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**RSA Overseas Holdings B.V.**  
**Amsterdam**  
**FINANCIAL STATEMENTS 2005**



29/6/0

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**RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

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**RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

**1. BALANCE SHEET AS AT DECEMBER 31, 2005**  
(after proposed appropriation of result)

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
	GBP	GBP
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
<b>3.3.1. Financial fixed assets</b>		
Investments in affiliates or associates	1,308,530,106	1,181,171,786
<b>CURRENT ASSETS</b>		
<b>3.3.2. Debtors</b>		
Group companies	407,508,430	369,909,035
Other receivables, prepayments and accrued income	1,618,559	110,570
	<u>409,126,989</u>	<u>370,019,605</u>
<b>Cash at bank</b>	8,231,569	9,032,128
<b>TOTAL ASSETS</b>	<u>                    </u>	<u>                    </u>

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**RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

	December 31, 2005	December 31, 2004
	GBP	GBP
<b>LIABILITIES</b>		
<b>3.3.3. EQUITY</b>		
Issued capital	25,805	25,805
Share premium	747,651,014	747,651,014
Other reserves	884,131,400	725,076,519
	<hr/>	<hr/>
	1,631,808,219	1,472,753,338
<b>3.3.4. CURRENT LIABILITIES</b>		
Group companies	77,187,029	77,512,397
Other debts and accruals and deferred income	16,893,416	9,957,784
	<hr/>	<hr/>
	94,080,445	87,470,181
<b>TOTAL LIABILITIES</b>	<hr/>	<hr/>

**RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

**2. PROFIT AND LOSS ACCOUNT FOR THE YEAR 2005**

	2005 GBP	2004 GBP
<b>4.2.2. Operating expenses</b>	40,369	242,783
<b>Operating result</b>	<u>                    </u>	<u>                    </u>
<b>4.2.3. Financial income and expenses</b>	24,535,992	8,253,576
<b>Result from ordinary activities before taxation</b>	<u>24,495,623</u>	<u>8,010,793</u>
Taxation	- 7,583,851	-2,846,236
Tax result from prior years	<u>-</u>	<u>-91,062</u>
	-7,583,851	-2,937,298
	<u>16,911,772</u>	<u>5,073,495</u>
<b>4.2.4. Income from investments in affiliates or associates</b>	142,143,109	326,488,390
<b>Net result</b>	<u>                    </u>	<u>                    </u>

## **RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

### **3. NOTES TO THE BALANCE SHEET AS AT DECEMBER 31, 2005**

#### **3.1 GENERAL**

##### **3.1.1 Activities**

The principal activity of the company is to act as an intermediate holding company.

#### **3.2 PRINCIPLES OF VALUATION**

##### **3.2.1 General**

###### **Principles of valuation**

The accounting and valuation principles applied have not changed compared to the previous year. As at January 1, 2004 the investments in affiliates or associates are valued at net asset value, defined according to the principles of valuation of RSA Overseas Holdings B.V. Previously the investments were valued at historic cost. The result of the change as at January 1, 2004 was that an amount of GBP 393,514,634 was directly accounted in the equity.

The valuation principles are set out below, unless indicated otherwise, with transactions being valued at amounts for which they were acquired or incurred.

###### **Consolidation**

The company has applied for article 408, Part 9, Book 2 of the Netherlands Civil Code. Therefore there is no consolidated Balance sheet and Profit and loss account prepared. This valuation method has been chosen given the nature of the company.

###### **Foreign currencies**

All current assets and liabilities denominated in foreign currencies have been translated at the rates of exchange prevailing at the balance sheet date. Exchange differences are directly added to or charged against the result.

##### **3.2.2 Valuation policies applied**

###### **Financial fixed assets**

###### *Investments in affiliates or associates*

The investments in affiliates or associates are valued at net asset value, defined according to the principles of valuation of RSA Overseas Holdings B.V.

###### **Debtors**

Debtors are stated at face value, less a provision for doubtful debts where necessary.

### 3.3 NOTES TO THE ITEMS OF THE BALANCE SHEET AS AT DECEMBER 31, 2005

#### 3.3.1 Financial fixed assets

<i>Investments in affiliates or associates</i>	<u>2005</u>	<u>2004</u>
	GBP	GBP
A S Forsikringsselskabet Codan (71.7%)	714,575,106	688,074,786
Roins Holding Limited, Canada (100%)	593,955,000	493,097,000
Balance as of December 31		

The movement in investments in affiliates or associates can be summarised as follows

	<u>2005</u>	<u>2004</u>
	GBP	GBP
Balance as at January 1	1,181,171,786	647,483,819
Change valuation at net asset value	-	393,514,634
Balance as at January 1	1,181,171,786	1,040,998,453
Share in the result of the financial year	142,143,109	341,685,779
Dividend	-14,784,789	-11,732,446
Investments sold	-	-189,780,000
Balance as at December 31		

*A S Forsikringsselskabet Codan (71,7%)*

	2005 GBP	2004 GBP
Balance as at January 1	688,074,786	447,003,239
Change valuation at net asset value	-	-12,261,044
Balance as at January 1	688,074,786	434,742,195
Dividend	-14,784,789	-11,732,446
Share in the result of the financial year	41,285,109	265,065,037
Balance as at December 31		

In the year 2005 a dividend of GBP 14,784,789 (DKK 161,982,150) has been received from A S Forsikringsselskabet Codan. As at April 13, 2006 a dividend of GBP 16,519,873 (DKK 178,183,355) was proposed by A S. Forsikringsselskabet Codan

*Roins Holding Limited, Canada (100%)*

	2005 GBP	2004 GBP
Balance as at January 1	493,097,000	23,499,580
Change valuation at net asset value	-	413,422,420
Balance as at January 1	493,097,000	436,922,000
Share in the result of the financial year	100,858,000	56,175,000
Balance as at December 31		

*RSA Overseas Holdings (Luxembourg)(No.1) S à r l (100%)*

	2005 GBP	2004 GBP
Balance as at January 1	-	176,981,000
Change valuation at net asset value	-	-7,646,742
Balance as at January 1	-	169,334,258
Share in the result of the financial year	-	20,445,742
Investment sold	-	-189,780,000
Balance as at December 31		

The investment in RSA Overseas Holdings (Luxembourg)(No 1) S à r l has been sold as at December 13, 2004.

### 3.3.2 Debtors

#### *Group companies*

	2005	2004
	GBP	GBP
The Globe Insurance Company Limited	216,432,831	190,328,438
Royal Insurance Holdings Plc	137,623,040	130,342,498
Royal & Sun Alliance Insurance Plc	50,826,142	49,238,099
Royal & Sun Alliance Insurance Group PLC	2,626,417	-
Balance as at December 31		

The interest calculated on the loans is at a rate of three month EURIBOR plus 1% No redemption schemes have been agreed

#### *Other receivables, prepayments and accrued income*

As at December 31, 2005 the other receivable comprises accrued income from the Group Companies

### 3.3.3 GROUP EQUITY

#### Issued capital

The issued and paid-in share capital amounts to GBP 25,805 nominal value and consists of 789 ordinary shares of EUR 45.37 each

<i>Summary of movements</i>	<b>Issued capital GBP</b>	<b>Share premium GBP</b>	<b>Other reserves GBP</b>	<b>Total GBP</b>
Balance as at January 1, 2005	25,805	747,651,014	725,076,519	1,472,753,338
Net result for the year	-	-	159,054,881	159,054,881
Balance as at December 31, 2005				

### 3.3.4 CURRENT LIABILITIES

#### Group companies

	<b>2005 GBP</b>	<b>2004 GBP</b>
RSA Overseas (Netherlands) B V	75,205,816	75,711,707
Royal & Sun Alliance Insurance Plc	1,981,213	1,800,690
Balance as at December 31		

There is no interest calculated on these current accounts and no redemption scheme has been agreed

<i>Other debts and accruals and deferred income</i>	<b>2005 GBP</b>	<b>2004 GBP</b>
Other accrued expenses *)	9,309,565	9,866,722
Corporate income tax	7,583,851	91,062
Balance as at December 31		

\*) This concerns an accrual of GBP 2,343,685 for advisory costs with regard to the sale of Royal & Sun Alliance GmbH. An accrual of GBP 6,965,880 (AUD 17,623,674) relates to the supply of supervisory, project management, co-ordination and support services regarding the divestment of interests in Promina Group Ltd and Promina Group New Zealand Ltd

### **3.3.5 LIABILITIES NOT INCLUDED IN THE BALANCE SHEET**

RSA Overseas Holdings B.V. forms a fiscal entity for the corporate income tax with RSA Overseas (Netherlands B V ) and Sun Alliance Finance B.V.

With effect from April, 13 2005 the Company became resident for corporation tax purposes in the UK and the fiscal entity was terminated

## **RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

### **4. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2005**

#### **4.1 PRINCIPLES FOR DETERMINATION OF THE RESULT**

##### **General**

With respect to the items included in the operating result, profits have only been included if and in so far as they have been realized in the financial year and losses and risks have been taken into account which originated before the end of the financial year. Costs related to the proceeds are based on historical prices as incurred

Income and expenses denominated in foreign currencies are translated at the average rates in the course of the period. Exchange differences are directly added to or charged against the result

##### **Taxation**

Taxation on the income is calculated taking into account the prevailing fiscal facilities and the non-deductible expenses

## 4.2 NOTES TO THE LINE ITEMS ON THE PROFIT AND LOSS ACCOUNT

### 4.2.1 Employees

The company had no employees during the financial year (2004 0)

### 4.2.2 Other operating expenses

	2005	2004
	GBP	GBP
<i>General expenses</i>		
Legal services	21,966	221,051
Staff costs	1,855	12,657
Accounting fees	16,028	8,218
Bank charges	420	745
Contribution and subscriptions	100	112

### 4.2.3 Financial income and expenses

	2005	2004
	GBP	GBP
<i>Interest and similar income</i>		
Interest on loan to Royal Insurance Holdings Plc	7,829,855	6,678,634
Interest on loan to Royal & Sun Alliance Insurance Plc.	2,690,880	2,602,255
Interest on loan to The Globe Insurance Company LTD	11,319,604	548,438
Interest bank	147,686	452,105
Derivative Income	2,626,417	-
	24,614,442	10,281,432
<i>Interest and similar expenses</i>		
Exchange differences	(78,450)	1,966,246
Interest tax	-	43,502
Interest paid on loan from Royal & Sun Alliance Insurance Plc	-	18,108
	(78,450)	2,027,856
Total financial income and expenses		

#### 4.2.4 Income from Investments in affiliates or associates

	2005	2004
	GBP	GBP
Result A S Forsikringselskabet Codan	41,285,109	265,065,037
Result Roins Holding Limited, Canada	100,858,000	56,175,000
Result RSA Overseas Holdings (Luxembourg)(No 1) S à r l.	-	20,445,742
Dividend A.S. Forsikringselskabet Codan		-12,267,000
Profit on sale of Royal & Sun Alliance Life Insurance Company of Canada *)	-	-2 930 389

\*) These costs relate to a settlement of a claim of the sold investment Royal & Sun Alliance Life Insurance Company of Canada

## **RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

### **SUPPLEMENTARY INFORMATION**

#### **1. AUDITOR'S REPORT**

Under Section 396 (6) Book 2 of the Netherlands Civil Code, the company is exempt from the obligation to have the financial statements audited by an auditor. Consequently, no audit has been requested and therefore no auditors' report has been issued.

#### **2. STATUTORY PROFIT APPROPRIATION**

According to article 11 of the company's Articles of Association, the net result for the period is at the disposal of the General Meeting of Shareholders

##### **2.1 Adoption of the financial statements 2004**

The General Meeting of Shareholders approved the corporate financial statements 2004 on January 25, 2006. The profit of 2004 for the amount of GBP 331,561,885 has been added to other reserves

##### **2.2 Proposed profit appropriation 2005**

It is proposed to add the entire profit of GBP 159,054,881 to the other reserves. In anticipation of the approval of the General Meeting of Shareholders, this profit appropriation has already been included in the financial statements

Trade register in Rotterdam

File number '33.29 14 95

**RSA Overseas Holdings B.V.  
AMSTERDAM**

**FINANCIAL STATEMENTS FOR FILING PURPOSES 2005**

Adopted by the General Meeting of Shareholders, held on . . . . . , 2007.

**RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

**BALANCE SHEET AS AT DECEMBER 31, 2005**

(after proposed appropriation of result)

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
	GBP	GBP
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Financial fixed assets	1,308,530,106	1,181,171,786
<b>CURRENT ASSETS</b>		
Receivables	409,126,989	370,019,605
Cash at bank	8,231,569	9,032,128
<b>TOTAL ASSETS</b>	<u>                    </u>	<u>                    </u>
<b>LIABILITIES</b>		
<b>EQUITY</b>		
Issued capital	25,805	25,805
Share premium	747,651,014	747,651,014
Other reserves	884,131,400	725,076,519
	<u>                    </u>	<u>                    </u>
	1,631,808,219	1,472,753,338
<b>CURRENT LIABILITIES</b>	94,080,445	87,470,181
<b>TOTAL LIABILITIES</b>	<u>                    </u>	<u>                    </u>

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**RSA OVERSEAS HOLDINGS B.V., AMSTERDAM**

**NOTES TO THE BALANCE SHEET AS AT DECEMBER 31, 2005 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR 2005**

**ACCOUNTING AND VALUATION PRINCIPLES**

**General**

**Comparison with previous year**

The accounting and valuation principles applied have not changed compared to the previous year

The principles of valuation are stated hereafter, if not stated differently, issues are stated at face value

**Consolidation**

The company has applied for article 408, Part 9, Book 2 of the Netherlands Civil Code. Therefore there is no consolidated Balance sheet and Profit and loss account prepared. This valuation method has been chosen given the nature of the company.

**Foreign currencies**

All current assets and liabilities denominated in foreign currencies have been translated at the rates of exchange prevailing at the balance sheet date. Exchange differences are directly added to or charged against the result.

**Valuation policies applied**

**Financial fixed assets**

*Investments in affiliates or associates*

The investments in affiliates or associates are valued at net asset value, defined according to the principles of valuation of RSA Overseas Holdings B.V.

**Debtors**

Debtors are stated at face value, less a provision for doubtful debts where necessary.

**Other assets and liabilities**

All the other assets and liabilities are stated at their face value.

## **PRINCIPLES FOR DETERMINATION OF THE RESULT**

### **General**

With respect to the items included in the operating result, profits have only been included if and in so far as they have been realized in the financial year and losses and risks have been taken into account which originated before the end of the financial year. Costs related to the proceeds are based on historical prices as incurred.

Income and expenses denominated in foreign currencies are translated at the average rates in the course of the period. Exchange differences are directly added to or charged against the result.

### **Taxation**

Taxation on the income is calculated taking into account the prevailing fiscal facilities and the non-deductible expenses.

## **NOTES TO THE ITEMS OF THE BALANCE SHEET AS AT DECEMBER 31, 2005**

### **Financial fixed assets**

#### *Investments in affiliates or associates*

This concerns the following participations.

- A S Forsikringsselskabet Codan, Denmark (71.7%)
- Roins Holding Limited, Canada (100%)

### **Issued capital**

The issued and paid-in share capital amounts to GBP 25,805 nominal value and consists of 789 ordinary shares of EUR 45.37 each. This has remained unchanged in the reporting period in question.

### **Retained earnings**

The retained part of the profit amounts GBP 159,054,881.

### **Other**

#### *Employee data*

The company had no employees during the financial year (2004: 0).

## **LIABILITIES NOT INCLUDED IN THE BALANCE SHEET**

RSA Overseas Holdings B.V. form a fiscal entity for the corporate income tax with RSA Overseas (Netherlands B.V.) and Sun Alliance Finance B.V.

With effect from April, 13 2005 the Company became resident for corporation tax purposes in the UK and the fiscal entity was terminated.

Kamer van Koophandel Rotterdam  
Postbus 450  
3000 AL ROTTERDAM

Zwanenburg, 22 mei 2007  
RSAOHV

Geachte heer, mevrouw,

Hierbij ontvangt u de verkorte balans met toelichtingen over het jaar 2005 van RSA Overseas Holdings B.V. (inschrijvingsnummer 33.29.14 95)

Wij verzoeken u de ontvangst van deze verkorte balans met toelichtingen aan ons te bevestigen door deze brief ondertekend en gedateerd in bijgaande envelop te retourneren.

Bij voorbaat dank voor uw medewerking

Met vriendelijke groet,

RSA Overseas Holdings B.V.

.... ..

Handtekening voor ontvangst door Kamer van Koophandel

Naam  
Datum

Gaarne retourneren aan  
JANCO Accountants & Belastingadviseurs  
Antwoordnummer 303  
1160 VB ZWANENBURG