

COMPANY REGISTRATION NUMBER 02505995

UIB INTERNATIONAL LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2003



UIB INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

CONTENTS	PAGE
The directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report to the members	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7
The following pages do not form part of the financial statements	
Detailed profit and loss account	15
Notes to the detailed profit and loss account	16

UIB INTERNATIONAL LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2003

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of acting as an investment company.

The directors consider the company's business will continue to develop although trading conditions are expected to be difficult.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

MJ Davison
BS Kabban
GJ Kabban
MG Kabban
S Newton
PAC Tuite-Dalton
AR Woods
MG Randall
PB Mitchell
K Jabri

(Appointed 19 December 2003)
(Appointed 19 December 2003)

AUDITORS

A resolution to re-appoint Mazars as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
69 Mansell Street
London
E1 8AN

Signed by order of the directors



MJ Davison
Company Secretary

Approved by the directors on 21 May 2004

UIB INTERNATIONAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2003

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 7, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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. The directors 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.

UIB INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and 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 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

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

BASIS OF AUDIT OPINION

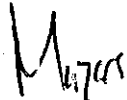
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

UIB INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS *(continued)*

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MAZARS
Chartered Accountants
& Registered Auditors
24 Bevis Marks
London
EC3A 7NR

21 May 2004

UIB INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
TURNOVER		—	—
Administrative expenses		(42,101)	306,183
Other operating income	2	<u>1,355</u>	—
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>43,456</u>	<u>(306,183)</u>
Tax on profit/(loss) on ordinary activities	5	<u>28,352</u>	—
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>15,104</u>	<u>(306,183)</u>
Balance brought forward		(291,405)	14,778
Balance carried forward		<u>(276,301)</u>	<u>(291,405)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 13 form part of these financial statements.

UIB INTERNATIONAL LIMITED

BALANCE SHEET

31 DECEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Investments	6	812,958	1,404,764
CURRENT ASSETS			
Debtors	7	158,544	196,747
Cash at bank		32,729	1,121
		<u>191,273</u>	<u>197,868</u>
CREDITORS: Amounts falling due within one year	8	<u>(1,280,530)</u>	<u>(1,669,035)</u>
NET CURRENT LIABILITIES		<u>(1,089,257)</u>	<u>(1,471,167)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(276,299)</u>	<u>(66,403)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	9	<u>–</u>	<u>(225,000)</u>
		<u>(276,299)</u>	<u>(291,403)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	2	2
Profit and loss account		<u>(276,301)</u>	<u>(291,405)</u>
DEFICIENCY	11	<u>(276,299)</u>	<u>(291,403)</u>

These financial statements were approved by the directors on the 21 May 2004 and are signed on their behalf by:



PAC TUIITE -DALTON
Director

The notes on pages 7 to 13 form part of these financial statements.

UIB INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

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

Consolidated accounts are not presented as the company is a wholly-owned subsidiary of another company incorporated in the United Kingdom.

The company has used the exemption provided in Financial Reporting Standard No. 1 ("Cashflow Statements") not to prepare a cashflow statement as it is a wholly-owned subsidiary of another company which prepares a consolidated cashflow statement.

Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date at which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date.

Differences arising on the translation of such items are dealt with in the profit and loss account.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Dividends

Dividends from investments are recognised in the period to which they relate.

2. OTHER OPERATING INCOME

	2003	2002
	£	£
Interest receivable	<u>1,355</u>	<u>—</u>

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging:

	2003	2002
	£	£
Loss on disposal of fixed asset investments	38,072	—
(Release) of provision against investments	(79,374)	—
Auditors' remuneration - as auditors	10,100	8,125
(Release)/ Provision for exceptional legal and professional fees in subsidiary undertaking (see note 9)	(184,500)	225,000
Exchange losses	<u>2,109</u>	<u>66</u>

UIB INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including directors, during the year (2002 £Nil).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
(a) Analysis of charge in period		
UK Corporation tax on profits of the period	28,352	-
Adjustments in respect of prior periods	-	-
Current tax charge for period (see (b) below)	<u>28,352</u>	<u>-</u>
 (b) Factors affecting tax charge for the period		
	2003	2002
	£	£
The tax assessment for the period is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit/ (loss) on ordinary activities before tax	<u>43,455</u>	<u>(306,183)</u>
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	13,036	(91,855)
Effect of expenses not deductible for tax purposes	16,076	89,393
Rate differences	(318)	-
Group relief surrendered	-	2,462
(Utilisation) of tax losses	(442)	-
Current tax charge for period (see (a) above)	<u>28,352</u>	<u>-</u>

UIB INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

6. INVESTMENTS

	Subsidiary Companies £	Associated Companies £	Trade Investments £	Total £
COST				
At 1 January 2003	914,033	392,294	76,693	1,383,020
Additions	119,370	-	-	119,370
Disposals	(98,290)	-	(16,021)	(114,311)
At 31 December 2003	<u>935,113</u>	<u>392,294</u>	<u>60,672</u>	<u>1,388,079</u>
 AMOUNTS PROVIDED AGAINST INVESTMENTS				
At 1 January 2003	66,578	-	-	66,578
Provided for in year	458,417	128,438	10,010	596,866
At 31 December 2003	<u>524,995</u>	<u>128,438</u>	<u>10,010</u>	<u>663,444</u>
 LOANS				
At 1 January 2003 and 31 December 2003	<u>128,322</u>	<u>-</u>	<u>-</u>	<u>128,322</u>
 AMOUNTS PROVIDED AGAINST LOANS				
At 1 January 2003 and 31 December 2003	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
 NET BOOK VALUE				
At 31 December 2003	<u>498,440</u>	<u>263,856</u>	<u>50,662</u>	<u>812,958</u>
At 31 December 2002	<u>935,777</u>	<u>392,294</u>	<u>76,693</u>	<u>1,404,764</u>

A further amount of US\$150,000 will become payable in respect of the company's investment in IBS Sigorta during 2004. In accordance with FRS7, this amount has been included in the cost of the investment shown above.

The above loans have been guaranteed by the ultimate parent company, UIB Holdings (UK) Limited.

UIB INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

6. INVESTMENTS *(continued)*

(i) Subsidiaries held by the company

Subsidiary	Country of Incorporation	Ordinary shares held	Nature of Business
UIB Insurance Brokers SA	Switzerland	100%	Insurance broker
UIB Asia Reinsurance Brokers Pte Limited	Singapore	90%	Reinsurance broker
United Insurance Brokers EC - Bahrain	Bahrain	99%	Insurance broker
UIB Insurance Brokers Company Limited	Korea	100%	Insurance broker
UIB Nordic Holdings	Sweden	100%	Holding company
UIB Nordic AB	Sweden	100%	Insurance broker

The company also owns 100% of the preference shares of UIB Asia Reinsurance Brokers Pte Limited, shown above.

(ii) Associates held by the company

Associate	Country of Incorporation	Ordinary shares held	Nature of Business
International Broking SL	Spain	35%	Insurance broker
United Insurance Brokers (LLC) - Dubai (Held by a subsidiary)	UAE	48.51%	Insurance broker
IBS Sigorta Brokerlik Hizm.	Turkey	40%	Insurance broker

UIB INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

6. INVESTMENTS *(continued)*

(iii) Trade investments held by the company

Trade Investment	Country of Incorporation	Ordinary shares held	Nature of Business
MACS-ECICS Insurance Brokers PTE Limited	Singapore	11.9%	Insurance broker
Luebecke & Co. GmbH	Germany	15%	Insurance broker

7. DEBTORS: Amounts falling due within one year

	2003	2002
	£	£
Amounts owed by group undertakings	100,209	115,872
Other debtors	40,881	80,875
Prepayments and accrued income	17,454	—
	<u>158,544</u>	<u>196,747</u>

8. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Amounts owed to group undertakings	1,147,168	1,474,526
Corporation tax	28,352	—
Other creditors	94,968	186,359
Accruals and deferred income	10,042	8,150
	<u>1,280,530</u>	<u>1,669,035</u>

UIB INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2003
	£
At 1 January 2003	225,000
Utilised during the year	(40,500)
Released during the year	(184,500)
At 31 December 2003	-

The above provision related to legal and professional fees arising from claims liabilities outstanding in UIB Nordic AB, a subsidiary undertaking, a matter which is now resolved.

10. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>

Allotted, called up and fully paid:

	2003		2002
	No	£	No
			£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>
			<u>2</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit/(Loss) for the financial year	15,104	(306,183)
Opening shareholders' equity (deficit)/funds	<u>(291,403)</u>	<u>14,780</u>
Closing shareholders' equity deficit	<u>(276,299)</u>	<u>(291,403)</u>

12. POST BALANCE SHEET EVENTS

UIB Labuan Limited was dissolved on 28 January 2004. In accordance with the provisions of SSAP 17, the resulting loss on investment has been included in the accounts to 31 December 2003.

UIB INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

13. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is UIB Holdings (UK) Limited, a company registered in England and Wales.