WILLIS JAPAN LIMITED

(Registered No 1689758)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

DIRECTORS

MP Chitty
Willis Corporate Director Services Limited (appointed 29 September 2006)

SECRETARY

SK Bryant

REGISTERED OFFICE

Ten Trinity Square
London EC3P 3AX

AUDITORS

Deloitte & Touche LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2006

PRINCIPAL ACTIVITY AND REVIEW OF DEVELOPMENTS

On 30 September 2006 the Company reorganised its activities transferring the assets and liabilities of its Tokyo branch to newly established subsidiaries From this date the principal activity of the Company has been that of a holding company

RESULTS

The loss on ordinary activities after taxation amounted to £71,000 (2005 £150,000)

FUTURE DEVELOPMENTS

The Directors do not anticipate any changes in the Company's activities for the foreseeable future

DIVIDENDS

No interim dividend was paid during the year (2005 £nil) The Directors do not recommend the payment of a final dividend (2005 £nil)

ENHANCED BUSINESS REVIEW

The Directors' Report is not required to include an enhanced business review Advantage has been taken of the provisions of s 246 of the Companies Act 1985 (as amended)

DIRECTORS AND THEIR INTERESTS

The current Directors of the Company are shown on page 1 which forms part of this report Willis Corporate Director Services Limited was appointed as a Director on 29 September 2006 There were no other changes in Directors during the year or after the year end

The Directors have no disclosable interests in the shares of the Company or its fellow group companies Advantage has been taken of the provisions of the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for preparing their annual report and the financial statements in accordance with applicable law and regulations for each financial year 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 its profit or loss 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 United Kingdom accounting standards have been followed, and
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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

DISCLOSURE OF INFORMATION TO AUDITORS

Each current Director of the Company confirms that

- so far as he is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) 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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

AUDITORS
The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term the provisions of section 386(2) of the Companies Act 1985

By Order of the Board

SK Bryant
Secretary

31 October 2007

Ten Trinity Square
London EC3P 3AX

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS JAPAN LIMITED

We have audited the financial statements of Willis Japan Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the movement in shareholders' funds, and the related notes numbered 1 to 20 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 December 2006 and of its loss 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

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
31 October 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £000	2005 £000
Turnover	3	2,986	3,613
Operating expenses		(3,088)	(3,824)
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(102)	(211)
Tax on loss on ordinary activities	8	31	61
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	17	(71)	(150)

All activities derive from discontinuing operations

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2006

There are no recognised gains or losses other than the loss attributable to shareholders of the Company of £71,000 in the year ended 31 December 2006 and loss of £150,000 in the year ended 31 December 2005

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 £000	2005 £000
FIXED ASSETS			
Tangible assets	9	-	117
Investments	10	132	-
		132	117
CURRENT ASSETS			
Debtors	12	1,424	1,085
Deposits and cash		47	194
		1,471	1,279
CURRENT LIABILITIES			
CREDITORS amounts falling due within one year	14	(1,135)	(857)
NET CURRENT ASSETS		336	422
TOTAL ASSETS LESS CURRENT LIABILITIES		468	539
CREDITORS amounts falling due after more than one year	15	(460)	(460)
		8	79
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Profit and loss account	17	7	78
EQUITY SHAREHOLDERS' FUNDS		8	79

These financial statements were approved by the Board of Directors on 31 October 2007 and signed on its behalf

Authorised Signatory for
Willis Corporate Director Services Limited
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 £000	2005 £000
Loss for the financial year	(71)	(150)
Net movement in shareholders' funds for the year	(71)	(150)
Shareholders' funds at 1 January	79	229
Shareholders' funds at 31 December	8	79

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 ULTIMATE PARENT COMPANY

The Company's immediate parent company and controlling undertaking is Willis Faber Limited The Company's ultimate parent company and controlling party is Willis Group Holdings Limited, a company incorporated in Bermuda, whose group financial statements are available from the Company Secretary, Ten Trinity Square, London EC3P 3AX

The results of the Company are only consolidated by Willis Group Holdings Limited

2 ACCOUNTING POLICIES

a) Basis of preparation
These financial statements have been prepared on the going concern basis under the historical cost convention and comply with applicable law and accounting standards in the United Kingdom

b) Turnover
The Company takes credit for brokerage and fee income at the date when the insured is debited or at the inception date of the policy, whichever is the later

c) Currency translation
Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction, or, in the case of forward contracts, in respect of the current year's income, at the contracted rate Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Differences arising from trading activities are dealt with in the profit and loss account

d) Depreciation
Depreciation was calculated on a reducing balance basis at rates estimated to write down the value of assets, to their residual value, over their expected useful lives The following depreciation rates have been used

Leasehold Improvements	14 2% per annum
Furniture and Equipment	Between 14 2% and 36 9% per annum

e) Investments held as fixed assets
Investments held as fixed assets are held at cost less provision for any impairment

f) Taxation
Current tax was provided at amounts expected to be recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more or less tax, at a future date, at rates expected to apply when they reverse based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

g) Operating leases
Rentals payable in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

2 ACCOUNTING POLICIES (continued)

h) Pensions

On 30 September 2006 all employees were transferred to Willis Japan Holdings KK, a group company Willis Japan Limited has no ongoing obligations in respect to the employees The following policies describe how the pension schemes were accounted for during the period up to 30 September 2006

Japanese staff retirement allowance
Japan-based members of staff are entitled to a lump sum retirement allowance when they retire The cost of providing the retirement allowance is charged to the profit and loss account over the service life of the employees, and is based on the cumulative length of qualifying service of each employee

UK staff pensions
UK-based members of staff benefit from either a Group defined benefits pension scheme or a Group defined contribution pension scheme, depending on the date on which they joined the Group The staff working for the Company are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings Limited

(i) Defined benefit scheme
The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method The pension contributions rates are based on pension costs across the Group's UK companies as a whole

(ii) Defined contribution scheme
The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

(i) Cash flow statement
Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is prepared at Group level

3 TURNOVER

The table below analyses the Company's operating revenue from discontinued operations by the accounting address of the client from whom the business is derived This does not necessarily reflect the original source or location of the business

	2006 £000	2005 £000
United Kingdom	1,764	2,325
North America	74	128
Rest of the World	1,148	1,160
	2,986	3,613

United Kingdom and North America represent fees received from group undertakings as reimbursement for services performed on their behalf The Rest of the World represents income derived from insurance activities in Japan

4 DISPOSAL OF BUSINESS

On 30 September 2006 the Company sold its business and fixed assets to its subsidiaries The business was sold for nil consideration and the fixed assets were sold at book value

5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 £000	2005 £000
The loss on ordinary activities before taxation was arrived at after charging		
Depreciation on		
Leasehold property	6	9
Owned assets	12	17
Loss on disposal		
Fixed assets	4	5
Operating lease rentals		
Land and buildings	138	143

All auditors' remuneration of £5,000 (2005 £4,800) was borne by another Group company

6 EMPLOYEE COSTS

	2006 £000	2005 £000
Employee costs during the year consisted of		
Salaries	2,132	2,139
Social security costs	262	269
Pension costs	93	81
	2,487	2,489

	2006 Number	2005 Number
Number of employees - average for the year	35	33

The average number of employees for 2006 is for the nine months to 30 September, when the Company ceased trading

Certain members of staff who worked for the Company in the United Kingdom were employed by other subsidiary undertakings of Willis Group Holdings Limited The Company bore the cost of the salaries, social security payments and pension contributions relating to such staff and reimbursed the employing company for the full amount of the costs incurred, as shown above

7 DIRECTORS' REMUNERATION

The Directors of the Company received no remuneration for services rendered to the Company during the year (2005 £nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

8 TAX ON LOSS ON ORDINARY ACTIVITIES

	2006 £000	2005 £000
(a) Analysis of credit for the year		
Current tax		
UK corporation tax on loss at 30% (2005 30%)	(136)	(34)
Adjustments in respect of prior periods	(2)	2
	(138)	(32)
Foreign tax on profits for the year	2	3
Total current tax (note 8(b))	(136)	(29)
Deferred tax		
Origination and reversal of timing differences	105	(32)
Total deferred tax (note 13)	105	(32)
Tax on loss on ordinary activities	(31)	(61)

(b) Factors affecting tax credit for the year

The tax assessed for the year is higher/lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £000	2005 £000
Loss on ordinary activities before tax	(102)	(211)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	(31)	(63)
Effects of		
Timing difference on pension provision	(90)	16
Expenses not deductible for tax purposes	-	(3)
Depreciation for the year in excess of capital allowances	(15)	16
Irrecoverable foreign tax	2	3
Adjustment to tax charge in respect of previous years	(2)	2
Current tax credit for the year (note 8(a))	(136)	(29)

9 TANGIBLE ASSETS

	Leasehold improvements £000	Furniture and equipment £000	Total £000
Cost			
1 January 2006	70	152	222
Additions	-	7	7
Disposals	(70)	(159)	(229)
31 December 2006	-	-	-
Depreciation			
1 January 2006	15	90	105
Provided in year	6	12	18
Disposals	(21)	(102)	(123)
31 December 2006	-	-	-
Net book value 31 December 2006	-	-	-
Net book value 31 December 2005	55	62	117

	2006 £000	2005 £000
Net book value of land and buildings		
Leasehold Short	-	55

All assets were transferred at book value to Willis Japan Holding KK at 30 September 2006

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

10 INVESTMENTS HELD AS FIXED ASSETS

	£000
Cost	
1 January 2006	-
Additions	132
31 December 2006	132
Provisions	
1 January 2006	-
Provision for the year	-
31 December 2006	-
Net Book value 31 December 2006	132
Net Book value 31 December 2005	-

During the year the Company acquired 100% of Willis Japan Holding KK for a consideration of £132,000

11 SHARES IN SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertaking at 31 December 2006 was	Class of Share	Percentage of share capital held
HOLDING COMPANY		
Willis Japan Holding KK (incorporated in Japan)	Ordinary of 1 Japanese Yen	100%

The Company is exempt from the obligation to prepare group accounts in accordance with Section 228 of the Companies Act 1985 (as amended) as the Company is ultimately a wholly-owned subsidiary of Willis Group Holdings Limited, in whose accounts it is consolidated These accounts relate to the Company only and not to its group

In the opinion of the Directors, the value of the shares in the subsidiary undertaking is not less than the amount shown in the Balance Sheet

12 DEBTORS

	2006 £000	2005 £000
Due within one year		
Amounts owed by group undertakings	642	669
Corporation tax	137	13
Other debtors	645	298
	1,424	980
Due after more than one year		
Deferred tax asset (see note 13)	-	105
	1,424	1,085

13 DEFERRED TAX

	2006 £000	2005 £000
The deferred tax included in the balance sheet is as follows		
Included in debtors (note12)		
Deferred tax consists of		
Timing differences on pension provision	-	90
Timing differences on capital allowances	-	15
	-	105
At 1 January	105	73
Deferred tax (charge)/credit in profit and loss account (note 8(a))	(105)	32
At 31 December	-	105

14	CREDITORS amounts falling due within one year	2006 £000	2005 £000
	Amounts owed to group undertakings	363	1
	Accruals and deferred income	772	856
		1,135	857

Included within accruals and deferred income at 31 December 2006 was £299,429 in respect of an unfunded retirement allowance The allowance is provided for officers and employees of the Tokyo branch based on length of service, standard monthly salary at date of termination of employment and whether termination is voluntary or involuntary (involuntary termination is considered to occur upon mandatory retirement at the age of 60, death or certain other instances) The reserve for retirement allowance within accruals represents 100% of the aggregate liability computed under the assumption that all officers and employees involuntarily terminate at the balance sheet date This was transferred to Willis Japan Holdings KK at 30 September 2006

15	CREDITORS amounts falling due after more than one year	2006 £000	2005 £000
	Amounts owed to group undertakings	460	460

16	CALLED UP SHARE CAPITAL	2006 £000	2005 £000
	Authorised, allotted, issued and fully paid		
	1,000 ordinary shares of £1 each (2005 1,000)	1	1

17	PROFIT AND LOSS ACCOUNT	2006 £000	2005 £000
	1 January	78	228
	Loss on ordinary activities after taxation	(71)	(150)
	31 December	7	78

18 PENSIONS

Defined Benefit Scheme
Certain UK-based members of staff working for the Company were entitled to be members of the Willis Pension Scheme ("the Scheme'), which is funded externally and is of the defined benefit type These members of staff are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings Limited The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method The pension contributions rates are based on pension costs across the Group's UK companies as a whole

Full disclosures for the Scheme under FRS17 are included in the financial statements of Willis Limited

This Scheme was closed to new members from 1 January 2006

Defined Contribution Scheme
The Company operated a defined contribution scheme for new members from 1 January 2006, for which the pension cost charge for the year amounted to £1,356

19	COMMITMENTS	Land and Buildings 2006 £000	2005 £000
	Operating lease commitments		
	Payments committed to be made within one year by the Company for leases expiring in less than one year	-	34

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

20 RELATED PARTY TRANSACTIONS

FRS8 exempts the reporting of transactions between Group companies in the accounts of companies 90% or more of whose voting rights are controlled within the Group The Company has taken advantage of this exemption There are no other transactions requiring disclosure