

Life Trust Holdings Plc

Directors' Report and Financial Statements

**Period from 25 January 2007 (date of incorporation)
to 31 December 2007**



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DIRECTORS AND OTHER INFORMATION

Board of Directors

Karl Alexander (appointed 16 January 2008)
Andrew Briscoe
Neil Cosgrove
Roger Davis
Nigel Frudd
Edward Giera
Oliver Hemsley
Laurence Heyworth
Ian McGillivray

Solicitors

A&L Goodbody Solicitors
International Financial Services
North Wall Quay
Dublin 1
Ireland

Rosenblatt Solicitors
9 – 13 St Andrew Street
London EC4A 3AF
England

Secretary and Registered Office

Brian Grant-Davie
9-13 St Andrew Street
London, EC4A 3AF
England

Bankers

The Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC2R 8LA
England

Registered Number. 06068273

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

DIRECTORS' REPORT

The directors present their report and audited financial statements for the period ended 31 December 2007

Business review and principal activities

The Company was incorporated as Life Trust Holdings plc on 25 January 2007 with an authorised share capital of £10,000,000, divided into 400,000,000 million "A" shares of £0.01, 400,000,000 "B" shares of £0.01 and 200,000,000 million ordinary shares of £0.01. The principal activity of the Company is that of a holding company.

On 25 January 2007, a group reconstruction was effected whereby the Company acquired the entire share capital of Life Trust Services Limited (formerly LTIPCO Limited) in a share for share exchange. The group reconstruction has been accounted for using merger accounting principles set out in Financial Reporting Standard 6. The principal activity of Life Trust Services Limited is to provide a range of administration, operational, marketing, product development and accounting support services to member companies within the Life Trust Holdings plc group.

In December 2007, the Company purchased 23,500,000 €1 ordinary shares in Life Trust Insurance plc. This purchase occurred in three separate instalments: €38,093 on 3 December 2007, €22,679,851 on 28 December 2007 and €782,056 on 31 December 2007. The principal activity of Life Trust Insurance plc is to engage in the provision of life assurance cover to persons residing in the European Union. No policies were sold in the financial period to 31 December 2007.

The Company and the group are exposed to a number of risks and uncertainties. The following information sets forth certain risk factors that could cause the group's future results to differ from expected results. However, other factors could also adversely affect the group's results.

Business conditions and general economy

The future trading volume and activity levels of the group could be adversely affected by a worsening of general economic conditions in the global economy and in particular, the United Kingdom. A market downturn could lead to a decline in the expected volume of life assurance business that Life Trust Insurance plc executes.

Financial risks

The group is exposed to financial risk through its financial assets and liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund its obligations as they fall due. The directors regularly review the group's financial risks, assess the effectiveness of controls and update these, if appropriate. At 31 December 2007, the group's financial risks are negligible. Life Trust Insurance plc did not trade in the period ended 31 December 2007.

Operational risks

Operational risk is the risk of direct or indirect losses resulting from human factors, external events, and inadequate or failed internal processes and systems. Operational risks are inherent in the operations of Life Trust Insurance plc. The directors review the risks within the operations, assess the effectiveness of controls and update these, if appropriate. Life Trust Insurance plc did not trade in the period ended 31 December 2007.

Regulation and compliance risks

Life Trust Insurance plc, is subject to rules, regulations and reporting requirements, imposed by the Irish Financial Services Regulatory Authority. Such risks arise from a failure or inability to comply fully with the laws or regulations applicable. Non-compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate. The measures taken by the directors to minimise the exposure of such risks are the use of appropriate systems, procedures and controls, and the employment of competent persons.

Future developments

The company and the group are actively pursuing opportunities to increase business volumes by introducing additional life assurance products and development of its broker network.

DIRECTORS' REPORT - continued

Charitable and political donations

No such donations were made during the period

Results and dividends

The results for the company for the period ended 31 December 2007 as set out on page 8 shows a consolidated loss on ordinary activities before tax of Stg£6,503,151. The directors do not recommend the payment of a dividend. No dividend was paid in the period to 31 December 2007 (2006: £nil).

The consolidated financial statements reflect the results of the Company for the period ended 31 December 2007 and its subsidiaries, Life Trust Insurance plc and Life Trust Services Limited (formerly LTIPCO Limited).

Directors

The names of persons who were directors at any time during the period ended 31 December 2007 are set out below:

Andrew Briscoe
Neil Cosgrove
Roger Davis
Nigel Frudd
Edward Giera
Oliver Hemsley
Laurence Heyworth
Ian McGillivray

Directors' and their interests

The directors' interests in Life Trust Holdings plc are disclosed in note 15.

Directors' indemnities

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial period ended 31 December 2007 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

Creditors' payment policy

The group values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, in a timely manner. It is the group's practice to agree terms with suppliers when entering into contracts. We negotiate with suppliers on an individual basis and meet our obligations accordingly. The group does not follow any specific published code or standard on payment practice.

Post balance sheet events

On 7 January 2008, Life Trust Insurance plc was approved by the Irish Financial Services Regulatory Authority to undertake the business of life insurance in Class III - life insurance linked to investment funds.

Going concern

The directors confirm they are satisfied that the Group and Company have adequate resources to continue in business for the foreseeable future.

Disclosure of information to auditors


Each of the persons who are directors at the time when this report is approved has confirmed that:


- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' REPORT - continued

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers as auditors of the company will be proposed at the forthcoming Annual General Meeting


On behalf of the board
Andy Briscoe
Chief Executive Officer


Karl Alexander
Group Finance Director

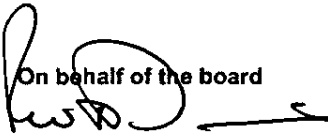
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period

In preparing those financial statements, the directors are required to

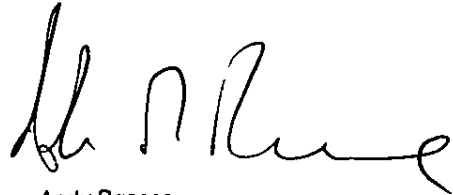
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary. This statement should cover both the parent company and the group as a whole

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



On behalf of the board

Roger Davis
Chairman



Andy Briscoe
Chief Executive Officer

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland
I D E Box No 137
Telephone +353 (0) 1 792 6000
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Independent auditors' report to the shareholders of Life Trust Holdings plc

We have audited the group and parent company financial statements (the "financial statements") of Life Trust Holdings plc for the period ended 31 December 2007 which comprise the groups profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we also report to you if, in our opinion, 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 transaction is not disclosed.

We read other information contained in the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

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.

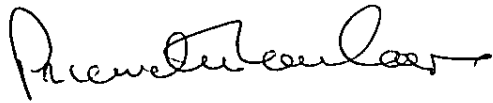
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other

irregularity or error. In forming our opinion we have 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 United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's loss and cash flows for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

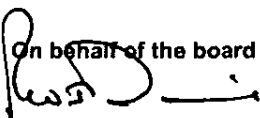
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CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the Period Ended 31 December 2007

| | | 31 December 2007 | 1 December 2005 to 31 December 2006 |
|---|-------|---------------------|--|
| | Notes | £ | £ |
| Turnover | | - | - |
| Administrative expenses | 2 | (6,638,454) | (1,612,882) |
| Loss on ordinary activities before interest and taxation | | (6,638,454) | (1,612,882) |
| Interest receivable and similar income | | 135,303 | - |
| Loss on ordinary activities before taxation | 3 | (6,503,151) | (1,612,882) |
| Tax on loss on ordinary activities | 4 | - | - |
| Accumulated loss for the period | | (6,503,151) | (1,612,882) |
| Accumulated loss brought forward | | (1,774,542) | (161,660) |
| Accumulated loss carried forward | | (8,277,693) | (1,774,542) |

All of the above amounts are in respect of continuing activities

All recognised gains and losses are included in the consolidated profit and loss account for the period ended 31 December 2007

On behalf of the board

Roger Davis
Chairman


Andy Briscoe
Chief Executive Officer

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

| | Notes | 31 December 2007 £ | 31 December 2006 £ |
|---|-------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 6 | <u>36,159</u> | <u>-</u> |
| Current assets | | | |
| Debtors | 7 | 253,994 | 56,383 |
| Cash at bank | | <u>19,259,128</u> | <u>62,644</u> |
| | | 19,513,122 | 119,027 |
| Creditors: amounts falling due within one year | 8 | <u>(2,016,974)</u> | <u>(1,283,569)</u> |
| Net current assets | | <u>17,496,148</u> | <u>(1,164,542)</u> |
| Total assets less current liabilities | | 17,532,307 | (1,164,542) |
| Creditors: amounts falling due after one year | | <u>(450,000)</u> | <u>(250,000)</u> |
| | | <u>17,082,307</u> | <u>(1,414,592)</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 721,428 | 360,000 |
| Share premium account | 10 | 24,638,572 | - |
| Profit and loss account | 11 | <u>(8,277,693)</u> | <u>(1,774,542)</u> |
| Equity shareholders' funds | 12 | <u>17,082,307</u> | <u>(1,414,592)</u> |

On behalf of the board

Roger Davis
Chairman

Andy Briscoe
Chief Executive Officer

COMPANY BALANCE SHEET
As at 31 December 2007

| | Notes | 31 December 2007 £ | 31 December 2006 £ |
|---|-------|--------------------------|--------------------------|
| Fixed assets | | | |
| Investment in subsidiary undertakings | 12 | <u>17,651,458</u> | <u>-</u> |
| Current assets | | | |
| Debtors | 7 | 5,838,629 | - |
| Cash at bank | | <u>1,306,118</u> | <u>-</u> |
| | | 7,144,747 | - |
| Creditors: amounts falling due within one year | | <u>(70,002)</u> | <u>-</u> |
| Net current assets | 8 | <u>7,074,745</u> | <u>-</u> |
| Total assets less current liabilities | | 24,726,203 | - |
| Creditors amounts falling due after one year | | <u>-</u> | <u>-</u> |
| Net assets | | <u>24,726,203</u> | <u>-</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 721,428 | - |
| Share premium account | 10 | 24,638,572 | - |
| Profit and loss account | 11 | <u>(633,797)</u> | <u>-</u> |
| Equity shareholders' funds | | <u>24,726,203</u> | <u>-</u> |

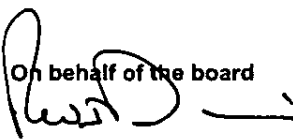
On behalf of the board

Roger Davis
Chairman

Andy Briscoe
Chief Executive Officer

CONSOLIDATED CASH FLOW STATEMENT
For the Period Ended 31 December 2007

| | | 31 December 2007 £ | 1 December 2005 to 31 December 2006 £ |
|---|------|--------------------------|---|
| | Note | | |
| Net cash outflow from operating activities | 13 | (5,887,017) | (97,357) |
| Returns on investments and servicing of finance | | | |
| Interest received | | 125,564 | - |
| Net cash inflow from returns on investments and servicing of finance | | 125,564 | - |
| Capital expenditure | | | |
| Purchase of tangible fixed assets | | (42,063) | - |
| Net cash outflow from capital expenditure and financial investment | | (42,063) | - |
| Financing | | | |
| Issue of ordinary share capital | | 25,000,000 | 160,001 |
| Net cash inflow from financing | | 25,000,000 | 160,001 |
| Increase in cash | | 19,196,484 | 62,644 |
| Cash balances – start of period | | 62,644 | - |
| Cash balances – end of period | | 19,259,128 | 62,644 |


On behalf of the board
Roger Davis
Chairman


Andy Briscoe
Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention in accordance with the Companies Act, 1985 and applicable accounting standards. Accounting standards generally accepted in England in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in England and Wales and issued by the Accounting Standards Board. The principal accounting policies are set out below.

(b) Going concern

The financial statements have been prepared on a going concern basis.

(c) Consolidation

The group accounts consolidate the accounts of the Company and its interest in subsidiaries. On 25 January 2007, there was a group reconstruction (refer to note 16) which resulted in the combination into a group of two companies that before the combination had the same shareholders. These companies were Life Trust Holdings plc and Life Trust Services Limited (formerly LTIPCO Limited).

The consolidated financial statements for the group of companies headed by Life Trust Holdings plc include the results of Life Trust Holdings plc for the period from 25 January 2007 to 31 December 2007, the results of Life Trust Services Limited for the period from 25 January 2007 to 31 December 2007 and the results of Life Trust Insurance plc from 19 September 2007 to 31 December 2007.

The comparative figures for the consolidated financial statements comprise the profit and loss account, cash flow statement and balance sheet of Life Trust Services Limited (formerly LTIPCO Limited) for the period from 1 December 2005 to 31 December 2006.

(d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities are translated at average monthly exchange rates in which the transaction occurred. All other gains and losses on the transaction of foreign currencies are taken on the profit and loss account.

(e) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on a straight line basis at the rates stated below which are estimated to reduce the assets to net realisable value by the end of their expected useful lives.

| | Rate % |
|-----------------------|--------|
| Fixtures and fittings | 20.00 |
| Computer equipment | 33.33 |

(f) Income and expenses

Income and expenses are included in the financial statements on an accrual basis.

(g) Taxation

Corporation tax is provided on taxable profits at the current rates applicable to the company's activities.

(h) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Principal accounting policies - continued

(i) Intellectual property development costs

All costs incurred in relation to development of Life Trusts insurance products have been recognised within the profit and loss account on an accruals basis

2 Administration expenses

Administration expenses incurred by the company and the group in the period to 31 December 2007 relate to costs associated to bringing the Life Trust concept to market

| 3 Loss on ordinary activities before taxation | 2007 £ | 2006 £ |
|---|--------------------|--------------------|
| Loss on ordinary activities before taxation is stated after charging | | |
| Employee costs (see note 14) | 1,152,451 | - |
| Depreciation of tangible fixed assets (see note 6) | 15,643 | - |
| Hire of equipment | 875 | - |
| Auditors' remuneration | | |
| Fees payable to company auditor for the audit of the parent company and consolidated accounts | 26,957 | 4,500 |
| Fees payable to the company's auditor for taxation services | <u>5,300</u> | <u>2,306</u> |
| | | |
| 4 Taxation | 2007 £ | 2006 £ |
| Taxation on loss for the period | | |
| Current tax | | |
| UK corporation tax on losses for the period | <u>-</u> | <u>-</u> |
| The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below | | |
| Loss on ordinary activities before tax | <u>(6,503,151)</u> | <u>(1,612,882)</u> |
| Loss on ordinary activities before tax multiplied by the standard rate of tax in the UK 30% (2006 30%) | (1,950,945) | (483,865) |
| Effects of | | |
| Adjustment in respect of losses at a rate of 20% (2006 19%) | 608,172 | 177,417 |
| Adjustment in respect of losses at a rate of 12.5% | 31,608 | - |
| Losses carried forward | <u>1,311,165</u> | <u>306,448</u> |
| Current tax | <u>-</u> | <u>-</u> |

Based on the current rates of tax applicable in the UK there is a unrecognised deferred tax asset of £1,439,361 (2006 £128,196) as a result of carried forward losses. The deferred tax asset has not been recognised due to uncertainty over the timing of future recoverability.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Loss for the financial period - Life Trust Holdings Plc

A loss of £633,797 has been recorded in the profit and loss account of Life Trust Holdings plc for the period ended 31 December 2007. The directors have taken advantage of the exemption available under Section 230 of the Companies Acts 1985 and have not presented a profit and loss account for the company alone.

6 Tangible assets

| | Office and computer equipment 2007 £ | Office and computer equipment 2006 £ |
|-------------------------|--|--|
| Cost | | |
| At beginning of period | - | - |
| Additions | 51,802 | - |
| At end of period | 51,802 | - |
| Depreciation | | |
| At beginning of period | - | - |
| Charge for the period | 15,643 | - |
| At end of period | 15,643 | - |
| Net book amounts | | |
| At beginning of period | - | - |
| At end of period | 36,159 | - |

7 Debtors

| | 2007 £ | 2006 £ |
|--------------------------------|-----------|-----------|
| Group | | |
| Prepayments and accrued income | 232,002 | - |
| Other debtors | 21,992 | 56,383 |
| | 253,994 | 56,383 |

All amounts are due within one year

| | 2007 £ | 2006 £ |
|---------------------------------------|-----------|-----------|
| Company | | |
| Amounts due from subsidiary companies | 5,828,830 | - |
| Other debtors | 9,799 | - |
| | 5,838,629 | - |

All amounts are due within one year

NOTES TO THE FINANCIAL STATEMENTS - continued

| 8 Creditors: amounts falling due within one year | 2007 £ | 2006 £ |
|--|------------------|------------------|
| Group | | |
| Accruals and deferred income | <u>2,016,974</u> | <u>1,283,569</u> |
| Company | | |
| Accruals and deferred income | <u>70,002</u> | <u>-</u> |

| 9 Share capital | 2007 £ | 2006 £ |
|--|-----------|-------------------|
| Group and company | | |
| Authorised | | |
| 400,000,000 "A" shares of £0 01 each in Life Trust Holdings plc | 4,000,000 | - |
| 400,000,000 "B" shares of £0 01 each in Life Trust Holdings plc | 4,000,000 | - |
| 200,000,000 ordinary shares of £0 01 each in Life Trust Holdings plc | 2,000,000 | - |
| 10,000,000 ordinary shares of £1 each in Life Trust Services Limited | <u>-</u> | <u>10,000,000</u> |
| Allotted, called up and fully paid | | |
| 36,142,836 "A" shares of £0 01 each in Life Trust Holdings plc | 361,428 | - |
| 36,000,000 "B" shares of £0 01 each in Life Trust Holdings plc | 360,000 | - |
| 360,000 ordinary shares of £1 each | <u>-</u> | <u>360,000</u> |

Life Trust Holdings plc was incorporated on 25 January 2007. On this date Life Trust Holdings plc had an authorised share capital of £10,000,000 divided into 400,000,000 million "A" shares of £0 01, 400,000,000 "B" shares of £0 01 and 200,000,000 million ordinary shares of £0 01.

On the 25 January 2007 a share for share transfer agreement was entered into between Life Trust Holdings plc and Life Trust Services Limited (formerly LTIPCO Limited). The effect of this agreement was to make Life Trust Services Limited (formerly LTIPCO Limited) a wholly owned subsidiary of Life Trust Holdings plc. Life Trust Holdings plc issued 36,000,000 "B" shares of £0 01 in exchange for 360,000 ordinary shares of £1.

On the 14 June 2007, three institutions signed a Shareholders Agreement to invest £25 million in Life Trust Holdings plc. Life Trust Holdings plc issued 36,142,836 "A" shares of £0 01 in exchange for consideration of £25 million.

| 10 Share premium account | 2007 £ | 2006 £ |
|--|-------------------|-----------|
| Group and company | | |
| At beginning of period | - | - |
| Premium on shares issued during the period | <u>24,638,572</u> | <u>-</u> |
| At end of period | <u>24,638,572</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

| 11 Profit and loss reserve | 2007 £ | 2006 £ |
|--|--------------------|--------------------|
| Group | | |
| At beginning of period | (1,774,542) | (161,660) |
| Loss for the period | <u>(6,503,151)</u> | <u>(1,612,882)</u> |
| At end of period | <u>(8,277,693)</u> | <u>(1,774,542)</u> |
| Company | | |
| At beginning of period | - | - |
| Loss for the period | <u>(633,797)</u> | <u>-</u> |
| At end of period | <u>(633,797)</u> | <u>-</u> |
| 12 Reconciliation of movement in equity shareholders' funds | 2007 £ | 2006 £ |
| Group | | |
| Loss for the financial period | (6,503,151) | (1,612,882) |
| New equity share capital subscribed | <u>25,000,000</u> | <u>160,001</u> |
| Net addition to funds | 18,496,849 | (1,452,881) |
| Opening equity shareholders' funds | <u>(1,414,542)</u> | <u>38,339</u> |
| Closing equity shareholders' funds | <u>17,082,307</u> | <u>(1,414,542)</u> |
| Company | | |
| Loss for the financial period | (633,797) | - |
| New equity share capital subscribed | <u>23,360,000</u> | <u>-</u> |
| Net addition to funds | 22,726,203 | - |
| Opening equity shareholders' funds | <u>-</u> | <u>-</u> |
| Closing equity shareholders' funds | <u>22,726,203</u> | <u>-</u> |
| 13 Cash flows from operating activities | 2007 £ | 2006 £ |
| Reconciliation of operating loss to net cash outflow from operating activities | | |
| Operating loss for the period | (6,638,454) | (1,612,882) |
| Depreciation charge | 15,643 | - |
| Increase in debtors | (197,611) | (13,744) |
| Increase in creditors | <u>933,405</u> | <u>1,529,269</u> |
| Net cash outflow from operating activities | <u>(5,887,017)</u> | <u>(97,357)</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Employee and director information

| | 2007 Number | 2006 Number |
|---|----------------|----------------|
| The average number of persons employed by the group was | <u>9</u> | <u>-</u> |
| | 2007 £ | 2006 £ |
| Employee costs of the group during the year | | |
| Wages and salaries | 599,319 | - |
| Social security costs | 133,973 | - |
| Other pension cost | <u>33,691</u> | <u>-</u> |
| | <u>766,983</u> | <u>-</u> |
| Directors emoluments of the group during the year | | |
| Aggregate emoluments for services as executives | 377,992 | - |
| Aggregate emoluments for services as directors | 83,531 | - |
| Pension contributions for executive directors | <u>29,414</u> | <u>-</u> |
| | <u>491,002</u> | <u>-</u> |
| Highest paid director of the group during the year | | |
| Aggregate emoluments | 233,500 | - |
| Pension contributions | <u>21,000</u> | <u>-</u> |
| | <u>254,500</u> | <u>-</u> |

15 Directors' and their interests

The beneficial interests including family interests, of the directors in office at 31 December 2007 are as follows

| | "B"shares of £0.01 in Life Trust Holdings plc 31 December 2007 | Ordinary shares of £1 in Life Trust Services Limited 31 December 2006 |
|-------------------|--|---|
| Andrew Briscoe | 4,000,000 | 40,000 |
| Neil Cosgrove | - | - |
| Roger Davis | 1,950,000 | 19,500 |
| Nigel Frudd | - | - |
| Edward Giera | - | - |
| Oliver Hemsley | 975,000 | 9,750 |
| Laurence Heyworth | 13,562,500 | 135,625 |
| Ian McGillivray | - | - |

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Directors' and their interests - continued

As a result of the share for share transfer agreement entered into by Life Trust Holdings plc and Life Trust Services Limited (formerly LIPTCO Limited) (see note 16) the directors' interests in shares held in Life Trust Services Limited (formerly LIPTCO Limited) at the 31 December 2006 were replaced with equivalent "B" shares in Life Trust Holdings plc

Also, certain "private" share option arrangements, that existed prior to the share transfer, were redesigned whereby the "ordinary" share options in Life Trust Services Limited were exchanged for "B" share options in Life Trust Holdings plc

Strathbogie Trust Company Limited granted an option to Andrew Briscoe to acquire 1,800,000 "B" shares of £0.01 in Life Trust Holdings plc (2006: 18,000 ordinary shares of £1 in Life Trust Services Limited)

Laurence Heyworth granted an option to Andrew Briscoe to acquire 1,800,000 "B" shares of £0.01 in Life Trust Holdings plc (2006: 18,000 ordinary shares of £1 in Life Trust Services Limited)

Strathbogie Trust Company Limited granted an option to each of Roger Davis and Oliver Hemsley to acquire 975,000 "B" shares of £0.01 in Life Trust Holdings plc (2006: 9,750 ordinary shares of £1 in Life Trust Services Limited)

Laurence Heyworth granted an option to each of Roger Davis and Oliver Hemsley to acquire 975,000 "B" shares of £0.01 in Life Trust Holdings plc (2006: 9,750 ordinary shares of £1 in Life Trust Services Limited)

There are no other beneficial interests held by the directors in any other group companies

16 Group reconstruction

On 25 January 2007, a group reconstruction was effected whereby the Company acquired the entire share capital of Life Trust Services Limited (formerly LTIPCO Limited) in a share for share exchange. The Company received 360,000 £1 shares in LTIPCO and in exchange issued 36,000,000 "B" shares of £0.01 to the shareholders of LTIPCO Limited.

The group reconstruction has been accounted for using the merger accounting principles set out in Financial Reporting Standard 6. Accordingly the financial information for the current period has been presented, and that for the prior period presented, as if Life Trust Services Limited had been owned by Life Trust Holdings plc throughout the current and prior accounting periods.

At 25 January 2007, the aggregate book value of the assets of Life Trust Services Limited amounted to a negative £1,414,542. The book value of the assets of the Company at this date was £360,000. No adjustments were required to be made to the net assets of either party to achieve consistent accounting policies.

| 17 Principal subsidiaries | 2007 £ | 2006 £ |
|-----------------------------------|-------------------|-----------|
| Shares in subsidiary undertakings | | |
| Life Trust Insurance plc | 17,291,458 | - |
| Life Trust Services Limited | 360,000 | - |
| | <u>17,651,458</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Principal subsidiaries - continued

Investments in subsidiary undertakings are as follows

| Subsidiary undertakings | % ownership | Country of incorporation | Class of shares held | Principal activity |
|-----------------------------|-------------|--------------------------|----------------------|--|
| Life Trust Insurance plc | 100 | Ireland | Ordinary | Life Trust Insurance plc provides life assurance cover to persons residing in the European Union |
| Life Trust Services Limited | 100 | England | Ordinary | Life Trust Services provides a range of administration, operational, marketing, product development and accounting support services to companies within the Life Trust Group |

18 Related party transactions

The directors consider all subsidiary undertakings to be related parties. The directors have availed themselves of the exemption not to disclose transactions and balances with subsidiary undertakings on the basis that all transactions and balances have been eliminated on consolidation of the Life Trust Holdings plc financial statements.

On 14 June 2007, three institutions signed a shareholders' agreement to invest in Life Trust Holdings plc. The directors consider all members of JP Morgan Chase & Co, Royal Bank of Scotland plc and the D E Shaw group to be related parties. Under the terms of the agreement, each of the investors is entitled to receive quarterly monitoring fees. The company incurred fees of £56,112 during the financial period, of which, £47,298 are unpaid at the 31 December 2007.

During the period the company incurred costs of £400,000 for advisory services provided by City Capital Corporation Limited, a company which Micheal E Hammond has a beneficial interest. Advisory fees raised by City Capital Corporation Limited during the financial period were fully settled by 31 December 2007.

During the period the group incurred costs of £241,667 for legal services provided by Rosenblatt solicitors, a company which Nigal Frudd has a beneficial interest. At 31 December 2007, £43,011 of the fees raised by Rosenblatt is unpaid.

During the period Andrew Briscoe was paid £97,100 (2006 £127,000) by Life Trust Services Limited (formerly LTIPCO Limited) for consultancy services. At 31 December 2007 £nil (2006 £28,000) was owing to him in respect of these fees.

As at 31 December 2006, Life Trust Services Limited owed Strathbogie Trust Company Ltd (a company which Michael E Hammond has a beneficial interest) and Laurence Heyworth £125,000 each for loans received from them both. During 2007, the loans amounts increased to £225,000 each. These loans are interest free, unsecured and have no fixed repayment date. At the 31 December 2007 total loans of £450,000 were still outstanding (2006 £250,000).

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Post balance sheet events

On 7 January 2008, Life Trust Insurance plc was approved by the Irish Financial Services Regulatory Authority to undertake the business of life insurance in Class III - life insurance linked to investment funds

20 Approval of financial statements

The financial statements were approved by the board of directors on the 18 June 2008