Company No: 2966649

609 CAPITAL LIMITED

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2009

Registered Office
Room 790
Lloyd's
1 Lime Street
London
EC3M 7DQ

609 Capital Limited

DIRECTORS
A Baddeley
S J Cook
N C Marsh

SECRETARY
M B W Bruce
David Venus & Company Limited
Thames House
Portsmouth Road
Esher
Surrey, KT10 9AD

AUDITORS
Ernst & Young LLP
1 More London Place
London SE1 2AF

BANKERS
Lloyds TSB Bank plc
113 Leadenhall Street
London EC3A 4AX

SOLICITORS
Clyde & Co LLP
51 Eastcheap
London EC3M 1JP

REGISTERED OFFICE
Room 790, Lloyd's
1 Lime Street
London EC3M 7DQ

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DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2009

Results and dividends

The profit for the year, after taxation, amounted to $1,236,000 (2008 $1,509,000) The directors do not recommend a final ordinary dividend, making a total dividend paid of $1,200,000 for the year (2008 $2,606,000)

Change of Functional Currency

With effect from 1 January 2009, the Company determined that the functional currency should be US Dollars, for previous periods the functional currency and reporting currency had been Sterling The bulk of the Company's income is generated from US Dollar business, and following the acquisition by Ariel Holdings Limited ('AHL'), funding for its activities and those of other companies in the Atrium Group is now provided in US Dollars This change has been applied prospectively The Company's presentational currency has changed to US Dollars

Principal activity and review of the business

The principal activity of the Company is that of a Corporate Underwriting Member at Lloyd's The Company ceased to underwrite on new years of account from 2008 and transferred its capacity to Atrium 5 Limited on 1 January 2008, therefore in the current year the Company participates on the 2007 year of account only

The following table shows the syndicate participations for each year of account

Syndicate No	**2007 Allocated Capacity £'000**
570	3,605
609	6,466
2791	2,761
6103	500
Total	**13,332**

The Company has entered into calendar year reinsurance contracts with Ariel Reinsurance Company Limited, a subsidiary of AHL, for 2008 and 2009 under the following terms

	2008	**2009**
Quota share	65 00%	65 00%
Ceding commission	3 75%	2 00%
Reinsurer's expenses	5 00%	5 00%
Profit commission	20 00%	25 00%

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DIRECTORS' REPORT *(continued)*

Key Performance Indicators	Year to 31 December 2009 $'000	Year to 31 December 2008 $'000	% Change
Net premıums earned	562	2,832	(80)%
Balance on technıcal account	1,390	2,636	(47)%
Profit before tax	1,236	2,603	(53)%

Commentary on KPIs

The reductıon ın net earned premıum and hence profit reflects the reduced partıcıpatıons on the underwntıng portfolıo and the effect of the quota share reınsurance contract

The quota share reınsurance contract ıs calculated on the total recognısed gaıns and losses for the penod, however ıs reflected ın the profit before tax

Future Developments

The company ceased to underwnte on new years of account from 2008, and has now completed the run off of the 2007 and pnor years of account

These financıal statements ıncorporate the annual accountıng results of the syndıcates on whıch the company partıcıpates for the 2007 year of account.

Principal risks & Uncertainties

The Board recognıses the cntıcal ımportance of havıng efficıent and effectıve nsk management systems ın place but also recognıses that ıt can only mıtıgate nsks, and not remove them completely The portfolıo of underwntıng can be consıdered as compnsıng two parts partıcıpatıon on syndıcates managed by Atnum Underwnters Ltd ('AUL'), an assocıated company of the Company's ımmedıate parent company also controlled 100% by Atnum Underwntıng Group Lımıted, partıcıpatıon on other syndıcates The Board consıders that the Pnncıpal nsks & uncertaıntıes and how the Company mıtıgates them may be vıewed sımılarly ın two parts

Managed Syndicates

The managıng agency, AUL has establıshed a nsk management framework for the Atnum managed syndıcates encompassıng a nsk regıster, a programme of ınternal control testıng and the nsk polıcıes whıch set out the nsk appetıte, controls and busıness conduct standards The Audıt and Rısk Commıttee of AUL, has approved thıs framework and meets regularly to dıscuss nsk management and approve any amendments to the framework The pnncıpal nsks and uncertaıntıes facıng the underlyıng syndıcates are as follows

Insurance Rısk

Insurance nsk ıncludes the nsks that the polıcy wıll be wntten for too low a premıum or provıde ınappropnate cover (underwntıng nsk), that the frequency or seventy of ınsured events wıll be hıgher than expected (claıms nsk), or that estımates of claıms subsequently prove to be ınsufficıent (reservıng nsk)

Underwriting risk is mitigated through numerous controls including underwriting peer review, authority limits and independent review of risks written The Syndicate Business Forecast is completed for each syndicate annually and stipulates those classes of business and concentration by class that will be written during the forthcoming year It is reviewed and approved by the Board prior to being submitted to the Lloyd's Franchise Board for approval Actual performance during the year is monitored by reference to the Syndicate Business Forecast

Claims risk is mitigated where possible by using catastrophe modelling software to model maximum probable losses from catastrophe-exposed business

Reserving risk is mitigated by the robust reserve adequacy exercise that is performed on a quarterly basis by the Head Actuary and approved by the Board

Credit Risk
The key aspect of credit risk is the risk of default by one or more of the syndicates' reinsurers or investment counterparties Reinsurance is placed only with those reinsurers that comply with the Atrium reinsurance policy This policy also dictates the permitted level of concentration in respect of each reinsurer for any one underwriting year The exposure to credit risk in the investment portfolio is mitigated through adherence to guidelines on the limits of exposure to individual issuers of securities, the aggregate investments in each credit quality rating, and the duration of the portfolio

Market Risk
This is the risk that the syndicates incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated The majority of the syndicates' business is denominated in US Dollars and the majority of assets are maintained in US Dollars accordingly, thus reducing substantially the mismatch risk

Investment Risk
The investment risk is the risk that the syndicates' earnings are affected by changes in the valuation of the investment portfolio, such changes in valuations may be driven by changes in the economic and political environment and by movements in interest and foreign exchange rates The agency manages the syndicates investments in accordance with investment guidelines established by the Board that are reviewed on a regular basis The Board monitors the performance of the external investment manager and the custodians responsible for the safekeeping of the investments

Liquidity Risk
This is the risk that the syndicates will not be able to meet their short term liabilities as they fall due, owing to a shortfall in cash This risk is mitigated through invested funds being held in high credit quality and short duration investments, but cashflow projections are also reviewed on a regular basis The need for overdraft facilities in case of unprojected cash flow deficit is also reviewed regularly

Operational Risk
This is the risk that errors caused by people, processes or systems lead to losses to the syndicates The agency seeks to manage this risk by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review Regular reviews are performed by the internal audit department to ensure that any deviations from the agency's policies are identified and reported to the appropriate level of management when considered necessary

Regulatory Risk
The agency is required to comply with the requirements of the Financial Services Authority and Lloyd's Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change The agency has a compliance officer and a team who monitor regulatory developments and assess the impact on agency policy They also carry out a compliance monitoring programme

Non-Managed Syndicates
With respect to non-managed syndicates, it has been concluded by the Board that it is appropriate to assume that risk management policies should be in place which are similar to those in place at AUL in order for those firms to remain authorised and regulated by the FSA Also regular meetings are held with their managing agents to review performance

Solvency II

During the last year considerable progress has been made by the Agency on its Solvency II project The project team has been in regular contact with the Corporation of Lloyd's to ensure both that the Agency meets interim deliverables, and develops an appropriate Internal Model for each syndicate that will enable them to trade efficiently for the Company and their other capital providers

Directors

The directors who served during the year ended 31 December 2009 are disclosed on page 1

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Re-appointment of auditors

The Company's auditors will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006

On behalf of the board

A Baddeley
Director
28 May 2010

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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, 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 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 609 CAPITAL LIMITED

We have audited the financial statements of the Company for the year ended 31 December 2009 which comprise the Profit and Loss account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16 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)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 explained more fully in the Statement of Directors' Responsibilities on page 6, the directors are responsible for the preparation of the company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the company 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

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 company financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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 company financial statements

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

Ernst & Young LLP

Angus Millar (Senior statutory auditor)
for and on behalf of Ernst &Young LLP, Statutory Auditor
London
28 May 2010

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PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

TECHNICAL ACCOUNT – GENERAL BUSINESS

	Note	2009 $'000	2008 $'000 *(Restated)*
Gross premiums written	2	**583**	3,053
Outward reinsurance premiums		**(983)**	(7,284)
Net premiums written		**(400)**	(4,231)
Change in the gross provision for unearned premiums		**1,016**	7,751
Change in the provision for unearned premiums, reinsurers' share		**(54)**	(688)
Change in the net provision for unearned premiums		**962**	7,063
Earned premiums, net of reinsurance		**562**	2,832
Allocated investment return transferred from the non-technical account	2	**813**	1,044
Claims paid			
Gross amount		**(7,573)**	(9,550)
Reinsurers' share		**3,223**	6,847
Net of reinsurance		**(4,350)**	(2,703)
Change in the provision for claims			
Gross amount		**8,449**	3,201
Reinsurers' share		**(3,293)**	(1,827)
Net of reinsurance		**5,156**	1,374
Claims incurred, net of reinsurance		**806**	(1,329)
Net operating income / (expenses)	3	**(791)**	89
Balance on the technical account for general business	2	**1,390**	2,636

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PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

NON-TECHNICAL ACCOUNT

	Note	2009 $'000	2008 $'000 *(Restated)*
Balance on the general business technical account	2	**1,390**	2,636
Investment income	4	**754**	1,184
Unrealised gain on investments	4	**304**	275
Investment expenses and charges	4	**(151)**	(48)
Unrealised losses on investments	4	**(94)**	(367)
Allocated investment return transferred to the general business technical account		**(813)**	(1,044)
Other charges, including amortisation	5	**(154)**	(33)
Profit on ordinary activities before tax		**1,236**	2,603
Tax on profit on ordinary activities	7	**-**	(1,094)
Profit on ordinary activities after tax		**1,236**	1,509

The profit and loss account relates entirely to continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2009

	2009 $'000	2008 $'000 *(Restated)*
Profit for the financial year	**1,236**	1,509
Currency translation differences	**-**	(330)
Total recognised gains relating to the year	**1,236**	1,179

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BALANCE SHEET
at 31 December 2009

	Note	2009 $'000	2008 $'000 *(Restated)*
Assets			
Investments			
Financial investments	9	**16,135**	28,839
Deposits with ceding undertakings		**8**	36
		16,143	28,875
Reinsurers' share of technical provisions			
Provision for unearned premiums		**-**	54
Claims outstanding		**(2,191)**	2,234
		(2,191)	2,288
Debtors			
Arising out of direct insurance operations			
- owed by intermediaries		**1,482**	1,486
Arising out of reinsurance operations		**5,602**	5,923
Other debtors		**2,259**	2,289
	10	**9,343**	9,698
Other assets			
Cash at bank		**3,497**	2,873
		3,497	2,873
Prepayments and accrued income			
Deferred acquisition costs		**-**	411
Other prepayments and accrued income		**36**	91
		36	502
Total assets		**26,828**	44,236

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BALANCE SHEET
at 31 December 2009

	Note	2009 $'000	2008 $'000 *(Restated)*
Liabilities			
Capital and reserves			
Called up share capital	11	**36**	36
Profit and loss account		**1,954**	1,918
Total shareholders funds	12	**1,990**	1,954
Technical provisions			
Provision for unearned premiums		**-**	1,016
Claims outstanding		**19,073**	28,193
		19,073	29,209
Provisions for other risk and charges	7(c)	**1,432**	1,174
Deposits received from reinsurers		**17**	23
Creditors			
Arising out of direct insurance operations		**2,476**	2,050
Arising out of reinsurance operations		**981**	5,233
Other creditors including taxation and social security		**800**	4,484
	13	**4,257**	11,767
Accruals and deferred income		**59**	109
Total liabilities		**26,828**	44,236

The financial statements were approved by the Board of Directors on 28 May 2010 and signed on its behalf by

A Baddeley
Director

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2009

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with the special provisions relating to insurance companies in section 396 of, and Schedule 4 to, the Companies Act 2006, and include statements of the transactions, assets and liabilities of the syndicates on which the company participates as a corporate member at Lloyd's The financial statements comply with applicable accounting standards The Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 as amended in December 2006 (the "ABI SORP") has been adopted

The syndicates in which the company participates are managed and controlled by their respective managing agents The accounting information in respect of these participations has been provided by the managing agents and has been audited by the syndicate auditors Information in respect of the company's participations on the managed syndicates is available direct from the syndicate accounting records

As a wholly owned subsidiary of Atrium Underwriting Group Limited, the company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement

(b) Basis of accounting

The financial statements have been prepared using the annual basis of accounting Under the annual basis of accounting a result is determined at the end of each accounting period reflecting the profit or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods

The Company changed its functional and reporting currency from Sterling to US Dollars with effect from 1 January 2009 The bulk of the Company's business is denominated in US Dollars and following the acquisition by Ariel Holdings Limited funding for its activities and those of those of other companies in the Atrium Group is now provided in US Dollars The comparative financial information has been retranslated to reflect the change in reporting currency Non monetary items in both the Profit and Loss Account and the Balance Sheet have been translated from their underlying currencies (Euro, Canadian Dollars, US Dollars and Sterling) into US Dollars at their relevant historic rate of exchange Other items recorded in the Profit and Loss Account have been translated into US Dollars using the 2008 average rate of exchange of £1 US$1 8552 Items in the Balance Sheet, apart from non monetary items, have been translated into USD using the rate of exchange ruling on the date of change of functional currency – £1:US$1 4479 This is the rate of exchange as at 31 December 2008 Translation differences have been recognised through the Profit and Loss Account

(c) Premiums

Written premiums comprise the total premiums receivable for the whole period of cover under contracts incepting during the financial year, together with adjustments arising in the financial year to premiums receivable in respect of business written in previous financial years

All premiums are shown gross of commission payable to intermediaries and are exclusive of taxes and duties levied thereon

Outwards reinsurance premiums are allocated by the managing agent of each syndicate to reflect the protection purchased by each year of account

(d) Unearned premiums

Wntten premiums are recognised as earned income over the penod of the policy on a time apportionment basis, having regard, where appropriate, to the incidence of the risk The specific basis adopted by each individual syndicate is determined by the relevant managing agency

(e) Claims

Claims incurred comprise the estimated cost of all claims occurring during the period, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous periods

The provision for claims outstanding is made on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods. The estimation process will vary from managing agent to managing agent but is likely to include the use of statistical projections based on previous claims history, case by case reviews of notified losses, and the use of security ratings to help assess the financial ability of reinsurers to pay reinsurance recoveries anticipated of them

The provision for claims outstanding is based on information available at the balance sheet date Significant delays are experienced in notification and settlement of certain claims and accordingly the ultimate cost of such claims cannot be known with certainty at the balance sheet date Subsequent information and events may result in the ultimate liability being less than, or greater than, the amount provided Any differences between provisions and subsequent settlements are dealt with in the technical account – general business of later periods

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims If the reinsuring syndicate were to be unable to meet its obligations and other elements of the Lloyd's chain of security were to fail, then the members of the closed underwriting year would have to settle outstanding claims The Directors consider that the likelihood of such failure of the reinsurance to close is extremely remote and, therefore, the reinsurance to close has been deemed to settle liabilities outstanding at the closure of the underwriting account and no further provision is made for any potential variation in the ultimate liability of that year of account.

(f) Deferred acquisition costs

Acquisition costs, comprising commission and other costs related to the acquisition of insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date

(g) Unexpired risks

Provision is made where the cost of claims and expenses arising after the end of the financial period from contracts concluded before that date is expected to exceed the provision for unearned premiums, net of deferred acquisition costs, and premiums receivable The assessment of whether a provision is necessary is made on a syndicate by syndicate basis, using information supplied by the respective managing agents

(h) Investment income and expenses

Dividends are included as investment income when the investments to which they relate are declared "ex-dividend" Interest income and investment expenses are recognised on an accruals basis

Realised investment gains and losses are calculated as the difference between net proceeds on disposal and their purchase price

Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and their valuation at the last balance sheet date or purchase price, if acquired during the year Unrealised investment gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years that have been realised during the year and are reported as realised gains and losses in the current profit and loss account.

Investment return, comprising investment income, realised and unrealised gains and losses, and investment expenses, is included initially within the non-technical account The investment return is allocated from the non-technical account to the technical account - general business so as to reflect the longer term investment return on the company's investments supporting its underwriting activities together with the whole of the investment return on the company's share of syndicate investments

(i) Investments

Investments are stated at their current values at the end of the year Listed investments are included in the balance sheet at bid-market value Unlisted investments are stated at an estimate of market value determined by the managing agents of the relevant syndicates Deposits with credit institutions are included at cost

(j) Deferred tax

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 have occurred at that date that will result in an obligation to pay more, or to pay less or to receive more, tax

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2009

(k) Foreign currencies

Items in the profit and loss account have been translated into the functional currency of US Dollars at the average rate for the quarter in which the transaction takes place, whilst the Balance Sheet has been translated at the exchange rate on the balance sheet date as per the following table, with translation differences being recognised through the profit and loss account

	Balance sheet rate at 31 December 2009	Average rate for Quarter 1 2009	Average rate for Quarter 2 2009	Average rate for Quarter 3 2009	Average rate for Quarter 4 2009
Sterling	1 5928	1 4381	1 5482	1 6416	1 6328
Canadian Dollar	0 9532	0 9622	0 8577	0 9104	0 9459
Euro	1 4333	1 5067	1 3621	1 4292	1 4771
Singapore Dollar	0 7117	0 7166	0 6791	0 6951	0 7170

All other exchange differences are included in the technical account

(l) Changes in Accounting Policy

The Company has adopted the following new and amended FRS interpretations as of 1 January 2009

- FRS 23 The Effects of Changes In Foreign Exchange Rates This standard provides guidance on the translation method and on determining the functional and presentation currencies Previously the Company applied SSAP 20 The presentation of the financial statements has been amended accordingly
- FRS 24 Financial Reporting in Hyperinflationary Economies This standard has had no impact on these financial statements
- FRS 26 Financial Instruments Recognition and Measurement This standard has had no impact on these financial statements
- FRS 29 Financial Instruments Disclosures The amendment to the standard requires an entity to provide a quantitative and qualitative analysis of those instruments recognised at fair value based on a three-level measurement hierarchy This standard has resulted in additional disclosures – see note 9

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NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2009

2. SEGMENTAL ANAYLSIS

2009	Gross Premiums Written $'000	Gross Premiums Earned $'000	Gross Claims Incurred $'000	Gross Operating Expenses $'000	Reinsurance Balance $'000	Net Technical Result $'000	Net Technical Provisions $'000
Direct business							
Accident and health	275	187	11	(85)	(28)	85	2,488
Motor	(139)	7	35	(9)	26	59	1,714
Marine, aviation and transport	500	463	505	(254)	(141)	573	16,765
Fire and other damage to property	(126)	413	42	(216)	(171)	68	1,976
Third party liability	(207)	208	56	(149)	(579)	(464)	(13,559)
Other	88	103	(33)	(13)	(76)	(19)	(597)
Total direct	391	1,381	616	(726)	(969)	302	8,787
Reinsurance business							
Reinsurance acceptances	192	218	260	(132)	(71)	275	8,095
	583	1,599	876	(858)	(1,040)	577	16,882
Allocated investment return						813	
Balance on technical account						1,390	

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2009

2 SEGMENTAL ANAYLSIS *(continued)*

2008 *(Restated)*	Gross Premiums Written $'000	Gross Premiums Earned $'000	Gross Claims Incurred $'000	Gross Operating (Expenses) / Income $'000	Reinsurance Balance $'000	Net Technical Result $'000	Net Technical Provisions $'000
Direct business							
Accident and health	208	581	148	(94)	(130)	505	1,915
Motor	(100)	46	83	(22)	22	129	(284)
Marine, aviation and transport	(2)	2,857	(1,067)	(260)	(314)	1,216	3,796
Fire and other damage to property	570	2,274	(1,506)	(229)	(306)	233	7,513
Third party liability	540	2,000	(2,035)	(199)	(9)	(243)	5,132
Other	100	206	(67)	(19)	(126)	(6)	971
Total direct	1,316	7,964	(4,444)	(823)	(863)	1,834	19,043
Reinsurance Business							
Reinsurance acceptances	1,737	2,840	(1,905)	(92)	(1,085)	242	7,878
	3,053	10,804	(6,349)	(915)	(1,948)	1,592	26,921
Allocated investment return						1,044	
Balance on technical account						2,636	

The company's activities are undertaken solely in the United Kingdom

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2009

3. NET OPERATING EXPENSES/(INCOME)

	2009 $'000	2008 $'000 *(Restated)*
Brokerage and other business acquisition expenses	**(503)**	1,074
Change in deferred acquisition costs	**411**	1,635
Foreign exchange loss/(gain)	**383**	(2,994)
Syndicate operating expenses	**7**	198
Direct operating expenses	**560**	1,002
	858	915
Reinsurance commissions receivable	**(67)**	(1,004)
	791	(89)

4. INVESTMENT RETURN

	2009 $'000	2008 $'000
Investment income		
Income from investments	**744**	1,135
Other interest	**10**	49
	754	1,184
Investment expenses and charges		
Investment management expenses	**(46)**	(37)
Net losses on the realisation of investments	**(105)**	(11)
	(151)	(48)
Net unrealised gains/(losses) on investments		
Unrealised gains on investments	**304**	275
Unrealised losses on investments	**(94)**	(367)
	210	(92)
Total investment return	**813**	1,044

5. OTHER CHARGES

Other charges include auditors' remuneration in respect of audit services of $7,826 (2008 $9,276) Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in the accounts since the consolidated accounts of 609 Capital Limited's intermediate parent, Atrium Underwriting Group Limited, disclose non-audit fees on a consolidated basis

609 Capital Limited

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6. DIRECTORS EMOLUMENTS AND STAFF COSTS

The dırectors of the company were all dırectors of Atrıum Underwrıtıng Group Lımıted They are remunerated by the Atrıum group and theır remuneratıon ıs dısclosed ın the financıal statements of Atrıum Underwrıtıng Group Lımıted

The company does not have any employees, however ıt uses the servıces of the employees of the Atrıum group

7. TAX

	2009 $'000	2008 $'000 *(Restated)*
(a) Tax on profit on ordinary activities		
The tax charge ıs made up as follows		
Current tax		
UK corporatıon tax	**1,186**	566
Tax over provıded ın prevıous years	**(1,453)**	330
	(267)	896
Foreıgn tax	**9**	33
Total current tax (note 7 (b))	**(258)**	929
Deferred tax		
Orıgınatıon and reversal of tımıng dıfferences	**(951)**	165
Deferred tax underprovıded ın prevıous years	**1,209**	-
Total deferred tax (note 7 (c))	**258**	165
Tax on profit on ordınary actıvıtıes	**-**	1,094

(b) Factors affecting current tax charge
The tax assessed on the profit on ordınary actıvıtıes for the year ıs lower/hıgher than the standard rate of corporatıon tax ın the UK of 28% (2008 – 28 5%) The dıfferences are reconcıled below

	2009	2008
Profit on ordınary actıvıtıes before tax	**1,236**	2,603
Profit on ordınary actıvıtıes multıplıed by standard rate of corporatıon tax ın the UK of 28% (2008 – 28 5%)	**346**	742
Effects of		
Tımıng of underwrıtıng profits	**839**	(176)
Tax (over)/under provıded ın prevıous years	**(1,452)**	330
Foreıgn tax	**9**	33
Current tax charge for perıod (note 7(a))	**(258)**	929

7 TAX *(continued)*

	2009 $'000	2008 $'000 *(Restated)*
(c) Deferred tax		
Balance at 1 January	**1,174**	1,045
Deferred tax charge in profit and loss account (note 7(a))	**258**	165
Currency translation difference	-	(36)
At 31 December	**1,432**	1,174
Analysis of deferred tax liability at 31 December		
Provision for underwriting results	**1,432**	1,174

The deferred tax liability in respect of underwriting results relates to the underwriting results that have arisen on the 2007 year of account These results will be assessed to tax in 2010

The company is subject to US tax on its US underwriting profit No provision is made in respect of US taxes which arise in 2009 (2008 $nil) as any provision is likely to be immaterial

The company has an unrelieved foreign tax credit of $130,000 (2008 $118,000) on which a deferred tax asset has not be recognised as the recovery is uncertain in the foreseeable future

8. DIVIDENDS

Declared and paid during the year on ordinary shares	2009 $'000	2008 $'000
Equity dividends paid		
Interim dividend	**1,200**	2,606

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at 31 December 2009

9. FINANCIAL INVESTMENTS

	2009 Historic Cost $'000	2009 Market Value $'000	2008 Historic Cost $'000	2008 Market Value $'000
Shares and other vanable yield secunties	**229**	**78**	173	89
Debt secunties and other fixed income secunties	**15,683**	**15,396**	25,098	25,318
Loans and deposits with credit institutions	**228**	**210**	2,819	2,738
Other	**501**	**451**	785	694
	16,641	**16,135**	28,875	28,839

Analysis of market value	**2009 $'000**	**2008 $'000**
Listed investments	**15,474**	25,406
Unlisted investments	**661**	3,433
	16,135	28,839

Disclosure of Fair Values in accordance with the fair value hierarchy
In accordance with the Amendments to FRS 29 Financial Instruments Disclosures the fair value of financial instruments based on a three-level fair value hierarchy that reflects the significance of the inputs used in measuring the fair value is provided below

The levels of the fair value hierarchy are defined by the standard as follows

Level 1 - fair values measured using quoted prices (unadjusted) in active markets for identical instruments,

Level 2 - fair values measured using directly or indirectly observable inputs or other similar valuation techniques for which all significant inputs are based on observable market data,

Level 3 - fair values measured using valuation techniques for which significant inputs are not based on market observable data

The fair value of the Company's financial assets are based on prices provided by investment managers who obtain market data from numerous independent pricing services The pricing services used by the investment manager obtain actual transaction prices for securities that have quoted prices in active markets For those securities which are not actively traded, the pricing services use common market valuation pricing models Observable inputs used in common market valuation pricing models include, but are not limited to, broker quotes, credit ratings, interest rates and yield curves, prepayment speeds, default rates and other such inputs which are available from market sources

Included within Level 1 of the hierarchy are the Company's share of Government bonds and Treasury bills which are measured based on quoted prices over which the Atnum Group has control

Level 2 of the hierarchy contains the Company's share of U S Government Agencies, Corporate Securities, Asset Backed Securities, Mortgage Backed Securities over which the Atrium Group has control The fair value of these assets are based on prices obtained from both investment managers and investment custodians as discussed above This level also include a disclosure of the Company's share of investments held by non managed syndicates The directors have classified these holdings as Level 2 following discussions with the relevant managing agencies

The Company records the unadjusted price provided and validates the price through a number of methods, including a comparison of the prices provided by the investment managers with the investment custodians and the valuation used by external parties to derive fair value Quoted prices for US Government Agencies and Corporate Securities are based on a limited number of transactions for those securities and as such the Company considers these instruments to have similar characteristics of those instruments classified as Level 2

Having reviewed the Company's investments using the above criteria as valuation and pricing the Directors are satisfied that there are no Level 3 investments

In certain cases, the inputs used to measure the fair value of a financial instrument may fall into more than one level within the fair value hierarchy In this instance, the fair value of the instrument in its entirety is classified based on the lowest level of input that is significant to the fair value measurement

During the year, there were no transfers made between Level 1 and Level 2 of the fair value hierarchy

31 December 2009	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total fair value $'000**
Financial assets designated at fair value through profit or loss				
Government securities	4,523	3,649	-	8,172
Corporate	-	4,509	-	4,509
Asset backed securities	-	115	-	115
Mortgage backed securities	-	164	-	164
Deposits with ceding undertakings	-	8	-	8
Share of non managed syndicate investments	-	3,175	-	3,175
	4,523	11,620	-	16,143

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10. DEBTORS

	2009 $'000	2008 $'000
Amounts falling due within one year		
Arising out of direct insurance operations		
- owed by intermediaries	1,479	1,476
Arising out of reinsurance operations	5,308	5,490
Other debtors	2,222	2,181
	9,009	9,147
Amounts falling due after one year		
Arising out of direct insurance operations		
- owed by intermediaries	3	10
Arising out of reinsurance operations	294	433
Other debtors	37	108
	334	551
	9,343	9,698

11. ISSUED SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
25,000 (2008 – 25,000) ordinary shares of £1 each	25	25
Allotted, called up and fully paid		
25,000 (2008 – 25,000) ordinary share of £1	25	25

Ordinary shares confer upon the holders the right to receive notice, attend and vote at General Meetings of the company, and the right to receive a dividend

Following the change of functional currency, the brought forward balances for the issued share capital have been translated into USD for the purposes of financial reporting at the exchange rate at the date of the change being £1 $1 4479

	2009 $'000	2008 $'000
Allotted, called up and fully paid		
25,000 (2008 – 25,000) ordinary share	36	36

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NOTES TO THE FINANCIAL STATEMENTS
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12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	$'000
2009	
Balance at 1 January 2009	1,952
Prior period adjustment	2
	1,954
Profit for the financial year	1,236
Dividends	(1,200)
Balance at 31 December 2009	1,990
2008	
At 1 January 2008	3,384
Prior period adjustment	(3)
	3,381
Profit for the financial year	1,509
Currency translation differences	(330)
Dividends	(2,606)
Balance at 31 December 2008	1,954

The prior period adjustment represents the impact of adopting FRS 23, as disclosed in Note 1

13. CREDITORS

	2009 $'000	2008 $'000
Amounts falling due within one year		
Arising out of direct insurance operations	**2,475**	2,049
Arising out of reinsurance operations	**676**	4,992
Other creditors including taxation and social security	**680**	4,481
	3,831	11,522
Amounts falling due after one year		
Arising out of direct insurance operations	**1**	1
Arising out of reinsurance operations	**305**	241
Other creditors including taxation and social security	**120**	3
	426	245
	4,257	11,767

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS
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14. CONTINGENT LIABILITIES

Charge over assets
On 28 November 2007, the company and its fellow underwriting subsidiaries, entered into an interavailable Lloyd's Security and Trust Deed securing all monies due and to become due from the company and its fellow underwriting subsidiaries to the Society of Lloyd's On the same day Atrium Underwriting Group Limited ('AUGL') created a floating charge over all its assets to secure all monies due and to become due from AUGL to Lloyd's under the terms of the Deed of Indemnity provided by AUGL to Lloyd's in connection with the foregoing

Under the terms of the interavailable Lloyd's Security and Trust Deed, the company and its fellow underwriting subsidiaries have given undertakings to the Society of Lloyd's, supported by a commitment from AUGL, that if one of them fails to meet any of its obligations to Lloyd's the others will assign to Lloyd's on demand their rights to current and future profits held in their Premium Trust Funds or contribute profits received out of their Trust Funds to the Central Fund of Lloyd's in each case until the amounts owed by the defaulting subsidiary has been paid in full

On 23 March 2010 the Company and its fellow underwriting subsidiaries signed Deeds of Transition and new Trust Deeds to facilitate the implementation by the Society of Lloyd's of a new Trust Deed architecture The changes made to the documentation relate to streamlining and simplifying the administration of Funds at Lloyd's and do not have any financial impact on the Company

15. RELATED PARTY TRANSACTIONS

As allowed under Financial Reporting Standard No 8 the company has not disclosed related party transactions with group undertakings on the basis that the company is a subsidiary undertaking with 100% of voting rights controlled within a group which produces publicly available consolidated financial statements in which the company is included

16. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Atrium Capital Limited, which does not prepare group financial statements

The ultimate holding company of 609 Capital Limited is Ariel Holdings Ltd, registered in Bermuda number 37470