. The first two tranches of the loan were originally repayable on 30 November 2010 and are now repayable on 31 July 2017 following an amendment to the original loan agreement. The last tranche is also repayable on 31 July 2017. The loan carries interest at 4.5% above LIBOR.

During the year ended 30 June 2011 the company made a loan to an employee for £1.7 million, carrying interest at 4% and is repayable on demand. The balance outstanding as at 30 June 2013 was £1.0m (2012: £1.15m).

10 Creditors: amounts falling due within one year	2013	2012
	£	£
Accruals and deferred income	<u>1,767,068</u>	<u>969,573</u>

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

11 Creditors: amounts falling due after more than one year	2013	2012
	£	£
Amounts owed to group undertakings	57,186,498	54,628,857
Analysis of loans		
Not wholly repayable within five years other than by instalments		
Loan due to parent	-	54,628,857
Wholly repayable within five years		
Loan due to parent	57,186,498	-
Loan maturity analysis		
In more than two years but not more than five years	57,186,498	15,617,572
In more than five years	-	39,011,285

The loan of £54.6 million from the company's parent undertaking, Discovery Limited was received in two tranches. The first on 27 July 2010 of £35.5 million, the second on 24 December 2010 of £14.5 million, the balance of the loan represents interest accrued. The loans are repayable on 7 September 2017 and 23 December 2015 respectively and carry interest at 4% above LIBOR.

12 Pension and other post-retirement benefit commitments

Defined contribution	2013	2012
	£	£
Contributions payable by the company for the year	68,933	63,070

13 Called up share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
246,307,414 Ordinary shares of £1 each	246,307,414	246,307,414

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2012	(69,545,969)
Profit for the financial year	60,620,362
	<u> </u>
Balance at 30 June 2013	<u><u>(8,925,607)</u></u>

15 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit/(Loss) for the financial year	60,620,362	(3,169,908)
Proceeds from issue of shares	-	5,250,000
	<u> </u>	<u> </u>
Net addition to shareholders' funds	60,620,362	2,080,092
Opening shareholders' funds	176,761,445	174,681,353
	<u> </u>	<u> </u>
Closing shareholders' funds	<u><u>237,381,807</u></u>	<u><u>176,761,445</u></u>

16 Contingent liabilities

The company has provided a guarantee in respect of the borrowing facilities of Discovery Limited. As at 30 June 2013, Discovery Limited owed R400 million (South African Rand) (GBP £26.3 million) (2012: R400 million (GBP £31.2 million)) in respect of these facilities.

17 Financial commitments

At 30 June 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2014:

	Land and buildings 2013 £	2012 £
Operating leases which expire		
Within one year	<u>8,767</u>	<u>8,767</u>

DISCOVERY GROUP EUROPE LIMITED
(FORMERLY DISCOVERY OFFSHORE HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2013	2012
	Number	Number
Administration	<u>3</u>	<u>3</u>

Employment costs

	2013	2012
	£	£
Wages and salaries	1,968,200	1,544,318
Social security costs	138,285	88,856
Other pension costs	68,933	63,070
	<u>2,175,418</u>	<u>1,696,244</u>

The directors received no emoluments for their services to the company (2012 £Nil) as their services provided to the company are incidental to their wider role in the group

19 Control

The ultimate and immediate parent company and controlling party is Discovery Limited, a company registered in South Africa, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Discovery Limited consolidated financial statements can be obtained from the registered office of 155 West Street, Sandton, South Africa 2146

20 Related party relationships and transactions

The company has taken advantage of the exemptions conferred by FRS 8 from the requirement to make disclosures concerning related parties, as 100% of the voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are available to the public