

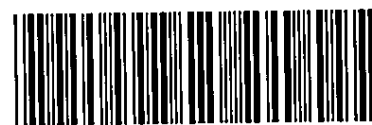
Company Registration Number
SC 246391

GILES HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 31 August 2010

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GILES HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

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GILES HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS FOR THE YEAR ENDED 31 AUGUST 2010

DIRECTORS

C M Giles
A G Hessett
P D Matson

COMPANY SECRETARY

AG 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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell Street
Glasgow
G2 7EQ

GILES HOLDINGS LIMITED

COMPANY REGISTRATION NUMBER: SC246391

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2010

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2010.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

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 7.

No dividends were paid or proposed during the year (2009: nil).

FUTURE DEVELOPMENTS

The company will continue to act as an intermediate holding company in the group.

POST BALANCE SHEET EVENTS

As a result of a corporate simplification exercise the non-trading subsidiary companies set out in note 13 were dissolved post year end, or were in the process of being dissolved at the date of signing these financial statements.

On 29 November 2010 the company acquired the entire share capital of R A Rossborough Limited. Further details are provided in note 13.

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations were made during the year (2009: nil).

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS

Governance

The management of the business and the execution of the group's strategy are subject to a number of risks. The group has implemented a three lines of defence corporate governance model to mitigate and manage risks the business. All risk exposures are monitored by the Risk Committee and the Board regularly. The Risk Committee is chaired by a Non Executive Director and comprises members of Executive and Senior Management.

First line: During the year the Executive Management team has been reviewed and strengthened with a number of new hires, including the promotion of the Group Operations Director into a Group Managing Director Role. The mitigation of risk is a key consideration within the delivery of our strategy by our Executive Management team.

Second Line: Risk and Compliance Department. We have formal risk strategy appropriate to our business model and a revised risk register has been implemented across the business, which has a formal review cycle.

Our risk management reporting framework is reviewed by the Risk Committee and during the year has been enhanced through development of our Key Risk Indicators (KRIs), and reporting of risk management information, which is tracked and reported by the Risk and Compliance Department.

The compliance monitoring team also supports this work undertaking risk based branch and thematic audits, reviewed by both the Risk and Compliance Department and the first line Executive Management.

Third line: Internal Audit Department, which follows the Internal Audit Framework, as identified by the Audit Committee, and highlights areas where control weaknesses exist in order that these can be addressed. Internal audit includes regular review of areas where risk exists. Internal Audit Department reports to the Audit Committee which is chaired by a Non Executive Director.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2010 (CONTINUED)

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS (CONTINUED)

Key Risks

The key risks which are considered to have a material impact on the business are detailed below

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 through the Securities and Markets Authorisation Committee.

Regulatory Risk

The regulatory environment applicable to the group's main trading subsidiaries is set by the Financial Services Authority ("FSA"). A breach of FSA regulations by any of the regulated group companies could lead to financial penalties and could restrict the group's ability to operate.

To minimise this risk, the group operates a three lines of defence model as described above, as well as a dedicated Compliance Policy department who, along side the business, develop and implement controls to mitigate risk of FSA regulatory breaches.

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 facilities are term loans which accrue interest at variable rates and loan notes and eurobonds 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.

A breach of the group's loan covenants may lead to funding being withdrawn. The risk is mitigated by closely monitoring forecast and actual performance against these covenants.

Staff recruitment and retention risk

The group relies on its key employees to maintain the delivery of high quality service to its customers. The loss of key employees is a risk to the group. The group aims to attract, retain and motivate employees by providing competitive remuneration packages.

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.

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 FOR THE YEAR ENDED 31 AUGUST 2010 (CONTINUED) DIRECTORS

The directors who served the company during the year and up to the date of signing the financial statements subsequently are as follows:

C M Giles
A G Hessest
P D Matson

DIRECTORS' INDEMNITY PROVISIONS

The directors have benefitted from third party indemnity provisions in place during the financial year and to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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). 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 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, subject to any material departures disclosed and explained in the financial statements;
- 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 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

DISCLOSURE OF INFORMATION TO AUDITORS

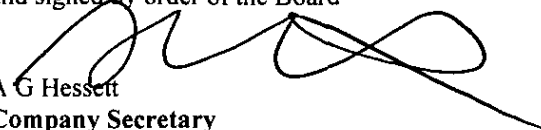
The directors at the date of approval of this report confirm that:

- 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 the Companies Act 2006.

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

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


A G Hessest
Company Secretary
9 December 2010

GILES HOLDINGS LIMITED

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 2010 which comprise the balance sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 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 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter 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.

GILES HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GILES HOLDINGS LIMITED (CONTINUED)

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



Michael Timar (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
9 December 2010

GILES HOLDINGS LIMITED

BALANCE SHEET

As at 31 August 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Investments	4	57,281	57,281
CREDITORS: amounts falling due within one year	5	(52,560)	(52,560)
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)
TOTAL SHAREHOLDERS' FUNDS	9	<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.

The financial statements on pages 7 to 12 were approved by the Board of Directors on 9 December 2010.

Signed on behalf of the Board of Directors



P D Matson
Director

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards and accounting policies which have been consistently applied.

Going concern

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

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 the Companies Act 2006, is not required to produce consolidated accounts. These accounts therefore reflect the position of the company as an entity and not of the group.

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. Provision for impairment is made when required.

2. AUDIT FEES

The total remuneration payable, excluding VAT, to its auditors in respect of the audit of these accounts is £3,400 (2009: £3,000), and in respect of taxation services is £2,000 (2009: £2,000). 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, other than the directors, are employed directly by Giles Holdings Limited in either financial year.

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

4. INVESTMENTS

COST AND NET BOOK VALUE	Investments in subsidiaries £'000
At 31 August 2009 and 31 August 2010	57,281

The directors consider that the value of the investments is supported by their underlying assets.

At 31 August 2010 the company held share capital in the following companies:

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Giles Project Risks Limited	Scotland	Ordinary shares	100%	Non trading
Giles Insurance Brokers Limited	Scotland	Ordinary shares	49%	Insurance brokers
Giles Plus Services Limited*	Scotland	Ordinary shares	49%	Insurance advisory services
MCIS Holdings Limited*	England	Ordinary shares	49%	Non trading
BJK Insurance Brokers Limited*	England	Ordinary shares	49%	Non trading
Calvert Glover & Co. Limited*	England	Ordinary shares	49%	Non trading
Giles Insurance Brokers (South) Limited*	England	Ordinary shares	49%	Non trading
Hedges and Rose Insurance Services limited *	England	Ordinary shares	49%	Non trading
Crosbie and Jack Insurance Services Limited*	Scotland	Ordinary shares	49%	Non trading
Lester, Bashford & Webb Insurance Brokers Limited*	England	Ordinary shares	49%	Non trading
Robinson Leslie Limited*	England	Ordinary shares	49%	Non trading
Sutton Barnard Limited*	England	Ordinary shares	49%	Non trading
David Moore and Company (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
Edge Tancred Limited*	England	Ordinary shares	49%	Non trading
Elliott Garden Limited*	England	Ordinary shares	49%	Non trading
Shephard Holdings Limited*	England	Ordinary shares	49%	Non trading
Shephard Herriot Limited*	England	Ordinary shares	49%	Non trading
RD & PE Shephard Limited*	England	Ordinary shares	49%	Non trading
Professional Indemnity Marketing Limited*	England	Ordinary shares	49%	Non trading
Paul Murphy Insurance Services Limited*	England	Ordinary shares	49%	Non trading
Hancock General Insurance Services Limited*	England	Ordinary shares	49%	Non trading
Carrick Neill and Company Limited*	England	Ordinary shares	49%	Non trading

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

4. INVESTMENTS (CONTINUED)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Archibald Reid (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
AGM (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
Dickson Insurance Brokers Limited*	England	Ordinary shares	49%	Non trading
NG Insurance Services Group Limited*	England	Ordinary shares	49%	Non trading
NG Insurance Services Limited*	England	Ordinary shares	49%	Non trading
Peter Adams (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
SBP Group Limited*	England	Ordinary shares	49%	Non trading
Simon Brooke & Partners Limited*	England	Ordinary shares	49%	Non trading
SBP Chapman Stevens Limited*	England	Ordinary shares	49%	Non trading
Spencer Moray Limited*	England	Ordinary shares	49%	Non trading
Actual Creation Limited*	England	Ordinary shares	49%	Non trading
Arnott Marine (Holdings) Limited*	England	Ordinary shares	49%	Non trading
Arnott Marine Limited*	England	Ordinary shares	49%	Non trading
Arnott Commercial Insurance Services Limited*	England	Ordinary shares	49%	Non trading
LRG Insurance Services Limited*	England	Ordinary shares	49%	Non trading
JHIB Holdings Limited*	England	Ordinary shares	49%	Non trading
James Hampden Insurance Brokers Limited*	England	Ordinary shares	49%	Non trading

* = held indirectly through Giles Insurance Brokers Limited, which owns 100% of the share capital of each company.

A number of the above subsidiary companies have been dissolved post year end as part of a corporate simplification exercise or were in the process of being dissolved at the date of signing these financial statements and further information is given in note 13.

5. CREDITORS: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	52,556	52,556
Accruals and deferred income	4	4
	<u>52,560</u>	<u>52,560</u>

Amounts owed to group undertakings are repayable on demand and are on an interest free basis.

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

6. SHARE CAPITAL

Authorised share capital:			2010 £'000	2009 £'000
10,000,000 ordinary shares of £0.001 each			10	10
Allotted, called up and fully paid:				
	2010 No. (000s)	£'000	2009 No. (000s)	£'000
Ordinary shares of £0.001 each	1,000	1	1,000	1

7. SHARE PREMIUM ACCOUNT

	£'000
At 31 August 2009 and 31 August 2010	5,081

8. PROFIT AND LOSS ACCOUNT

	£'000
At 31 August 2009 and 31 August 2010	(361)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£'000
At 31 August 2009 and 31 August 2010	4,721

10. CONTINGENCIES AND COMMITMENTS

The Group has a £245,000,000 Senior Credit Agreement ('the Debt Agreement') 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 a deed of accession as a guarantor to this agreement and an intercreditor deed whereby the company has agreed certain ranking and priority arrangements relating to the debt and a debenture whereby the company has created a first ranking fixed and floating charge over its assets, property and undertaking and assigned 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, together with certain other group subsidiary companies, has an intra-group loan agreement with DMWSL 588 Limited to provide a revolving credit facility of up to £800,000,000. Advances made under the terms of this agreement are subject to interest at a rate of 2% above base and are subject to the terms of the intercreditor deed as described above.

The company also has 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.

GILES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

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, which is incorporated in Great Britain and registered in England and Wales, and is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the consolidated financial statements is available from DMWSL 585 Limited, Birchin Court, 3rd Floor, 20 Birchin Lane, London, EC3V 9DU. The ultimate controlling party is Charterhouse Capital Partners LLP.

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

The group is undertaking a corporate simplification exercise and as a result of this exercise the following non-trading subsidiary companies were dissolved post year end: MCIS Holdings Limited, David Moore & Company (Insurance Brokers) Limited, Paul Murphy Insurance Services Limited, NG Insurance Services Group Limited, Peter Adams (Insurance Brokers) Limited, Arnott Commercial Insurance Services Limited and Actual Creation Limited.

The following non-trading subsidiary companies were in the process of being dissolved as at the date of signing of these financial statements: BJK Insurance Brokers Limited, Calvert Glover & Co Limited, Giles Insurance Brokers (South) Limited, Hedges & Rose Insurance Services Limited, Lester, Bashford & Webb Insurance Brokers Limited, Edge Tancred Limited, Elliot Garden Limited, RD & PE Shephard Limited, Shephard Herriott Limited, Shephard Holdings Limited, Professional Indemnity Marketing Limited, Hancock General Insurance Services Limited, AGM (Insurance Brokers) Limited, NG Insurance Services Limited, SBP Group Limited, Spencer Moray Limited, Simon Brooke & Partners Limited, SBP Chapman Stevens Limited, Arnott Marine (Holdings) Limited and Arnott Marine Limited.

On 29 November 2010 the company completed the acquisition of the entire share capital of R A Rossborough Limited. The directors are confident that the acquisition of this company, together with its trading subsidiaries R A Rossborough (Insurance Brokers) Limited, R A Rossborough (Guernsey) Limited, Rossborough Healthcare International Limited, Rossborough Insurance (IOM) Limited, Rossborough Insurance Brokers Limited and Rossborough Insurance Services Limited, will add significantly to the future turnover and profitability of the group.