

AQUIS ESTATES LIMITED

Directors' Report and Financial Statements
for the year ended 31 December 2008



AQUIS ESTATES LIMITED

DIRECTORS

S. P. Smith (Chairman)
R. J. Wood

SECRETARY

J. P. Small

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

AQUIS ESTATES LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2008.

REVIEW OF ACTIVITIES

The Company's principal business is property development and investment.

The Company disposed of its remaining property interest during the 2006 financial year. The directors currently have no plans to recommence activities.

In the year to 31 December 2008, the Company had a profit after tax of £20,900 (2007: £1,864,133). The directors do not recommend payment of a dividend (2007: £nil)

Support for the Company has been given throughout the year by Aquis Securities P.L.C. (up to 28 September 2009) and the intermediate parent company, AXA UK plc, has committed to provide financial support for the foreseeable future provided that the Company remains within the AXA UK Group.

DIRECTORS

The directors of the Company who served throughout the year and at the date of this report are shown on page 1.

EXERCISE OF DIRECTORS' AXA SA OPTIONS

None of the directors of the Company exercised any share options during the year (2007: none)

INDEMNIFICATION OF DIRECTORS

The Company is party to a groupwide indemnity policy which benefits all of its current directors and is a Qualifying Third Party Indemnity Provision for the purpose of the Companies Act 2006.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each director in office at the date of approval of this report confirms that:

- (a) so far as he 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.

AQUIS ESTATES LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' report which is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements.

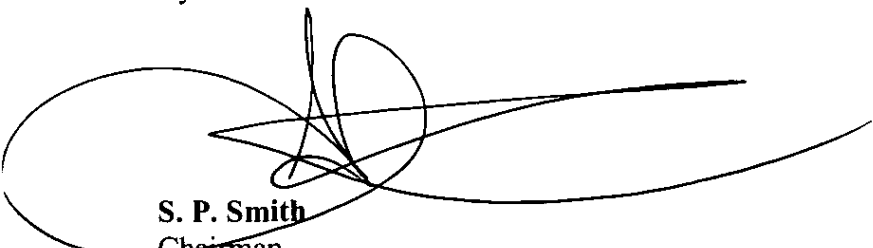
Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

By Order of the Board.



S. P. Smith
Chairman

8 October 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUIS ESTATES LIMITED

We have audited the financial statements of Aquis Estates Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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. 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AQUIS ESTATES LIMITED
(CONTINUED)**

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 Company's affairs as at 31 December 2008 and of its profit for the year 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 LLP

Chartered Accountants and Registered Auditors

London

8 October 2009

AQUIS ESTATES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Administrative expenses		<u>22,140</u>	<u>(73,472)</u>
Operating profit/(loss)		22,140	(73,472)
Interest receivable	2	<u>7,091</u>	<u>3,084</u>
Profit/(loss) on ordinary activities before taxation	3	29,231	(70,388)
Tax on profit/(loss) from ordinary activities	5	<u>(8,331)</u>	<u>1,934,521</u>
Profit for the financial year		20,900	1,864,133
Retained loss brought forward		<u>(17,382,112)</u>	<u>(19,246,245)</u>
Retained loss carried forward		<u>(17,361,212)</u>	<u>(17,382,112)</u>

The result for the year and the preceding year are from continuing operations.

There are no other recognised gains or losses in the current year or the preceding year other than those recognised in the profit and loss account.

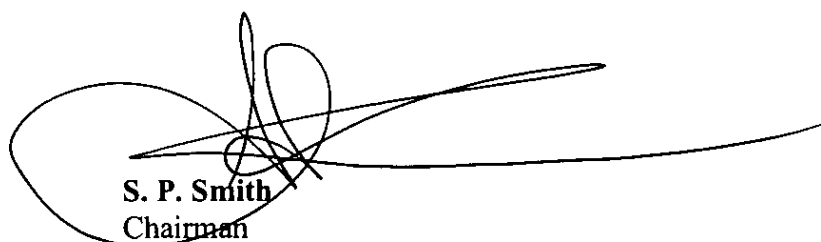
The notes on pages 7 to 11 form part of these financial statements.

AQUIS ESTATES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
Current assets			
Debtors	6	6,817	946,853
Cash at bank and in hand		<u>193,332</u>	<u>216,076</u>
		200,149	1,162,929
Creditors: amounts falling due within one year	7	<u>(17,511,361)</u>	<u>(18,495,041)</u>
Net current liabilities		<u>(17,311,212)</u>	<u>(17,332,112)</u>
Net liabilities		<u>(17,311,212)</u>	<u>(17,332,112)</u>
Capital and reserves			
Called up share capital	8	50,000	50,000
Profit and loss account	9	<u>(17,361,212)</u>	<u>(17,382,112)</u>
Total shareholders' funds	10	<u>(17,311,212)</u>	<u>(17,332,112)</u>

The financial statements on pages 5 to 11 were approved by the Board of directors on 8 October 2009 and signed on its behalf by:


S. P. Smith
 Chairman

The notes on pages 7 to 11 form part of these financial statements.

AQUIS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(i) Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The directors have reviewed the Company's existing accounting policies and consider them to be appropriate and in accordance with the objectives of Financial Reporting Standard 18 "Accounting Policies" which are relevance, reliability, comparability and understandability.

(ii) Income and expenses

Income and expenses are recognised in the financial statements on an accruals basis.

(iii) Deferred taxation

The Company has adopted the provisions contained within Financial Reporting Standard 19 "Deferred Tax". Deferred taxation is recognised in respect of all timing differences between taxable and booked income and expenditure that have originated but not reversed at the balance sheet date to the extent they are recoverable. Deferred taxation is not recognised on permanent differences and the deferred taxation balance is not discounted.

(iv) Consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements because its ultimate parent company, AXA, is established under the law of a member state of the European Community and prepares consolidated financial statements in its own right.

AQUIS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Income from short-term deposits	<u>7,091</u>	<u>3,084</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £	2007 £
Operating profit/(loss) is stated after charging:		
Auditors' remuneration	<u>3,640</u>	<u>3,500</u>

The average number of employees of the Company during the year was nil (2007: nil).

4. DIRECTORS' EMOLUMENTS

All the directors are employed and paid by companies in the AXA Group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the AXA Group in respect of services to the Company.

5. TAX ON RESULT FROM ORDINARY ACTIVITIES

(a) Analysis of tax charge for the year

	2008 £	2007 £
Current tax:		
UK corporation tax on result for the year	8,331	(21,116)
Adjustments in respect of previous periods	-	(1,913,405)
Tax on result on ordinary activities	<u>8,331</u>	<u>(1,934,521)</u>

AQUIS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TAX ON RESULT FROM ORDINARY ACTIVITIES (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Profit/(loss) on ordinary activities before tax	<u>29,231</u>	<u>(70,388)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	8,331	(21,116)
Adjustments to tax charge in respect of previous periods	-	(1,913,405)
Current tax charge for the year	<u>8,331</u>	<u>(1,934,521)</u>

6. DEBTORS

	2008 £	2007 £
Amounts due from group undertakings	-	165
Group relief receivable	-	940,258
Recoverable VAT	-	2,155
Other debtors	4,275	4,275
Prepayments and accrued income	<u>2,542</u>	-
	<u>6,817</u>	<u>946,853</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Amounts due to parent undertakings	17,498,844	18,445,030
Amounts due to group undertakings	-	39,510
Corporation tax	8,331	-
Accrued expenses	<u>4,186</u>	<u>10,501</u>
	<u>17,511,361</u>	<u>18,495,041</u>

AQUIS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. CALLED UP SHARE CAPITAL

	2008		2007	
	Authorised	Paid-up	Authorised	Paid-up
	£	£	£	£
Authorised:				
50,000 ordinary shares of £1.00 each	<u>50,000</u>		<u>50,000</u>	
Issued:				
50,000 ordinary shares of £1.00 each		<u>50,000</u>		<u>50,000</u>

9. PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
At 1 January	(17,382,112)	(19,246,245)
Profit for the financial year	<u>20,900</u>	<u>1,864,133</u>
At 31 December	<u>(17,361,212)</u>	<u>(17,382,112)</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2008	2007
	£	£
Profit for the year	20,900	1,864,133
Shareholder's funds as at 1 January	<u>(17,332,112)</u>	<u>(19,196,245)</u>
Shareholder's funds as at 31 December	<u>(17,311,212)</u>	<u>(17,332,112)</u>

11. RELATED PARTIES

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under Financial Reporting Standard 8 "Related Party Disclosures" where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available.

AQUIS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH FLOW STATEMENT

Under Financial Reporting Standard 1 "Cash Flow Statements", the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement.

13. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The directors of the Company regard The Aquis Property Company Limited, registered in England and Wales, as being the immediate parent company and the immediate controlling company.

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA Group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.

The parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared is Guardian Royal Exchange plc, a company registered in England and Wales. Copies of the Guardian Royal Exchange group financial statements can be obtained from 5 Old Broad Street, London, EC2N 1AD.

14. FINANCIAL SUPPORT

Aquis Securities P.L.C, has provided financial support for the Company throughout the year (up to 28 September 2009). The intermediate parent company, AXA UK plc, has committed to provide financial support for the foreseeable future provided that the Company remains within the AXA UK Group.