

**THE ASSET HUB LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008**

6132485

DIRECTORS

J.A. WARD, MA
R.J.W. CROUCH, BSc, MBA
S.J. CLAMP, BA

SECRETARY

R.G. ELLIS, MA, APMI, Solicitor

PRINCIPAL ACTIVITY

The Asset Hub Limited (the Company) was incorporated on 1 March 2007. It is a wholly owned subsidiary of Friends Provident plc.

On 15 November 2007, the Company received authorisation from the Financial Services Authority (FSA) to carry on regulated activities; this gave the Company permission to undertake its principal activity – to provide regulated financial services through a wrap platform.

The Group announced on 31 January 2008 that it would cease to develop a wrap platform. The Company has ceased trading and the FSA authorisation to carry out regulated activities was withdrawn with effect from 31 March 2008.

The financial statements have not been prepared on a going concern basis.

A fellow Group undertaking, Friends Provident Management Services Limited (FPMS), provides the Company's services and administration and employs all staff. Accordingly, the Company has no direct employees.

RESULTS AND BUSINESS REVIEW

During the year all cash held by the Company was transferred to Friends Provident plc in the form of a loan.

The results for the year ended 31 December 2008 are shown in the profit and loss account on page 5.

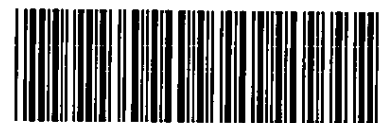
DIVIDEND

The directors do not recommend the payment of a final dividend for the period ended 31 December 2008 (2007 £nil).

DIRECTORS

All directors named above held office throughout the period. J.Stevens resigned on 13 January 2009.

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THE ASSET HUB LIMITED
REPORT OF THE DIRECTORS (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this report of directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

In accordance with section 487 of the Companies Act 2006, the Company has dispensed with the obligation to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

DIRECTORS AND OFFICERS – INDEMNITY INSURANCE

The ultimate parent company, Friends Provident plc, maintains insurance cover in respect of directors' and officers' liabilities. In addition, qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006 and section 309B of the Companies Act 1985) are in force for the benefit of the directors within the Group and were in force for the benefit of former directors of the Group during 2008. Copies are available for inspection at the Company's registered office.

CREDITOR PAYMENT POLICY

Services and supplies to the Company are made through a fellow group undertaking, FPMS, and accordingly the Company does not have any trade creditors.

THE ASSET HUB LIMITED
REPORT OF THE DIRECTORS (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1 to the financial statements, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Pixham End
Dorking
Surrey
RH4 1QA

27 April 2009

Registered Number 6132485

ON BEHALF OF THE BOARD



R.G. ELLIS
SECRETARY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ASSET HUB LIMITED

We have audited the financial statements of The Asset Hub Limited (the Company) for the year ended 31 December 2008, which comprise the profit and loss account, balance sheet and the related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements but under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we 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 Report of the Directors 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK 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 Report of the Directors is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
London
Registered Auditor
27 April 2009

THE ASSET HUB LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £000	2007 £000
Discontinued operations			
Operating Expenses	2	(248)	(14,410)
Operating loss – discontinued operations		(248)	(14,410)
Exceptional charges – discontinued operations	3	-	(6,246)
Loss on ordinary activities before interest		(248)	(20,656)
Interest receivable		1,010	224
Profit/(loss) on ordinary activities before taxation		762	(20,432)
Tax on profit/(loss) on ordinary activities	4	(217)	6,129
Profit/(loss) on ordinary activities after taxation for the year	11	545	(14,303)

There are no recognised gains or losses for 2008 other than the loss for the financial period shown above. Therefore no statement of total recognised gains and losses is presented.

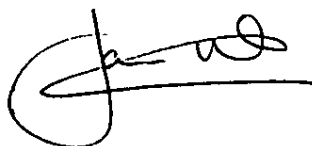
There is no difference between the results disclosed above and the results on a historical cost basis.

The notes on pages 7 to 10 form an integral part of these financial statements.

THE ASSET HUB LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £000	2007 £000
Current assets			
Loans to Group undertakings	5	18,000	-
Amounts due from Group undertakings		131	-
Debtors	6	-	6,170
Total debtors		18,131	6,170
Cash at bank and in hand	7	1,376	18,455
		19,507	24,625
Creditors: amounts falling due within one year	8	(2,047)	(3,933)
Net current assets		17,460	20,692
Provisions for liabilities	9	-	(3,995)
Taxation payable		(218)	-
Net assets		17,242	16,697
Capital and reserves			
Called up share capital	10,11	31,000	31,000
Profit and loss account	11	(13,758)	(14,303)
Total equity shareholders' funds	11	17,242	16,697

Approved by the Board on 27 April 2009 and signed on its behalf by



JAMES WARD
DIRECTOR

The notes on pages 7 to 10 form an integral part of these financial statements.

THE ASSET HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial information contained in this report has been prepared in accordance with applicable Accounting Standards in the United Kingdom. On 31 January 2008, the directors took the decision to cease trading following the Friends Provident Group's strategic review announcement to no longer develop a wrap platform. As they intend to liquidate the Company following the settlement of the remaining net assets, the directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

In accordance with Financial Reporting Standard (FRS) 1 Cash Flow Statements (Revised 1996), the Company is exempt from preparing a cash flow statement on the grounds that it is a wholly owned undertaking of a parent undertaking which provides a cash flow statement in its consolidated financial statements which are publicly available.

The principal accounting policies, which have applied are set out as follows:

(b) Interest receivable

Interest receivable from deposits with credit institutions is accounted for in the period in which it accrues.

(c) Taxation

Corporation tax recoverable or payable is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

2. OPERATING EXPENSES

A fellow Group undertaking, Friends Provident Management Services Limited (FPMS), provides the Company's services and administration and employs all staff.

(a) Directors' emoluments

All directors are employed by FPMS, a fellow Group undertaking. The directors holding office during 2009 consider that their services to the Company are incidental to their other duties within the Friends Provident Group and accordingly no remuneration has been apportioned to this Company.

(b) Auditor's remuneration

The operating expenses include auditor's remuneration for audit services of £nil (2007: £10,000 – excluding VAT).

Fees paid to the Company's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the Company and other Group undertakings is disclosed in note 8(b) of the consolidated accounts of Friends Provident plc.

THE ASSET HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. EXCEPTIONAL CHARGES – DISCONTINUED OPERATIONS

	2008	2007
	£000	£000
Write off of tangible assets	-	2,251
Costs and expected future costs related to the closure of the wrap platform	-	3,995
Gross exceptional charges	-	6,246
Tax effect of exceptional charges	-	(1,873)
Net exceptional charges	-	4,373

Exceptional charges comprise of charges and provisions for future charges from FPMS to the Company. The Company has made provision for the estimated costs of ceasing development of the wrap platform, as it is probable that there will be a future outflow of economic benefits and a reliable estimate of this can be made.

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of relief for the year

	2008	2007
	£000	£000
Current taxation		
United Kingdom corporation tax 28.5% (2007:30%)	(217)	6,129
Tax on losses on ordinary activities for the year	(217)	4,256
Tax on exceptional charges	-	1,873
Tax (charge)/credit for the current year	(217)	6,129

(b) Factors affecting the current tax relief

The tax relief assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax relief in the UK of 28.5%(2007:30%). The differences are reconciled below:

	2008	2007
	£000	£000
Profit/(loss) on ordinary activities before taxation	762	(20,432)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007:30%)	(217)	6,129
Tax (charge)/credit for the current year	(217)	6,129

THE ASSET HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. LOANS TO GROUP UNDERTAKINGS

An interest bearing loan of £18m was provided to Friends Provident plc on 11 November 2008. The loan bears interest at LIBOR rate plus 1%. The loan is repayable on 31 December 2009.

6. DEBTORS

	2008 £000	2007 £000
Amounts owed by Group undertakings for group tax relief	-	6,129
Accrued interest	-	41
	-	6,170

7. CASH AT BANK AND IN HAND

	2008 £000	2007 £000
Short-term bank deposits	793	18,000
Cash	583	455
Cash at bank and in hand	1,376	18,455

The Company is exposed to deposit risk arising from its short-term bank deposits.

Deposit risk is the risk of financial loss arising from a deposit institution's default, or the deterioration of the deposit institution's financial position. To mitigate this deposit risk, the company only deposits its funds with approved credit institutions that have a prescribed minimum credit rating. At 31 December 2008, the short term bank deposits of the Company were held with an approved credit institution with an AA credit rating.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £000	2007 £000
Amounts owed to Group undertakings	(2,047)	(3,933)

9. PROVISIONS FOR LIABILITIES

	2008 £000	2007 £000
Provision for losses on discontinued operations (see note 4)		
At 1 January 2008	3,995	-
(Utilised) / Charge in period	(3,995)	3,995
At 31 December 2008	-	3,995

THE ASSET HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

10. CALLED UP SHARE CAPITAL

	2008 £000	2007 £000
Authorised		
100,000,000 ordinary shares of £1 each	100,000	100,000
Allotted and fully paid up		
31,000,000 ordinary shares of £1 each	31,000	31,000

11. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	Share capital £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 January 2008	31,000	(14,303)	16,697
Profit for the year	-	545	545
Balance at 31 December 2008	31,000	(13,758)	17,242

12. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary undertaking of Friends Provident plc. The results of the Company are consolidated in the results of Friends Provident plc, the Company's ultimate parent and controlling company, whose financial statements are publicly available. Accordingly, the Company is exempt from the requirements of FRS 8 Related Party Disclosures, to disclose transactions with other companies, which qualify as related parties within the Friends Provident Group.

Key management, which includes their close family and undertakings controlled by them, had various transactions with the Company during the year. Key management consists of all directors and executive management of the Company.

13. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Friends Provident plc, which is incorporated in the United Kingdom. Copies of the Group Annual Report and Accounts of Friends Provident plc can be obtained by writing to its Secretary at Pixham End, Dorking, Surrey, RH4 1QA and can be viewed via its website at www.friendsprovident.com