

TIS Holdings Limited

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2012

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Company Registration No. 6205091

TIS Holdings Limited

COMPANY INFORMATION

DIRECTORS

M Biddulph
M Burt
A Iversen
K Spiteri

REGISTERED OFFICE

TIS House
Spring Villa Park
Edgware
Middlesex HA8 7EG

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

BUSINESS ADDRESS

TIS House
Spring Villa Park
Edgware
Middlesex HA8 7EG

BANKERS

Bank of Scotland
London Chief Office
PO Box 54873
London SW1Y 5WX

Sankaty Luxco S a r l
42 Rue de la Vallee
L-2661
Luxembourg

Commonwealth Bank of Australia
Senator House
85 Queen Victoria Street
London EC4V 4HA

Barclays Bank plc
Head Office Branch
One Churchill Place
London E14 5HP

TIS Holdings Limited

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TIS Holdings Limited

DIRECTORS' REPORT

The directors submit their report and the group financial statements of TIS Holdings Limited for the year ended 30 June 2012

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company

The principal activities of the Group during the year was that of trading in endowment policies, other financial products and ancillary services, the provision of management consultancy and valuation services and acting as an agent for trading in endowment policies and similar intermediary actions including the promotion, marketing and product structuring of alternative investments

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The economic environment continues to be challenging, however, the Board believes that the business performance over the period to be in line with expectation and satisfactory

The directors believe that the restructured business is well placed to take advantage of future opportunities in the wider alternative investment space through defined channels building upon a local presence in each selected territory. The loss for the financial year is due to the ongoing transition and given the momentum achieved to-date the directors believe that this position will improve in the near future

Given the straightforward nature of the business the directors do not believe that analysis by KPIs is necessary to understand the development, performance or position of the group

The consolidated profit and loss account for the year is set out on page 8

GOING CONCERN

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review above. The financial position of the group, its cashflows, liquidity position and borrowing facilities remains stable with continued cash generation year-on-year. Facilities B and C remain in place with further voluntary repayments scheduled in the forthcoming year. As with the prior year, the group continues to make repayments ahead of the scheduled repayments set out in the agreement. The consolidated balance sheet presents net liabilities due to compounding loan note interest, however, as described in note 14, payment will only be made in accordance with the conditions of the loan notes and therefore does not affect the liquidity of the business for the next 12 months

For this reason the going concern basis in preparing the financial statements is adopted

DIVIDENDS

The directors do not recommend the payment of a dividend (2011 £Nil)

DIRECTORS

The following directors have held office since 1 July 2011

M Biddulph
M Burt
A Iversen
K Spiten

TIS Holdings Limited

DIRECTORS' REPORT

CREDITOR PAYMENT POLICY

The group's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that the suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 2 15 (2011 3 64) days of purchases

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the group made no charitable donations (2011 £6) to major charitable organisations No political donations were made

RISK

Interest rate risk

The directors monitor interest rates on an ongoing basis to ensure that any cash held is utilised to its full potential The group mitigates its exposure to movements in interest rates by hedging its facilities

Foreign exchange risk

The group has minimal foreign currency transactions and therefore the directors deem the risk of foreign exchange movements to be immaterial As a result, the group does not hedge against foreign exchange movements

Liquidity

The directors monitor the liquidity of the group on a daily basis There are no credit terms offered to customers As a result, the cash balance is maintained at a high level and the liquidity risk is deemed by the directors to be low

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The company currently has in place, and has done for the year ended 30 June 2012, Directors and Officers liability insurance for the benefit of all directors of the company

SUBSTANTIAL SHAREHOLDINGS

The company had the following substantial shareholdings as at 30 June 2012

	Number of ordinary 'A' shares of £0 01	Number of ordinary 'B' shares of £1	Percentage of issued share capital
Promethean Investments Fund LP	42,840	6,720	59%
L Portnoi	10,920	-	13%
D Arnold	10,080	-	12%
A Iversen	-	10,080	12%
The Executors of N Bruce Copp	3,360	-	4%

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

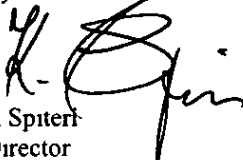
TIS Holdings Limited

DIRECTORS' REPORT

AUDITOR

A resolution to re-appoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to members at the Annual General Meeting

By order of the board


K Spiteri
Director

19 October 2012

TIS Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 period. Under that law the directors have elected to prepare 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 group and the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 group and company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TIS Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIS HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 25. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 more fully explained in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2012 and of the group's loss 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 matters 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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.


HOWARD FREEDMAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

19 October 2012

TIS Holdings Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2012

		Notes	2012 £	2011 £
TURNOVER	Continuing Operations - existing	1	122,106,327	112,257,974
	- acquisitions	1	-	1,437,175
			<u>122,106,327</u>	<u>113,695,149</u>
Cost of sales			(115,885,600)	(106,247,490)
GROSS PROFIT			<u>6,220,727</u>	<u>7,447,659</u>
Net operating expenses		2	(9,450,185)	(5,744,783)
OPERATING (LOSS) / PROFIT	Continuing Operations - existing		(3,229,458)	1,441,279
	- acquisitions		-	261,597
OPERATING (LOSS) / PROFIT BEFORE EXCEPTIONAL ITEMS			<u>(3,229,458)</u>	<u>1,702,876</u>
Exceptional items		3	(512,932)	(722,586)
OPERATING (LOSS) / PROFIT AFTER EXCEPTIONAL ITEMS			<u>(3,742,390)</u>	<u>980,290</u>
Interest receivable			19,780	22,010
Interest payable and similar charges		4	(7,053,099)	(5,886,388)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		5	<u>(10,775,709)</u>	<u>(4,884,088)</u>
Taxation		7	(1,595,588)	(450,596)
LOSS FOR THE YEAR		19	<u>(12,371,297)</u>	<u>(5,334,684)</u>

The operating (loss) / profit for the year arises from the group's continuing operations

TIS Holdings Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 June 2012


	2012 £	2011 £
Loss for the financial year	(12,371,297)	(5,334,684)
Unrealised surplus on trade investments	5,948	5,446
Total recognised gains and losses relating to the year	<u>(12,365,349)</u>	<u>(5,329,238)</u>

TIS Holdings Limited
CONSOLIDATED BALANCE SHEET
30 June 2012

Company Registration No. 6205091

	<i>Notes</i>	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	36,000,000	44,288,595
Tangible assets	9	9,243	12,498
Investments	10	164,406	158,458
		<u>36,173,649</u>	<u>44,459,551</u>
CURRENT ASSETS			
Deferred tax	11	7,793	1,335,050
Debtors	12	461,023	914,619
Cash at bank and in hand		1,628,744	4,646,054
		<u>2,097,560</u>	<u>6,895,723</u>
CREDITORS: Amounts falling due within one year	13	(9,030,194)	(2,673,835)
NET CURRENT (LIABILITIES) / ASSETS		<u>(6,932,634)</u>	<u>4,221,888</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,241,015</u>	<u>48,681,439</u>
CREDITORS: Amounts falling due after more than one year	14	(47,412,849)	(54,487,924)
NET LIABILITIES		<u>(18,171,834)</u>	<u>(5,806,485)</u>
CAPITAL AND RESERVES			
Called up share capital	15	17,472	17,472
Share premium account	16	66,528	66,528
Revaluation reserve	17	(30,058)	(36,006)
Profit and loss account	18	(18,225,776)	(5,854,479)
SHAREHOLDERS' DEFICIT	19	<u>(18,171,834)</u>	<u>(5,806,485)</u>

Approved and authorised for issue by the board on 19 October 2012

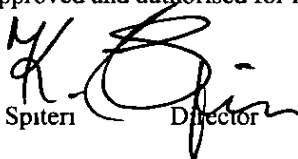

K Spiteri Director

TIS Holdings Limited
COMPANY BALANCE SHEET
30 June 2012

Company Registration No. 6205091

	<i>Notes</i>	2012 £	2011 £
FIXED ASSETS			
Investments	10	252,920	252,920
		<u>252,920</u>	<u>252,920</u>
CURRENT ASSETS			
Debtors	12	98,039	181,605
Cash at bank and in hand		3,796	3,807
		<u>101,835</u>	<u>185,412</u>
CREDITORS: Amounts falling due within one year	13	(603,664)	(613,238)
NET CURRENT LIABILITIES		<u>(501,829)</u>	<u>(427,826)</u>
NET LIABILITIES		<u>(248,909)</u>	<u>(174,906)</u>
CAPITAL AND RESERVES			
Called up share capital	15	17,472	17,472
Share premium account	16	66,528	66,528
Profit and loss account	18	(332,909)	(258,906)
SHAREHOLDERS' DEFICIT	19	<u>(248,909)</u>	<u>(174,906)</u>

Approved and authorised for issue by the board on 19 October 2012


K Spiteri Director

TIS Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2012

	<i>Notes</i>	2012 £	2011 £
Cash inflow from operating activities	20a	3,374,542	2,324,135
Returns on investments and servicing of finance	20b	(600,311)	(627,641)
Taxation		(180,005)	(361,656)
Capital expenditure, financial investment and acquisitions	20b	(4,190)	704,250
CASH INFLOW BEFORE FINANCING		<u>2,590,036</u>	<u>2,039,088</u>
Financing	20b	(5,607,346)	(500,000)
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>(3,017,310)</u>	<u>1,539,088</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2012 £	2011 £
Increase/(decrease) in cash in the year	(3,017,310)	1,539,088
Cash inflow from change in debt	5,607,346	500,000
Change in net debt resulting from cashflows	<u>2,590,036</u>	<u>2,039,088</u>
Interest rolled up on loans	(6,433,008)	(10,005,244)
MOVEMENT IN NET DEBT IN THE YEAR	<u>(3,842,972)</u>	<u>(7,966,156)</u>
NET DEBT AT 1 JULY 2011	(49,841,870)	(41,875,714)
NET DEBT AT 30 JUNE 2012	20c <u>(53,684,842)</u>	<u>(49,841,870)</u>

TIS Holdings Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of trade investments and in accordance with applicable accounting standards. Deferred tax is measured on a non-discounted basis.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of TIS Holdings Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill.

GOODWILL

Goodwill being the excess of the cost of an acquisition over the fair value attributed to the net assets at acquisition is capitalised.

The useful economic life of the goodwill arising on each acquisition is determined at the time of the acquisition. The directors consider that it is appropriate to assign an indefinite life to the goodwill which arose on the acquisition of Absolute Assigned Policies Limited during 2003 in view of the strength of the company's reputation and by acting as a true market leader in its market. Both of these attributes are deemed to have indefinite durability, which has been determined based on the following factors: the nature of the business, the typical lifespans of the products, the extent to which the acquisition overcomes market entry barriers, and the expected future impact of competition on the business.

The goodwill is not being amortised through the profit and loss account, however, it is subject to annual impairment reviews in accordance with Financial Reporting Standard 11. Impairment of the goodwill is evaluated by comparing the present value of the expected future cash flows, excluding financing and tax, (the 'value in-use') to the carrying value of the underlying net assets and goodwill. If the net assets and goodwill were to exceed the value-in-use, an impairment would be deemed to have occurred and the resulting write-down in the goodwill would be charged to the profit and loss account immediately.

Company legislation requires that goodwill carried on the balance sheet should be amortised. In the case of the goodwill arising on the acquisition of Absolute Assigned Policies Limited, the directors consider it appropriate to depart from this requirement in order to comply with the overriding requirement for the accounts to show a true and fair view. If the goodwill was amortised over a period of 20 years (the maximum length of time permitted under FRS 10), profit before tax for the year ended 30 June 2012 would be £938 lower. In addition, intangible assets would be reduced by £7,504 with a corresponding reduction in reserves of £7,504. Under companies legislation the goodwill on the acquisition of Protected Distribution Limited has been amortised over a period of 15 years.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant and machinery	3 years
Fixtures, fittings and equipment	3 - 5 years

TIS Holdings Limited

ACCOUNTING POLICIES

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets. Short term investments are classified as current assets.

Participating interests are stated at cost. Listed investments are valued at the mid-market value at the balance sheet date. Unlisted investments are stated at cost.

Provision is made for any impairment in the value of investments.

OPERATING LEASES

Where leasing agreements do not give rights approximating to ownership, they are defined as operating leases. The annual rentals are charged to profit and loss on a straight line basis over the lease term.

TURNOVER

Turnover represents the value, net of Value Added Tax, of goods sold and services provided to customers. Proceeds from the sale of endowment policies are included in the profit and loss account on completion.

GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis. TIS Holdings Limited plans to grow the business primarily through the diversification of its product and client base in both the retail and institutional space whilst operating either more closely in existing markets or expanding into new territories as well as leveraging existing customer relationships.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 3. The financial position of the group, its cashflows, liquidity position and borrowing facilities remains stable with continued cash generation year-on-year. As with prior years, the group looks to make further voluntary repayments ahead of the scheduled repayments from its surplus cash reserves. The consolidated balance sheet presents net liabilities due to compounding loan note interest, however, as described in note 14, payment will only be made in accordance with the conditions of the loan notes and therefore does not affect the liquidity of the business for the next 12 months.

FOREIGN EXCHANGE RISK

The group has minimal foreign currency transactions and therefore the directors deem the risk of foreign exchange movements to be immaterial. As a result, the group does not hedge against foreign exchange movements.

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and loss before taxation were all derived from its principal activities wholly undertaken in the United Kingdom

2	NET OPERATING EXPENSES	2012 £	2011 £
	Administrative expenses	9,450,185	5,744,783
		<u> </u>	<u> </u>
3	EXCEPTIONAL ITEMS	2012 £	2011 £
	Group restructuring costs	512,932	722,586
		<u> </u>	<u> </u>
4	INTEREST PAYABLE AND SIMILAR CHARGES	2012 £	2011 £
	Bank loans	878,497	917,300
	Loan notes	6,174,602	4,969,088
		<u>7,053,099</u>	<u>5,886,388</u>
5	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2012 £	2011 £
	Loss on ordinary activities before taxation is stated after charging / crediting		
	Profit on disposal of fixed assets	-	(2,308)
	Depreciation and amounts written off tangible fixed assets		
	Charge for the period		
	Owned assets	7,444	29,249
	Operating leases – land and buildings	35,819	77,843
	Amortisation of goodwill	3,879,002	3,669,016
	Impairment of goodwill	4,409,593	-
	Auditors' remuneration		
	Audit services		
	- Statutory audit of parent and consolidated financial statements	42,500	48,164
	Other services		
	- Other services relating to taxation	15,450	16,400
	- Corporate finance transactions	185,540	-
		<u> </u>	<u> </u>

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

6	EMPLOYEES	2012	2011
		No	No
	The average monthly number of persons (including directors) employed by the group during the year was		
	Office and management	12	19
		<u>£</u>	<u>£</u>
	Staff costs for the above persons		
	Wages and salaries	498,145	970,834
	Social security costs	64,724	131,330
	Other pension costs	-	(99)
		<u>562,869</u>	<u>1,102,065</u>
	DIRECTORS		
	In respect of the directors of TIS Holdings Limited		
	Emoluments	138,505	247,497
	Money purchase pension contributions	-	(99)
		<u>138,505</u>	<u>247,398</u>

No directors accrued retirement benefits under money purchase schemes in the year (2011 £Nil)

Directors' emoluments disclosed above include the following payments	Highest paid director		
	2012	2011	
	£	£	
Emoluments	133,505	184,126	
	<u>133,505</u>	<u>184,126</u>	

7	TAXATION	2012	2011
		£	£
	Current tax*		
	UK corporation tax on loss for the year	177,060	266,868
	Adjustments in respect of previous periods	91,271	81,794
	Total current tax	<u>268,331</u>	<u>348,662</u>
	Deferred tax		
	Origination and reversal of timing differences	1,327,257	101,934
	Total deferred tax	<u>1,327,257</u>	<u>101,934</u>
	Tax on loss on ordinary activities	<u>1,595,588</u>	<u>450,596</u>

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

7

TAXATION (continued)	2012 £	2011 £
Factors affecting tax charge for year:		
Loss on ordinary activities before tax	(10,775,709)	(4,884,088)
Loss on ordinary activities multiplied by standard rate of corporation tax of 25.5% (2011: 27.5%)	(2,904,086)	(1,343,191)
Effects of		
Expenses not deductible for tax purposes	2,270,261	983,662
Capital allowances (less than) / in excess of depreciation	(680)	844
Other timing difference	817,048	630,615
Adjustment to previous periods	91,271	81,794
Difference in tax rate	(5,483)	(5,062)
Tax charge for the year	(268,331)	348,662

8

INTANGIBLE FIXED ASSETS	Purchased Goodwill £	Consolidation Goodwill £	Total Goodwill £
Cost			
1 July 2011 and 30 June 2012	7,218,203	50,966,520	58,184,723
Amounts written off			
1 July 2011	299,977	13,596,151	13,896,128
Amortisation	479,964	3,399,038	3,879,002
Impairment	-	4,409,593	4,409,593
30 June 2012	779,941	21,404,782	22,184,723
Net book value			
30 June 2012	6,438,262	29,561,738	36,000,000
30 June 2011	6,918,226	37,370,369	44,288,595

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination

The impairment in the year arose following an independent group valuation. The independent valuation estimates the recoverable amounts of the CGUs from the value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and allocated costs during the period. The rate used to discount the forecast cash flows is 23.0%. The growth rates are based on the Group's own forecast from FY2012 through FY2016 with a growth rate into perpetuity of 2% applied post FY 2016. Changes in revenues and direct costs are based on past practice and expectations of future changes in the market.

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

9	TANGIBLE FIXED ASSETS			
	GROUP	Plant & machinery £	Fixtures, fittings & equipment £	Total £
	Cost			
	1 July 2011	129,114	211,555	340,669
	Additions	4,190	-	4,190
	30 June 2012	133,304	211,555	344,859
	Depreciation			
	1 July 2011	116,688	211,483	328,171
	Charged in the year	7,379	66	7,445
	30 June 2012	124,067	211,549	335,616
	Net book value			
	30 June 2012	9,237	6	9,243
	30 June 2011	12,426	72	12,498
10	INVESTMENTS			
	GROUP	Listed investments £	Unlisted investments £	Total £
	Cost or valuation			
	1 July 2011	147,458	19,785	167,243
	Revaluation	5,948	-	5,948
	30 June 2012	153,406	19,785	173,191
	Provisions for diminution in value			
	1 July 2011 and 30 June 2012	-	8,785	8,785
	Net book value			
	30 June 2012	153,406	11,000	164,406
	30 June 2011	147,458	11,000	158,458

The historic cost of the listed investments are £121,790 (2011 £121,790)

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

10 INVESTMENTS (continued)

Shares in
subsidiary
undertakings
£

COMPANY

Cost

1 July 2011 and 30 June 2012

252,920

At 30 June 2012, the company held more than 20 per cent of the equity of the following undertakings

Company	Country of registration or incorporation	Shares held Class	%	Nature of business
Subsidiary undertakings:				
TIS Acquisitions Limited	England & Wales	Ordinary	100%	Intermediate Holding Company
TIS Group Limited	England & Wales	Ordinary	100%	Second hand endowment policy trading
TEP Management Services Limited	England & Wales	Ordinary	100%	Management consultancy and valuation services
Absolute Assigned Policies Limited	England & Wales	Ordinary	100%	Insurance and financial services, including promotion and marketing of alternative investments
Other significant interests:				
The Protected Asset TEP Fund Plc	Isle of Man Management		100%	Investment Fund
The Protected Asset TEP Fund Plc	Isle of Man	Unclassified	0.03%	Investment Fund
The Protected Capital Growth Fund Plc	Isle of Man Management		100%	Investment Fund

The group has not treated the above investments in which it holds management shares as subsidiaries and therefore has not consolidated these funds within the group's figures as in the directors' opinion the group has no effective control of these funds and derives no benefit from them. Furthermore in the directors' opinion to consolidate the funds would result in a misleading position in relation to the results for the period and the financial position at the balance sheet date.

11 DEFERRED TAXATION

Deferred
taxation
£

Group

1 July 2011

Profit and loss account

1,335,050

(1,327,257)

30 June 2012

7,793

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

11	DEFERRED TAXATION (continued) The deferred tax asset recognised in the financial statements is as follows			Group 2012 £	Group 2011 £
	Accelerated capital allowances			7,793	9,136
	Unpaid interest			-	1,325,914
	Deferred tax asset			<u>7,793</u>	<u>1,335,050</u>
12	DEBTORS	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
	Amounts owed by group undertakings	-	65,724	-	149,467
	Other debtors	118,379	-	704,355	-
	Prepayments and accrued income	195,758	32,315	210,264	32,138
	Taxes and social security costs	146,886	-	-	-
		<u>461,023</u>	<u>98,039</u>	<u>914,619</u>	<u>181,605</u>
13	CREDITORS: Amounts falling due within one year	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
	Bank loans	7,900,737	-	-	-
	Trade creditors	556,455	150,092	1,135,147	12,125
	Amounts owed to group undertakings	-	453,572	-	571,123
	Corporation tax	115,981	-	27,655	-
	Taxes and social security costs	-	-	414,398	-
	Other creditors	-	-	1,534	29,990
	Accruals and deferred income	457,021	-	1,095,101	-
		<u>9,030,194</u>	<u>603,664</u>	<u>2,673,835</u>	<u>613,238</u>
14	CREDITORS: Amounts falling due after more than one year			Group 2012 £	Group 2011 £
	Bank loans			5,000,000	18,249,677
	Loan notes			42,412,849	36,238,247
				<u>47,412,849</u>	<u>54,487,924</u>

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

14 CREDITORS. Amounts falling due after more than one year (continued)

Bank loans	Group 2012 £	Group 2011 £
Loan maturity analysis		
In more than one year but not more than two years	5,000,000	13,508,083
In more than two years but not more than five years	-	5,000,000
	<u>5,000,000</u>	<u>18,508,083</u>
Less unamortised loan issue expenses	-	(258,406)
Bank loans	<u>5,000,000</u>	<u>18,249,677</u>

The bank loans are secured by a fixed and floating charge over all the assets within the group

Interest is payable on the loans between 2 25-3 50% above Libor. The bank loans are split into 3 tranches, the original amounts being £16.8m (Facility A), £14.7m (Facility B), £4.2m (Facility C) and £0.8m (Facility C2). The termination dates of those facilities are 30 June 2012 re Facility A, 30 June 2013 re Facility B and 30 June 2014 re Facility C and C2. Facility A was fully repaid in 2010.

Since the year end the company renegotiated its loan terms such that for the twelve month period to and including 30 June 2012, there is an option to select an interest period for the above loans of monthly rather than quarterly. A voluntary loan repayment against Facility B was paid in June 2012 for £4m.

Loan Notes	Group 2012 £	Group 2011 £
The maturity of the loan notes is as follows		
Investor loan notes	20,407,916	17,437,422
Management loan notes	18,483,007	15,792,696
Deep discount bond	3,521,926	3,008,129
	<u>42,412,849</u>	<u>36,238,247</u>

The loan notes will be repaid on the earlier of

- i) a sale or floatation of the company,
- ii) the day after the repayment of the loan facilities noted above, and
- iii) 31 December 2014

Upon repayment of the bank loan facilities all loan notes become repayable on demand, however, there has been a repayment of Loan notes since the loans were made of £707,369.

The investor loan notes accrue interest at the rate of 16% per annum, which will not be payable until the final repayment of the principle of the stock. Payment in Kind (PIK) notes have been issued in lieu of interest on the same terms as the original notes. The investor loan notes and PIK notes are quoted on the Channel Islands Stock Exchange.

The management loan notes accrue interest at the rate of 16% per annum, which will not be payable until the final repayment of the principle of the stock.

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

15	SHARE CAPITAL			£	£
	Authorised:				
	67,200 ordinary 'A' shares of £0.01 each			672	672
	16,800 ordinary 'B' shares of £1 each			16,800	16,800
				<u>17,472</u>	<u>17,472</u>
	Allotted, called up and fully paid.				
	67,200 ordinary 'A' shares of £0.01 each			672	672
	16,800 ordinary 'B' shares of £1 each			16,800	16,800
				<u>17,472</u>	<u>17,472</u>
16	SHARE PREMIUM	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
	1 July 2011 and 30 June 2012	66,528	66,528	66,528	66,528
17	REVALUATION RESERVE	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
	1 July 2011	(36,006)	-	(41,452)	-
	Revaluation during the year	5,948	-	5,446	-
	30 June 2012	<u>(30,058)</u>	<u>-</u>	<u>(36,006)</u>	<u>-</u>
18	PROFIT AND LOSS ACCOUNT	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
	1 July 2011	(5,854,479)	(258,906)	(519,795)	(196,150)
	Loss for the financial year	(12,371,297)	(74,003)	(5,334,684)	(62,756)
	30 June 2012	<u>(18,225,776)</u>	<u>(332,909)</u>	<u>(5,854,479)</u>	<u>(258,906)</u>

In accordance with s408 of the Companies Act 2006, TIS Holdings Limited has not presented its own profit and loss account

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

19	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
	Loss for the financial period	(12,371,297)	(74,003)	(5,334,684)	(62,756)
	Other recognised gains and losses	5,948	-	5,446	-
		<hr/>	<hr/>	<hr/>	<hr/>
	Net deduction from shareholders' funds	(12,365,349)	(74,003)	(5,329,238)	(62,756)
	Opening shareholders' deficit	(5,806,485)	(174,906)	(477,247)	(112,150)
	Closing shareholders' deficit	<hr/> (18,171,834) <hr/>	<hr/> (248,909) <hr/>	<hr/> (5,806,485) <hr/>	<hr/> (174,906) <hr/>

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

20	CASH FLOWS	2012 £	2011 £
a	Reconciliation of operating profit/(loss) to net cash inflow from operating activities		
	Operating profit/(loss)	(3,742,390)	980,290
	Depreciation	7,445	29,249
	Amortisation	3,879,002	3,699,013
	Impairment	4,409,593	-
	Profit on disposal of fixed asset	-	(2,308)
	Decrease in stocks	-	-
	Decrease/(increase) in debtors	453,596	410,679
	(Decrease)/increase in creditors	(1,632,704)	(2,792,788)
	Net cash inflow from operating activities	3,374,542	2,324,135
b	Analysis of cash flows for headings netted in the cash flow	2012 £	2011 £
	Returns on investments and servicing of finance		
	Interest received	19,780	22,010
	Interest paid	(620,091)	(649,651)
	Net cash outflow from returns on investments and servicing of finance	(600,311)	(627,641)
	Capital expenditure, financial investment and acquisitions		
	Purchase of tangible fixed assets	(4,190)	(11,963)
	Purchase of intangible fixed assets	-	(20,000)
	Proceeds of sale of tangible fixed assets	-	2,308
	Net cash acquired with group undertaking	-	733,905
	Net cash inflow/(outflow) from capital expenditure, financial investment and acquisitions	(4,190)	704,250
	Financing		
	Repayment of long term bank loan	(5,607,346)	(500,000)
	Net cash outflow from financing	(5,607,346)	(500,000)

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

20 CASH FLOWS (continued)

c	Analysis of net funds	At 30 June 2011 £	Cash- flow £	Other non- cash changes £	At 30 June 2012 £
	Cash at bank and in hand	4,646,054	(3,017,310)	-	1,628,744
	Bank loans within one year	-	(7,900,737)	-	(7,900,737)
	Bank loans after one year	(18,249,677)	13,249,677	-	(5,000,000)
	Loan notes after one year	(36,238,247)	-	(6,433,008)	(42,412,849)
	Total	(49,841,870)	2,590,036	(6,433,008)	(53,684,842)

21	COMMITMENTS UNDER OPERATING LEASES	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
	At 30 June 2012				
	Land and buildings				
	- expiring in the second to fifth years	35,819	35,819	-	-
	- expiring after 5 years	-	-	35,819	35,819

22 RELATED PARTY TRANSACTIONS

The company has taken advantage of the FRS 8 exemption from disclosing transactions between wholly owner members of the group

During the year ended 30 June 2012 the group has made sales and earned commissions totalling £57,604,985 (2011 £87,455,442) from The Protected Asset TEP Fund (PATF) and £Nil (2011 £Nil) from the Protected Capital Growth Fund (PCGF) fund, both companies in which TIS Group Limited owns management shares. The amount due from PATF to the group at 30 June 2012 is £Nil (2011 £1,127)

In addition, TEP Management Services Limited received valuation fees of £1,649,780 (2011 £2,131,474) from The Protected Asset TEP Fund Plc and £57,685 (2011 £71,153) from The Protected Capital Growth Fund Plc. At the balance sheet date, £104,000 (2011 £116,354) of valuation fees were accrued in prepayments and accrued income.

Premises rental and insurance costs totalling £35,819 (2011 £77,843) have been charged by WFTG LLP, a partnership owned by LRJ Portnoi and D Arnold, who are shareholders of the ultimate parent undertaking.

Monitoring fees totalling £64,280 (2011 £64,280) have been charged by Promethean Investments Fund LP in the year. Promethean Investments Fund LP is the controlling shareholder of the group. There is an outstanding balance with Promethean Investment Fund LP at year end of £38,568 (2011 £Nil).

Promethean Investments Fund LP, which has a controlling shareholding in the company, provided a loan in the period to TIS Acquisitions Limited, a subsidiary of TIS Holdings Limited. At the balance sheet date, the amount due, including unpaid interest, totalled £20,407,916 (2011 £17,437,422). The terms of the loan are set out in note 14 and the interest payable on the loan in the year was £2,970,494 (2011 £2,391,066).

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

22 RELATED PARTY TRANSACTIONS (continued)

A group of investors, who include the shareholders of the company, LRJ Portnoi and D Arnold, provided a loan (Management loan notes) to TIS Acquisitions Limited, a subsidiary of the company, in the year which together with unpaid interest totalled £18,483,007 (2011 £15,792,696) as at the year end. The terms of the loan are set out in note 14 and the interest payable on the loan in the year was £2,690,311 (2011 £2,293,031).

A deep discount bond was issued on 10 November 2010 and accrues interest at the rate of 16% per annum, which will not be payable until the final repayment of the principle of the stock.

A Iversen received consultancy fees of £98,986 (2011 £104,368). In addition, consultancy fees of £33,226 (2011 £Nil) were paid to Wolds Consultancy Services Limited for services provided by A Iversen.

23 CONTINGENT LIABILITIES

TIS Acquisitions Limited, a subsidiary of TIS Holdings Limited, has a cross guarantee with all other group companies over the banking facilities Bank of Scotland. The cross guarantee is secured by a debenture over all of the assets of the Group. The value of the loans outstanding at the year end was £12,900,737 (2011 £18,508,083).

24 CONTROL

The company is controlled by Promethean Investments Fund LP. Copies of Promethean Investments Fund LP financial statements are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.