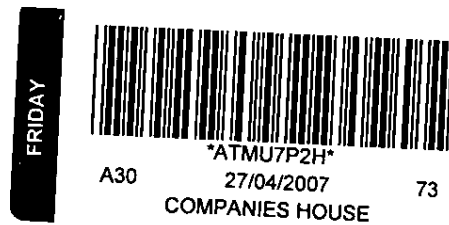


# PMI Health Group Limited

## REPORT AND FINANCIAL STATEMENTS

30 June 2006



Company Registration No 2660256

# PMI Health Group Limited

## CONTENTS

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DIRECTORS AND ADVISORS	1
DIRECTORS' REPORT	2
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	6
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PMI HEALTH GROUP LIMITED	7
CONSOLIDATED PROFIT AND LOSS ACCOUNT	8
COMPANY PROFIT AND LOSS ACCOUNT	9
CONSOLIDATED BALANCE SHEET	10
COMPANY BALANCE SHEET	11
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	12
CONSOLIDATED CASH FLOW STATEMENT	13
ACCOUNTING POLICIES	15
NOTES TO THE FINANCIAL STATEMENTS	18

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# PMI Health Group Limited

## DIRECTORS AND ADVISORS

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### DIRECTORS

CP Baldwin  
RDH Munro  
MI Davis

### SECRETARY

RDH Munro

### REGISTERED OFFICE

The Courtyard  
Hall Lane  
Wincham  
Cheshire  
CW9 6DG

### AUDITORS

Baker Tilly UK Audit LLP  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

### BANKERS

National Westminster Bank PLC  
23 Stamford New Road  
Altrincham  
Cheshire  
WA14 1DB

### SOLICITORS

Chandler Harris  
25 Byrom Street  
Manchester  
M3 4PF

# PMI Health Group Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of PMI Health Group Limited for the year ended 30 June 2006

### PRINCIPAL ACTIVITIES

The group continues to provide a growing range of employee healthcare services, including health related insurance consultancy, related claims management and occupational healthcare

### REVIEW OF BUSINESS

PMI Health Group Limited continues to operate as a Holding Company

The group continues to successfully provide a healthcare insurance broking service. The group companies work closely to assist clients in improving their performance by managing the health of their employees and reducing sickness absence

The group has invested heavily in the development of services available to our clients during the year. We have set up a general insurance team and also developed absence management services. This has placed us in a strong position to meet our clients different requirements

The increase in group sales was in line with expectations. The increase in expenditure was also in line with expectations and reflects the investment in expanding our range of services and products

Private Medicine Intermediaries Limited has been at the forefront of our development in expanding the services that we offer, with the introduction of our general insurance team and the increased number of products being available

Corporate Medical Management Limited has continued to expand the range of occupational healthcare services available to our clients. Our claims service has continually evolved to ensure that we have the capacity and skills to fulfil our client needs

The group has continued to meet the regulatory requirements set throughout the year

The directors are satisfied with the group's performance and believe that we are now in a stronger position to fulfil our client needs and move the group forward

### KEY PERFORMANCE INDICATORS

The group set key performance indicators against which performance is reviewed

The key performance indicators cover all aspects of the business and include

- Work force activity measured against activity targets
- Costs incurred measured against planned costs and analytical review
- Sales measured against planned sales and analytical review
- Customer satisfaction reviews

We are satisfied with our performance when measured against these indicators

# PMI Health Group Limited

## DIRECTORS' REPORT

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### RISKS AND UNCERTAINTIES

The board and management of the company manage the risks and uncertainties facing the group on a continuous basis. We consider the principal risks and uncertainties to be as follows:

- Changes in legislation in the markets in which we operate
- Political changes which may have an effect on the products and services we provide
- Social perception of the markets in which we operate
- Price fluctuations
- Competition
- Supplier availability
- Staff retention

We believe that we have sufficient controls and procedures in place to monitor, control, and react accordingly to the risks and challenges that we face.

### FINANCIAL INSTRUMENTS

The board uses management accounts and various financial reports to ensure that the following are reviewed and we are aware of any risk arising in any of the following areas:

**Price** – The board continually monitors the prices we set against those of our competitors. This ensures that we continue to be competitive in the market.

**Credit** - We have robust credit control procedures in place to ensure that all amounts due are paid promptly. We have a dedicated team who use the systems and procedures in place to diligently chase all outstanding monies and ensure that no significant bad debts occur.

**Liquidity** - Due to the nature of the business in which we operate, and also prudent history of management, we have minimal risk with regards to liquidity.

**Cash Flow** - With the stringent credit control procedures that we employ and also the tight management of the group, we take the appropriate action to minimise this risk.

### FUTURE DEVELOPMENTS

The group will continue to offer the wide range of services we currently provide to our clients. We will also look to further develop our current product range so that we may evolve along with our customer needs and offer full solutions for their employee healthcare matters.

### RESULTS AND DIVIDENDS

The group trading profit for the year after taxation was £654,450 (2005: £827,452). The directors propose the payment of a final dividend on the 'C' ordinary shares of £nil (2005: £nil) which, after dividends paid of £nil (2005: £1,000,000), leaves a profit of £654,450 to be transferred to reserves.

# PMI Health Group Limited

## DIRECTORS' REPORT

### PROPOSED DIVIDEND

Financial Reporting Standard ('FRS') 21 has been adopted in these financial statements. FRS 21 requires final dividends to be recognised when they have been approved by the shareholders and interim dividends to be recognised when paid.

A prior year adjustment has been made in the financial statements of both the company and the group, reflecting the £500,000 proposed dividend in 2004 which was approved by the shareholders and was paid during 2005.

A further prior year adjustment was posted in the company financial statements in respect of £504,000 of dividends receivable at 30 June 2004, of which £500,000 was received in 2005 and £4,000 in 2006.

### DIRECTORS

The directors who held office during the year were as follows:

CP Baldwin  
RDH Munro  
MI Davis

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors who held office at the end of the financial year had the following interests (including family interests) in the share capital of the company according to the register of directors' interests:

	B shares of £1 each		A shares of 2p each	
	2006 No	2005 No	2006 No	2005 No
CP Baldwin	-	-	2,550	2,550
RDH Munro	35,995	35,995	-	-
MI Davis	1,994	1,944	-	-

Directors' interests in the shares of the company's ultimate parent company, Baldwin Ventures Limited, including family interests in the share capital of the company, were as follows:

	At 30 June 2006		At 30 June 2005	
	Ordinary voting shares	Ordinary non-voting shares	Ordinary voting shares	Ordinary non-voting shares
CP Baldwin	54	172,885	54	172,885

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any director or their immediate family, or exercised by them, during the financial year.

### POST BALANCE SHEET EVENT

Following the year end, 51,081 "C" ordinary shares of £1 each were repurchased for a total consideration of £255,405.

# PMI Health Group Limited

## DIRECTORS' REPORT

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### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they 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 it has been communicated to the auditor.

### AUDITORS

On 2 April 2007 the Baker Tilly partnership was restructured to operate through a group of limited liability partnerships. From this date the company's auditors are Baker Tilly UK Audit LLP.

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

By order of the board



**RDH Munro**  
Secretary

26 April

2007

# PMI Health Group Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b. make judgements and estimates that are reasonable and prudent,
- c 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 requirements of 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 PMI HEALTH GROUP LIMITED

We have audited the financial statements on pages 8 to 28

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 Annual Report and 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, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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.

## 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 and group affairs at 30 June 2006 and of the company and group's profit for the year then ended and 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.

*Baker Tilly UK Audit LLP*

## BAKER TILLY UK AUDIT LLP

Registered Auditor  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

*26 April* 2007

**PMI Health Group Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 2006**

	Notes	2006 £	2005 £
TURNOVER		<b>7,202,630</b>	6,785,280
Administrative expenses		<b>(6,333,611)</b>	(5,673,903)
<b>OPERATING PROFIT</b>		<b>869,019</b>	1,111,377
Interest receivable and similar income	1	<b>88,717</b>	93,188
Interest payable and similar charges	4	<b>(2,126)</b>	(7,065)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>955,610</b>	1,197,500
Taxation	6	<b>(301,160)</b>	(370,048)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>654,450</b>	827,452

The operating profit for the year arises from the group's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account. There is no cumulative effect of the prior year adjustment relating to the dividends proposed in 2004

**PMI Health Group Limited**  
**COMPANY PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 2006**

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	Notes	2006 £	2005 (As restated) £
Administrative income/(expenses)		105	(6)
Income from shares in group undertakings		4,000	1,000,000
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>4,105</b>	<b>999,994</b>
		<hr/> <hr/>	<hr/> <hr/>

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account. There is no cumulative effect of the prior year adjustment relating to the dividends proposed in 2004

**PMI Health Group Limited**  
**CONSOLIDATED BALANCE SHEET**  
at 30 June 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>500,328</u>	<u>452,700</u>
<b>CURRENT ASSETS</b>			
Debtors	10	<u>1,588,200</u>	<u>1,670,775</u>
Cash at bank and in hand		<u>2,149,254</u>	<u>1,639,539</u>
		<u>3,737,454</u>	<u>3,310,314</u>
CREDITORS. Amounts falling due within one year	12	<u>(729,829)</u>	<u>(907,283)</u>
<b>NET CURRENT ASSETS</b>		<u><b>3,007,625</b></u>	<u><b>2,403,031</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>3,507,953</b></u>	<u><b>2,855,731</b></u>
CREDITORS. Amounts falling due after more than one year	13	-	(12,446)
DEFERRED INCOME		<u>(649,209)</u>	<u>(638,991)</u>
<b>NET ASSETS</b>		<u><b>2,858,744</b></u>	<u><b>2,204,294</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	<u>891,054</u>	<u>891,054</u>
Capital redemption reserve	16	<u>40,000</u>	<u>40,000</u>
Share premium	16	<u>24,451</u>	<u>24,451</u>
Profit and loss account	16	<u>1,903,239</u>	<u>1,248,789</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u><b>2,858,744</b></u>	<u><b>2,204,294</b></u>

The financial statements on pages 8 to 28 were approved by the board of directors and authorised for issue on 26 April 2007 and are signed on its behalf by

**CP Baldwin**  
Director



**PMI Health Group Limited**  
**COMPANY BALANCE SHEET**  
at 30 June 2006

	Note	2006 £	2005 (As restated) £
<b>FIXED ASSETS</b>			
Investments	9	<b>939,108</b>	939,108
<b>CURRENT ASSETS</b>			
Debtors (£20,000 due after more than one year (2005 £20,000))	10	<b>20,000</b>	20,000
CREDITORS Amounts falling due within one year	12	<b>(3,486)</b>	(7,591)
<b>NET CURRENT ASSETS</b>		<b>16,514</b>	12,409
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>955,622</b>	951,517
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	<b>891,054</b>	891,054
Capital redemption reserve	16	<b>40,000</b>	40,000
Share premium	16	<b>24,451</b>	24,451
Profit and loss account	16	<b>117</b>	(3,988)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>955,622</b>	951,517

The financial statements on pages 8 to 28 were approved by the board of directors and authorised for issue on *26 April* 2007 and are signed on its behalf by:

**CP Baldwin**  
Director



# PMI Health Group Limited

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 30 June 2006

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	GROUP		COMPANY	
	2006 £	2005 (As restated) £	2006 £	2005 (As restated) £
PROFIT FOR THE FINANCIAL YEAR	654,450	827,452	4,105	999,994
Dividends	-	(1,000,000)	-	(1,000,000)
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS	654,450	(172,548)	4,105	(6)
Opening shareholders' funds – as previously stated	2,204,294	1,876,842	951,517	955,523
Prior year adjustment	-	500,000	-	(4,000)
CLOSING SHAREHOLDERS' FUNDS	2,858,744	2,204,294	955,622	951,517

**PMI Health Group Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 30 June 2006

	Note	2006 £	2005 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19(a)	<b>1,096,625</b>	1,413,432
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		<b>88,717</b>	93,188
Interest on hire purchase and finance lease contracts		<b>(2,126)</b>	(6,401)
Other interest		-	(664)
		<b>86,591</b>	86,123
<b>TAXATION</b>			
Corporation tax paid		<b>(363,702)</b>	(337,322)
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets		<b>(339,846)</b>	(198,976)
Receipts from sale of tangible fixed assets		<b>65,442</b>	14,575
		<b>(274,404)</b>	(184,401)
EQUITY DIVIDENDS PAID		-	(1,000,000)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<b>545,110</b>	(22,168)
<b>FINANCING</b>			
Capital repayments of finance leases and hire purchase contracts		<b>(35,395)</b>	(73,866)
INCREASE/(DECREASE) IN CASH IN THE YEAR	19(b)	<b>509,715</b>	(96,034)

**PMI Health Group Limited**  
**CONSOLIDATED CASH FLOW STATEMENT (continued)**  
**for the year ended 30 June 2006**

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	Note	2006 £	2005 £
Increase/(decrease) in cash in the year		509,715	(96,034)
Cash outflow from lease financing		35,395	73,866
		<hr/>	<hr/>
Change in net funds arising from cash flows	19(b)	545,110	(22,168)
		<hr/>	<hr/>
<b>MOVEMENT IN NET FUNDS IN YEAR</b>		<b>545,110</b>	<b>(22,168)</b>
<b>NET FUNDS AT START OF YEAR</b>		<b>1,599,645</b>	<b>1,621,813</b>
		<hr/>	<hr/>
<b>NET FUNDS AT END OF YEAR</b>	19(b)	<b>2,144,755</b>	<b>1,599,645</b>
		<hr/> <hr/>	<hr/> <hr/>



# PMI Health Group Limited

## ACCOUNTING POLICIES

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The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

### BASIS OF ACCOUNTING

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

### BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of PMI Health Group Limited and all its subsidiary undertakings. These financial statements are made up to 30 June 2006

The consolidated financial statements are based on financial statements of subsidiary undertakings which have coterminous year ends

### CHANGES IN ACCOUNTING POLICIES

The following new Financial Reporting Standards ("FRSs") have been adopted, for the first time, in these financial statements

- FRS 21 – Events after the balance sheet date
- FRS 25 – Financial instruments: Disclosure and presentation (presentation requirements only)
- FRS 28 – Corresponding amounts

FRS 21 requires final dividends only to be included in the profit and loss account when they have been approved by the shareholders and interim dividends only when they have been paid. The impact on these financial statements is that a prior year adjustment has been made in the consolidated financial statements

#### *Dividends receivable – Company*

Dividends receivable of £504,000 from Private Medicine Intermediaries Limited and Corporate Medical Management Limited at 30 June 2004 have been treated as £500,000 received in 2005 and £4,000 received in 2006, with the shareholders' funds at 1 July 2005 reduced by £504,000 and dividends receivable in debtors reduced by £504,000

There has been no impact on the group financial statements as a result of this adjustment

#### *Dividends payable – Group and company*

Dividends payable of £500,000 at 30 June 2004 have been treated as a prior year adjustment and shareholders' funds at 1 July 2005 have been increased by £500,000. These dividends have then been treated as part of the dividends paid in 2005

This adjustment has been required in the group financial statements and the financial statements of the parent undertaking

### RELATED PARTY TRANSACTIONS

The company has, in accordance with FRS No 8, taken advantage of the exemption from reporting the transactions between the company and certain of its related parties, since all of the voting rights are controlled by the group and the consolidated financial statements in which the company are consolidated are publicly available

# PMI Health Group Limited

## ACCOUNTING POLICIES

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### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Computer equipment	- 25% straight line
Motor vehicles	- 20% straight line
Fixtures, fittings and office equipment	- 25% straight line

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

### RETIREMENT BENEFITS

For defined contribution schemes 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.

### INSURANCE CREDITORS AND CASH

The group acts as agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters, the group has followed generally accepted accounting practice for insurance brokers by showing creditors and cash balances relating to its insurance business as assets and liabilities of the group itself unless net settlement can be secured beyond doubt. This complies with the reporting requirements under FRS 5 where assets and liabilities may not be offset unless net settlement is legally enforceable.

# PMI Health Group Limited

## ACCOUNTING POLICIES

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### TURNOVER

Turnover for the subsidiary Private Medicine Intermediaries Limited represents commission and fees earned via insurance premium contracts. All commission and fee income is recognised at the date the policy commences.

For the subsidiary Corporate Medical Management Limited turnover is recognised evenly over the life of a contract to ensure that the revenue recognised fairly matches the costs incurred in servicing the those contracts and is stated net of value added tax. Income received in advance is disclosed as deferred income on the balance sheet.

All turnover and pre-tax profits are derived entirely from operations within the United Kingdom.

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

1	OPERATING PROFIT	GROUP	
		2006 £	2005 £
	Operating profit is stated after charging		
	Auditors' remuneration – audit services	18,765	17,050
	– other services	3,395	3,295
	Operating leases – land and buildings	140,000	140,000
	Depreciation of owned assets	211,887	198,885
	Depreciation of assets held under hire purchase and finance leases	3,748	27,256
	Loss on sale of tangible fixed assets	11,141	6,354
		<u>          </u>	<u>          </u>

2	DIRECTORS' REMUNERATIONS	GROUP	
		2006 £	2005 £
	Emoluments	142,395	133,701
	Emoluments paid to third parties	249,733	186,107
	Pension fund contributions	15,125	12,177
		<u>          </u>	<u>          </u>
		407,253	331,985
		<u>          </u>	<u>          </u>

	GROUP	
	2006 Number	2005 Number
Members of defined contributions pension scheme	2	2
	<u>          </u>	<u>          </u>

	GROUP	
	2006 £	2005 £
Highest paid director		
Emoluments	142,395	133,701
Pension fund contributions	15,125	12,177
	<u>          </u>	<u>          </u>
	157,520	145,878
	<u>          </u>	<u>          </u>

**COMPANY**

There were no directors' emoluments paid by the company

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

3	STAFF COSTS	GROUP	
		2006	2005
		£	£
	Aggregate staff costs were as follows:		
	Wages and salaries	3,584,254	3,145,123
	Social security costs	395,039	346,594
	Other pension costs	156,247	148,142
		<u>4,135,540</u>	<u>3,639,859</u>

Included in wages and salaries are redundancy and termination costs of £65,000 (2005: £7,500)

**COMPANY**

There were no staff costs incurred by the company

The monthly average number of persons employed by the group and company (including directors) during the year was as follows:

	GROUP		COMPANY	
	2006	2005	2006	2005
	Number	Number	Number	Number
Management and administration	85	76	3	3
Sales staff	23	23	-	-
Medical staff	17	15	-	-
	<u>125</u>	<u>114</u>	<u>3</u>	<u>3</u>

4	INTEREST RECEIVABLE AND SIMILAR INCOME	GROUP	
		2006	2005
		£	£
	Bank interest	88,717	93,188
		<u>88,717</u>	<u>93,188</u>

5	INTEREST PAYABLE AND SIMILAR CHARGES	GROUP	
		2006	2005
		£	£
	Hire purchase and finance lease contracts	2,126	6,401
	Interest paid on corporation tax	-	664
		<u>2,126</u>	<u>7,065</u>

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

6	TAXATION	GROUP	
		2006 £	2005 £
	Current tax:		
	UK corporation tax on profits for the year	296,454	385,557
	Adjustments in respect of previous years	316	833
		<hr/>	<hr/>
	Total current tax (see below)	296,770	386,390
		<hr/>	<hr/>
	Deferred taxation		
	Origination and reversal of timing differences	4,390	(15,861)
	Deferred tax underprovided in previous years	-	(481)
		<hr/>	<hr/>
	Total deferred tax	4,390	(16,342)
		<hr/>	<hr/>
	Tax on profit on ordinary activities	301,160	370,048
		<hr/> <hr/>	<hr/> <hr/>

	GROUP	
Factors affecting tax charge for year	2006 £	2005 £
The tax assessed for the period is higher than the standard rate of corporation tax in the UK 30% (2005 30%) The differences are explained below		
Profit on ordinary activities before tax	955,610	1,197,500
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2005 30%)	286,683	359,250
Effects of:		
Expenses not deductible for tax purposes	14,107	9,849
Capital allowances (in excess of)/less than depreciation	(4,429)	13,004
Short term timing differences	125	2,682
Under provision in prior years	316	571
Other differences	(32)	1,034
	<hr/>	<hr/>
Tax charge for year	296,770	386,390
	<hr/> <hr/>	<hr/> <hr/>

**COMPANY**

There is no tax payable by the company

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

7	DIVIDENDS	GROUP AND COMPANY	
		2006 £	2005 £
	Equity dividends		
	Interim paid – 2005	-	500,000
	Final equity dividend at 30 June 2004	-	500,000
		<u>-</u>	<u>1,000,000</u>

8	TANGIBLE FIXED ASSETS GROUP	Computer equipment	Motor vehicles	Fixtures fixtures and equipment	Total
		£	£	£	£
	<i>Cost</i>				
	At beginning of year	777,606	261,151	354,290	1,393,047
	Additions	113,376	208,770	17,700	339,846
	Disposals	(11,458)	(185,034)	(3,898)	(200,390)
	At end of year	<u>879,524</u>	<u>284,887</u>	<u>368,092</u>	<u>1,532,503</u>
	<i>Depreciation</i>				
	At beginning of year	590,862	97,007	252,478	940,347
	Charged in the year	113,699	57,199	44,737	215,635
	Disposals	(10,698)	(110,118)	(2,991)	(123,807)
	At end of year	<u>693,863</u>	<u>44,088</u>	<u>294,224</u>	<u>1,032,175</u>
	<i>Net book value</i>				
	At 30 June 2006	<u><b>185,661</b></u>	<u><b>240,799</b></u>	<u><b>73,868</b></u>	<u><b>500,328</b></u>
	At 30 June 2005	<u>186,744</u>	<u>164,144</u>	<u>101,812</u>	<u>452,700</u>

Included in the net book value for group tangible fixed assets is the following amount relating to assets acquired under finance leases and hire purchase contracts £10,305 (2005 £77,980)  
Depreciation charged on these assets was £3,748 (2005 £27,256)

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

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9 INVESTMENTS

COMPANY

Investments in subsidiary undertakings

Cost  
 At 1 July 2005 and 30 June 2006 £  
 939,108

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**Subsidiary undertakings (both included in the consolidation)**

<i>Name of company</i>	<i>Shareholding</i>	<i>Activity</i>
Private Medicine Intermediaries Limited	100%	Medical insurance broker
Corporate Medical Management Limited	100%	Medical screening and managing medical insurance contracts

The subsidiary companies are registered in England and Wales

10 DEBTORS

	GROUP		COMPANY	
	2006	2005	2006	2005 (As restated)
	£	£	£	£
Trade debtors	1,418,093	1,472,305	-	-
Amounts due from subsidiary company	-	-	20,000	20,000
Deferred taxation (see note 14)	25,197	29,587	-	-
Prepayments and accrued income	132,287	157,499	-	-
Other debtors	12,623	11,384	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,588,200</b>	<b>1,670,775</b>	<b>20,000</b>	<b>20,000</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The amount due from subsidiary company is due after more than one year

11 INSURANCE MONIES HELD

The group holds monies on behalf of its clients in statutory trust accounts in respect of insurance premiums of £398,964 (2005 £406,725)



**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

12 CREDITORS Amounts falling due within one year

	GROUP		COMPANY	
	2006 £	2005 £	2006 £	2005 £
Amounts owed to subsidiary	-	-	3,486	7,591
Trade creditors	63,047	41,621	-	-
Obligations under hire purchase contracts (note 13)	4,499	27,448	-	-
Corporation tax	128,308	195,240	-	-
Other taxes and social security costs	149,575	143,189	-	-
Accruals and other creditors	384,400	499,785	-	-
	<u>729,829</u>	<u>907,283</u>	<u>3,486</u>	<u>7,591</u>

13 CREDITORS Amounts falling due after more than one year

	GROUP	
	2006 £	2005 £
Obligations under higher purchases contracts (see below)	-	12,446
	<u>-</u>	<u>12,446</u>
The other creditor balance is secured by a first charge over trade debtors		
The maturity of obligations under finance leases and hire purchase contracts is as follows		
	2006 £	2005 £
Amounts payable		
Within one year	5,830	38,379
Within two to five years	-	14,664
	<u>5,830</u>	<u>53,043</u>
Less finance charges allocated to future periods	(1,331)	(13,149)
	<u>4,499</u>	<u>39,894</u>
Finance leases and hire purchase contracts are analysed as follows		
Current obligations	4,499	27,448
Non-current obligations	-	12,446
	<u>4,499</u>	<u>39,894</u>

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

14	DEFERRED TAXATION	GROUP
		£
	At beginning of year	(29,587)
	Charge for the year	4,390
	<b>At end of year</b>	<b>(25,197)</b>

The elements of deferred taxation are as follows:

	GROUP	
	2006	2005
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	(20,402)	(24,918)
Other timing differences	(4,795)	(4,669)
Deferred tax asset	<u>(25,197)</u>	<u>(29,587)</u>

15	SHARE CAPITAL	2006	2005
		£	£
	Authorised		
	250,000 'A' ordinary shares of £0.02 each	5,000	5,000
	1,000,000 'B' ordinary shares of £1 each	1,000,000	1,000,000
	200,000 'C' ordinary shares of £1 each	200,000	200,000
		<u>1,205,000</u>	<u>1,205,000</u>
	Allotted, called up and fully paid		
	2,550 'A' ordinary shares of £0.02 each	51	51
	691,003 'B' ordinary shares of £1 each	691,003	691,003
	200,000 'C' ordinary shares of £1 each	200,000	200,000
		<u>891,054</u>	<u>891,054</u>

In accordance with the company's Articles, the 'A' shares attract rights but have no rights to a distribution, either in the form of dividends or repayment of capital. The 'B' shares and 'C' shares have no voting rights but qualify for all dividends declared and any repayment of capital.

Following the year end, 51,081 "C" ordinary shares of £1 each were repurchased for a total consideration of £255,405.

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

16 RESERVES	Capital redemption reserve £	Share premium £	Profit and loss account £
<b>GROUP</b>			
Balance at beginning of year	40,000	24,451	1,248,789
Profit for the year	-	-	654,450
<b>Balance at end of year</b>	<b>40,000</b>	<b>24,451</b>	<b>1,903,239</b>
<b>COMPANY</b>			
Previously reported	40,000	24,451	12
Prior year adjustment	-	-	(4,000)
Balance at beginning of year (As restated)	40,000	24,451	(3,988)
Profit for the year	-	-	4,105
<b>Balance at end of year</b>	<b>40,000</b>	<b>24,451</b>	<b>117</b>

**17 PENSION COMMITMENTS**

The group pays pension contributions to personal pensions of selected employees. The personal pensions are arranged with an insurance company separate to the business. The group also has a defined contribution pension scheme called the PMI Limited Group Personal Pension Scheme, which was established in 2005. Contributions outstanding at the year end totalled £15,190 (2005 £15,566)

**18 COMMITMENTS UNDER OPERATING LEASES**

At the year end the company had annual commitments under non-cancellable operating leases as follows

GROUP	2006 £	2005 £
Land and buildings expiring over five years	<b>140,000</b>	140,000

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

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21 RELATED PARTY TRANSACTIONS

*Baldwin Industries Limited*

Baldwin Industries Limited is considered, by the directors, to be a related party with whom transactions have occurred during the year

The following transactions were entered into during the year

	Private Medicine Intermediaries Limited		Corporate Medical Management Limited	
	2006	2005	2006	2005
	£	£	£	£
Purchases				
Other recharges	<b>174,894</b>	118,355	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The following balances existed in the year end

	Private Medicine Intermediaries Limited		Corporate Medical Management Limited	
	2006	2005	2006	2005
	£	£	£	£
Baldwin Industries Limited				
- current account	<b>(19,725)</b>	(5,826)	365	35,228
- loan account	<b>12,474</b>	11,344	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
(Creditor)/debtor	<b>(7,251)</b>	5,518	365	35,228
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The group also rented certain properties from CP Baldwin's pension trust, rental for the year amounted to £140,000 (2005 £140,000)

*Hurlstone Management Limited*

Mr MI Davis is a director and controlling shareholder of Hurlstone Management Limited

During the year Private Medicine Intermediaries Limited transacted with Hurlstone Management Limited. The nature of the trading activities and the relative values were as follows

	2006	2005
	£	£
Purchases		
Professional and advisory services	<b>54,839</b>	48,177
	<u>          </u>	<u>          </u>

At the year end there is an accrual of £13,574 (2005 £9,773) owing by Private Medicine Intermediaries Limited

**PMI Health Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

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22 PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company's ultimate parent company is Baldwin Ventures Limited, a company incorporated in the United Kingdom.

The directors are of the opinion that Mr CP Baldwin is the ultimate controlling party