

GILES HOLDINGS LIMITED

Report and Financial Statements

Year ended 31 August 2008

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GILES HOLDINGS LIMITED

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GILES HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C M Giles
P D Matson
A G Hessett

SECRETARY

A G Hessett

REGISTERED OFFICE

Floor 7
Spectrum House
55 Blythswood Street
Glasgow
G2 7AT

BANKERS

Bank of Scotland plc
Bishopsgate Exchange
155 Bishopsgate
London
EC2M 3YB

SOLICITORS

Dickson Minto
Royal London House
22 – 25 Finsbury Square
London
EC2A 1DX

INDEPENDENT AUDITORS

Deloitte LLP

GILES HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2008.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of an intermediate holding company.

On 3 March 2008 the entire share capital of the ultimate holding company of the group was acquired by DMWSL 588 Limited. The ultimate holding company at the end of the year is DMWSL 585 Limited into which the results of the company are consolidated.

RESULTS

The company did not trade during the year and the financial position at the end of the year is shown in the balance sheet on page 6.

PRINCIPAL RISKS AND UNCERTAINTIES

Market Risk

The group is affected by the insurance market cycle. The current assessment is of soft market conditions with the group tackling this risk by both new business initiatives and ongoing supplier negotiations. A further market risk factor is the strength of the supply base. The group ensures the supply base is appropriate by regular monitoring and assessment of insurer credit ratings.

Regulatory Risk

The regulatory environment applicable to the group's main trading subsidiaries is set by the Financial Services Authority ("FSA"). The group operates a fully resourced compliance department reporting direct to the Operations Director. This compliance department monitors all regulatory developments with a particular focus on regular updates and meetings with the FSA.

Credit Risk

Credit risk is minimised by the group ensuring that it receives cash in respect of premiums from clients before paying these premiums to insurers.

Liquidity Risk

The group's main financing liabilities are a bank overdraft facility, term loans which accrue interest at variable rates and loan notes which accrue interest at a fixed rate. The directors manage and monitor the financing of the companies on a group basis to mitigate the liquidity risks. To manage the risk of interest rate movements relating to the group's variable rate borrowings, the group has entered into an interest rate swap arrangement. Further details are provided in the consolidated financial statements of the group.

Going Concern

The company and the group's business activities, together with the factors likely to affect the future development, performance and position are set out in the business review above. This includes commentary on regulatory and market risk management objectives and exposure to credit risk and liquidity risk.

In common with other companies in the sector, the company and the group are operating under difficult market conditions. However, the company and the group have access to considerable financial resources through bank funding available to be drawn down. In addition, as part of the group's banking facility, there are cross guarantees in place between this company and its fellow subsidiaries to provide each other with financial support should it be required. As a consequence, the directors believe the group is well placed to manage its business risks successfully despite the current economic outlook.

The company and group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group should have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

GILES HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The directors who served the company during the year and subsequently are as follows:

C M Giles	
P D Matson	(appointed 28 July 2008)
A G Hessett	(appointed 2 March 2008)
D G Gardner	(resigned 29 February 2008)

AUDITORS

The directors at the date of approval of this report confirm that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors 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 the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



A G Hessett
Company Secretary

7 May 2009

GILES HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GILES HOLDINGS LIMITED

We have audited the financial statements of Giles Holdings Limited for the year ended 31 August 2008 which comprise the balance sheet and the related notes 1 to 13. These financial statements have been prepared 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 auditors' 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 Directors' Report 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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2008;
- 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Glasgow
7 May 2009

GILES HOLDINGS LIMITED

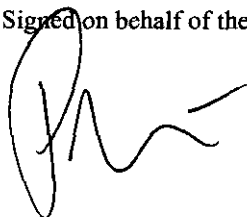
BALANCE SHEET At 31 August 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	4	57,281	28,790
CREDITORS: amounts falling due within one year	5	(52,560)	(24,069)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,721</u>	<u>4,721</u>
CAPITAL AND RESERVES			
Called up share capital	6	1	1
Share premium account	7	5,081	5,081
Profit and loss account	8	(361)	(361)
SHAREHOLDERS' FUNDS		<u>4,721</u>	<u>4,721</u>

The company did not trade during the year and therefore no profit and loss account is included within the financial statements.

These financial statements were approved by the Board of Directors on 7 May 2009.

Signed on behalf of the Board of Directors



P D Matson
Finance Director

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce consolidated accounts. These accounts therefore reflect the position of the company as an entity and not of the group.

Going concern

The financial statements have been prepared under the going concern concept as discussed in the directors' report.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 "Cash Flow Statements (Revised 1996)" from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company's financial statements includes a consolidated cash flow statement.

Investments in subsidiaries

Investments in subsidiary companies are recorded at cost less any provision for impairment. The company's ultimate parent company's financial statements has taken advantage of Companies Act 1985 section 131 merger relief and recorded shares issued at their nominal value in the balance sheet.

2. AUDIT FEES

The total remuneration payable, excluding VAT, to its auditors, Deloitte LLP, in respect of the audit of these accounts is £3,000 (2007: £5,000), and in respect of the preparation of the tax computation is £2,000 (2007: £1,000). These costs have been borne and paid for by Giles Insurance Brokers Limited, a fellow subsidiary undertaking.

3. DIRECTORS AND EMPLOYEES

Directors Emoluments

The members of the Board of Directors are listed on page 1 of these financial statements. The directors are remunerated by Giles Insurance Brokers Limited, a subsidiary of Giles Holdings Limited. Details of their emoluments are given in the financial statements of Giles Insurance Brokers Limited. The directors do not consider it practical to allocate the percentage of their remuneration to Giles Holdings Limited.

Employees

No staff are employed directly by Giles Holdings Limited.

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 August 2008

4. INVESTMENTS

	Investments in subsidiaries £'000
COST	
At 1 September 2007	28,790
Additions	28,491
At 31 August 2008	57,281
NET BOOK VALUE	
At 31 August 2008	57,281
At 31 August 2007	28,790

Initial additions in the year of £16,122,000 relate to investments in Giles Insurance Brokers Limited, in order to facilitate the investments in Hedges and Rose Insurance Services Limited, Crosbie and Jack Insurance Services Limited and Lester, Bashford and Webb Insurance Brokers Limited. The trade and net assets of these companies were hived up into Giles Insurance Brokers Limited subsequent to acquisition and details of the acquisitions are held within the financial statements of this latter company.

Further additions of £12,369,000 relate to investments in Giles Insurance Brokers Limited as part of the financing of Giles Insurance Brokers Limited to facilitate the latter's acquisition of the share capital of Robinson Leslie Limited, Robinson Leslie Management Limited, DS Howell (Insurance Brokers) Limited, Sutton Barnard Limited and the trade and assets of Midland Risk Management Limited. Details of these acquisitions are held within the consolidated financial statements of the ultimate holding company, DMWSL 585 Limited.

At 31 August 2008 the company held the entire issued share capital of the following companies:

Giles Insurance Brokers Limited	Scotland	Ordinary shares	100%	Insurance brokers
MCIS Holdings Limited*	England	Ordinary shares	100%	Non trading
PDT Insurance Brokers Limited*	England	Ordinary shares	100%	Non trading
Kerwin Smith & Co. Limited*	England	Ordinary shares	100%	Non trading
Calvert Glover & Co. Limited*	England	Ordinary shares	100%	Non trading
Giles (South) Insurance Brokers Limited*	England	Ordinary shares	100%	Non trading
Mill Hall Insurance Consultants Limited*	England	Ordinary shares	100%	Non trading
MCIS Limited*	England	Ordinary shares	100%	Non trading
Giles Insurance Brokers (South) Limited *	England	Ordinary shares	100%	Non trading
BJK Insurance Brokers Limited*	England	Ordinary shares	100%	Non trading

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 August 2008

4. INVESTMENTS (CONTINUED)

Giles Plus Services Limited*	Scotland	Ordinary shares	100%	Insurance advisory services
Giles Project Risks Limited*	Scotland	Ordinary shares	100%	Insurance advisory services
Hedges and Rose Insurance Services limited *	England	Ordinary shares	100%	Non trading
Crosbie and Jack Insurance Services Limited*	Scotland	Ordinary shares	100%	Non trading
Lester, Bashford & Webb Insurance Brokers Limited*	England	Ordinary shares	100%	Non trading
Robinson Leslie Limited*	England	Ordinary shares	100%	Non trading
Robinson Leslie Management Limited*	England	Ordinary shares	100%	Non trading
D S Howell (Insurance Brokers) Limited*	England	Ordinary shares	100%	Non trading
Sutton Barnard Limited*	England	Ordinary shares	100%	Non trading
David Moore and Company (Insurance Brokers) Limited*	England	Ordinary shares	100%	Insurance brokers
David Moore and Company (Newport) Limited*	England	Ordinary shares	100%	Non trading
Edge Tancred Limited*	England	Ordinary shares	100%	Non trading
Elliott Garden Limited*	England	Ordinary shares	100%	Non trading
Shephard Holdings Limited*	England	Ordinary shares	100%	Non trading
RD & PE Shephard Limited*	England	Ordinary shares	100%	Non trading
Shephard Herriot Limited*	England	Ordinary shares	100%	Non trading
Fiveshields Limited*	England	Ordinary shares	100%	Non trading
Professional Indemnity Marketing Limited*	England	Ordinary shares	100%	Insurance brokers
Paul Murphy Insurance Services Limited*	England	Ordinary shares	100%	Insurance brokers
Hancock General Insurance Services Limited*	England	Ordinary shares	100%	Insurance brokers
Carrick Neill and Company Limited*	England	Ordinary shares	100%	Insurance brokers
Archibald Reid (Insurance Brokers) Limited*	England	Ordinary shares	100%	Insurance brokers
AGM (Insurance Brokers) Limited*	England	Ordinary shares	100%	Insurance brokers
Henley Risk Management Limited*	England	Ordinary shares	100%	Insurance brokers

* = held indirectly through Giles Insurance Brokers Limited

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2008

5. CREDITORS: amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed to group companies	52,556	24,065
Accruals and deferred income	4	4
	<u>52,560</u>	<u>24,069</u>

6. SHARE CAPITAL

Authorised share capital:

	2008 £'000	2007 £'000
10,000,000 ordinary shares of £0.001 each	<u>10</u>	<u>10</u>

Allotted, called up and fully paid:

	2008		2007	
	No. (000s)	£'000	No. (000s)	£'000
Ordinary shares of £0.001 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

7. SHARE PREMIUM ACCOUNT

	2008 £'000	2007 £'000
As at 31 August 2007 and 2008	<u>5,081</u>	<u>5,081</u>

8. PROFIT AND LOSS ACCOUNT

	2008 £'000	2007 £'000
As at 31 August 2007 and 2008	<u>(361)</u>	<u>(361)</u>

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2008

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
As at 31 August 2007 and 2008	<u>4,721</u>	<u>4,721</u>

10. CONTINGENCIES AND COMMITMENTS

The Group has entered into a £320,000,000 Senior Credit Agreement ('the Debt Agreement'), dated 3 March 2008, with Bank of Scotland plc to fund the acquisition of the entire share capital of Quillco 226 Limited and its subsidiary companies.

The Company has entered into a deed of accession as a Guarantor to this Agreement and an intercreditor deed whereby the Company will agree certain ranking and priority arrangements relating to the Debt and a Debenture whereby the Company will create a first ranking fixed and floating charge over its assets, property and undertaking and assign by way of security all their rights, interest, title and benefit in their present and future assets to the Bank of Scotland plc.

The Company has also entered into a share pledge to be granted by the Company in favour of Bank of Scotland plc in its capacity as Security Agent pursuant to which the Company would pledge and assign to the Security Agent its whole right, title and interest and to all the shares held by the Company in Giles Insurance Brokers Limited.

In respect of this share pledge, Quillco 227 Limited, the sole shareholder of the Company, pledges in favour of the Bank of Scotland plc and transfers to its nominee company, HSDL Nominees Limited, its entire shareholding of the Company at 3 March 2008, being 1,000,000 ordinary shares of £0.001 each.

11. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of Quillco 227 Limited. The ultimate holding company is DMWSL 585 Limited. A copy of the consolidated financial statements is available from DMWSL 585 Limited, Holland House, 4 Bury Street, London, EC2A 1DX.

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available to subsidiary undertakings in FRS 8 "Related Party Disclosures" not to report transactions with other group companies on the basis that consolidated financial statements are available for the ultimate parent undertaking.

13. POST BALANCE SHEET EVENTS

In the opinion of the directors there have been no significant post balance sheet events.