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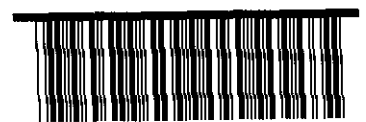
RI3K Limited
(formerly City 3 K Limited)

Report and Financial Statements

Period Ended

30 June 2001

BDO
BDO Stoy Hayward
Chartered Accountants



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RI3K LIMITED

Report and financial statements for the period ended 30 June 2001

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Directors

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Directors

A Letts
R Merttens

Secretary and registered office

D Simpson, 10 Ely Place, London, EC1N 6RY.

Company number

3909745

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

RI3K LIMITED

Report of the directors for the period ended 30 June 2001

The directors present their report together with the audited financial statements for the period ended 30 June 2001. The company was incorporated on 14 January 2000 as City3K.com Limited and changed its name to City3k Limited on 28 July 2000. After the end of the period, on 8 August 2001, the company changed its name to RI3K Limited.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the period.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The company's principal activity is the design, development, maintenance and marketing of an e-commerce trading platform for the reinsurance industry. During the trading period the company incurred costs in researching the market's requirements and in building the platform, earning insignificant revenue but keeping costs well within budget. The reinsurance exchange was formally launched in September 2001 but no material revenue is anticipated until calendar 2002. At current levels of expenditure, sufficient funds have been allocated to the company to sustain it through to profitability.

Charitable and political donations

During the period the company made no charitable or political contributions.

Directors

The directors of the company during the period and their interests in the ordinary share capital and options to purchase shares in the company were:

		30 June 2001	
		Options	Ordinary shares of 1p each
A Letts	(appointed 14 January 2000)	-	1,825,000
R Merttens	(appointed 14 January 2000)	90,000	-

R Merttens has options over 90,000 'B' ordinary shares of 1p each. For further details see note 11.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

RI3K LIMITED

Report of the directors for the period ended 30 June 2001

Directors' responsibilities (*Continued*)

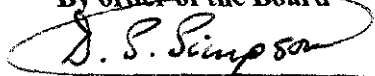
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward, who were appointed as first auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies.

By order of the Board



D Simpson

Secretary

7 November 2001

RI3K LIMITED

Report of the independent auditors

To the shareholders of RI3K Limited

We have audited the financial statements of RI3K Limited for the period ended 30 June 2001 on pages 5 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

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 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 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 report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 17 to the financial statements concerning the ability of the company to continue trading as a going concern which is dependent upon the continued support of a shareholder. In view of the significance of this uncertainty we consider it should be drawn to your attention but our opinion is not qualified in this respect.

RI3K LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

7 November 2001

RI3K LIMITED**Profit and loss account for the period ended 30 June 2001**

	Note	£
Turnover	2	16,953
Cost of sales		-
		<hr/>
Gross profit		16,953
Administrative expenses		
Systems development costs	4	(2,147,845)
Other	4	(1,942,842)
		<hr/>
Total administrative expenses		(4,090,687)
		<hr/>
Operating loss		(4,073,734)
Interest receivable		18,949
Interest payable	3	(38)
		<hr/>
Loss on ordinary activities before taxation	4	(4,054,823)
Taxation on profit from ordinary activities	6	-
		<hr/>
Loss on ordinary activities after taxation and accumulated loss for the period		(4,054,823)
		<hr/> <hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

RI3K LIMITED**Reconciliation of movements in shareholders' funds for the period ended 30 June 2001**

	Note	£
Result for the period		(4,054,823)
New share capital subscribed	12	1,021,000
		<hr/>
Shareholders' deficit at 30 June 2001		(3,033,823)
		<hr/>

The notes on pages 8 to 15 form part of these financial statements.

RI3K LIMITED**Balance sheet at 30 June 2001**

	Note	£	£
Fixed assets			
Tangible assets	7	197,823	
Investments	8	1	
		<hr/>	197,824
Current assets			
Debtors	9	696,505	
Cash at bank and in hand		169,905	
		<hr/>	866,410
Creditors: amounts falling due within one year	10	4,098,057	
		<hr/>	
Net current liabilities			(3,231,647)
			<hr/>
Total assets less current liabilities			(3,033,823)
			<hr/>
Net liabilities			(3,033,823)
			<hr/>
Capital and reserves			
Called up share capital	12		30,000
Share premium account	13		991,000
Profit and loss account	13		(4,054,823)
			<hr/>
Shareholders' deficit - equity			(3,033,823)
			<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 7 November 2001

A Letts
Director



The notes on pages 8 to 15 form part of these financial statements.

RI3K LIMITED

Notes forming part of the financial statements for the period ended 30 June 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Tangible fixed assets

All fixed assets are stated at cost less depreciation and any impairment recognised.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	-	15% pa
Computer equipment	-	33% pa
Fixtures, fittings and equipment	-	25% pa

Development costs

Development costs are charged to the profit and loss account in the year of expenditure.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

RI3K LIMITED

Notes forming part of the financial statements for the period ended 30 June 2001 (Continued)

1 Accounting policies (Continued)

Leased assets

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 amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as 'operating leases'. Their annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

2 Turnover	%
Analysis by market:	
UK	84
Rest of the World	16
	<hr/>
	100
	<hr/>
3 Interest payable	£
Bank loans and overdrafts	38
	<hr/>
4 Loss on ordinary activities before taxation	£
This is arrived at after charging:	
Depreciation	37,955
Auditors' remuneration	6,000
Directors' emoluments (note 5)	348,500
Systems development costs	1,942,842
	<hr/>

RI3K LIMITED

Notes forming part of the financial statements for the period ended 30 June 2001 (*Continued*)

5	Directors' emoluments	£
	Fees and other emoluments	348,500
	Highest paid director	
	Emoluments	193,500

6 Taxation on profits from ordinary activities

There is no charge to corporation tax during the period due to the loss incurred.

7 Tangible assets

	Leasehold improvements £	Computer equipment £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
Additions and at end of period	66,731	115,794	53,253	235,778
<i>Depreciation</i>				
Provided for in the period and at end of period	5,849	24,638	7,468	37,955
<i>Net book value</i>				
At 30 June 2001	60,882	91,156	45,785	197,823

No tangible fixed assets were held under finance leases.

RI3K LIMITEDNotes forming part of the financial statements for the period ended 30 June 2001 *(Continued)***8 Fixed asset investments**

	Subsidiary £
Cost – additions and at end of period	1

Name	Country of incorporation	Proportion of shares held	Nature of business
RI3K Asia Pte Limited (formerly City 3K Asia Pte Limited)	Singapore	100% of issued share capital of 2 S\$1 shares	E-commerce

At 30 June 2001 RI3K Asia Pte Limited had the following results:

	£	S\$
Loss for period	(86,566)	(223,393)
Aggregate capital and reserves	(86,565)	(223,391)

9 Debtors

	£
Trade debtors	4,592
Prepayments and accrued income	474,614
Amounts due from subsidiary undertaking	217,299
	696,505

Trade debtors, prepayments and accrued income fall due for payment within one year.

RI3K LIMITED

Notes forming part of the financial statements for the period ended 30 June 2001 (*Continued*)

10 Creditors: amounts falling due within one year	£
Loan from shareholder	3,600,657
Trade creditors	333,226
Creditors for taxation and social security	33,937
Accruals	130,237
	<hr/>
	4,098,057
	<hr/>

At 30 June 2001, the loan from BRiT Insurance Holdings plc, a shareholder, was unsecured and interest free with no fixed repayment date.

On 16 October 2001, subsequent to the period end, an agreement for a loan facility of £9,000,000, including the then existing loan, was concluded with BRiT Insurance Holdings plc, a shareholder of the company. This loan will be repaid by instalments from 2004, with all outstanding sums due by October 2008. Interest will be charged at a rate of 1% above LIBOR from 1 January 2004. At any time this loan, or part thereof, is convertible at the lender's option into ordinary 'B' shares of 1p each, at a rate of 1 share for each £1 of loan converted, not to exceed 50% of the issued share capital after conversion.

11 Share capital

	Authorised Number	Allotted, called up and fully paid Number
Ordinary shares of 1p each	11,500,000	3,000,000
	<hr/>	<hr/>
	£	£
Ordinary shares of 1p each (see below)	115,000	30,000
	<hr/>	<hr/>

RI3K LIMITED

Notes forming part of the financial statements for the period ended 30 June 2001 (*Continued*)

11 Share capital (*Continued*)

Increases and changes to authorised share capital

The company was incorporated on 14 January 2000 with an authorised share capital of 1,000 ordinary shares of £1 each.

On 19 May 2000 the authorised share capital of the company was increased by £114,000 following the creation of 114,000 ordinary shares of £1 each.

On the same day the company's authorised share capital of 115,000 ordinary shares of £1 each were subdivided into 11,500,000 ordinary shares of 1p each.

On 24 May 2000 the authorised share capital of 11,500,000 ordinary shares of 1p each were reclassified as follows:

	Number	£
'A' ordinary shares	1,925,000	19,250
'B' ordinary shares	1,900,000	19,000
'C' ordinary shares	6,000,000	60,000
'D' ordinary shares	175,000	1,750
Unclassified ordinary shares	1,500,000	15,000
	<hr/>	<hr/>
	11,500,000	115,000
	<hr/>	<hr/>

Issue of share capital

On 19 May 2000, 1,925,000 ordinary shares of 1p each were issued at par. On 24 May 2000 these shares were reclassified as 'A' ordinary shares of 1p each.

On 24 May 2000, 900,000 'B' ordinary shares of 1p each were issued for £1,000,000 creating a share premium of £991,000 and 175,000 'D' ordinary shares of 1p each were issued at par.

At 30 June 2001 the following shares were in issue:

	£
1,925,000 'A' ordinary shares of 1p each	19,250
900,000 'B' ordinary shares of 1p each	9,000
175,000 'D' ordinary shares of 1p each	1,750
	<hr/>
	30,000
	<hr/>

Rights of ordinary shares

All classes of shares rank pari passu

RI3K LIMITED**Notes forming part of the financial statements for the period ended 30 June 2001 (Continued)****11 Share capital (Continued)****Share options**

During the period the company established set up an unapproved share option scheme.

At 30 June 2001 the following share options were outstanding in respect of certain unclassified ordinary shares of 1p each:

Date of grant	Number of shares	Price per share	Period of option
10 November 2000	249,000	1p	10 November 2000 – 10 November 2010

12 Reserves

	Share premium £	Profit and loss £
Loss for period	-	(4,054,823)
Premium on issue of ordinary shares	991,000	-
	<hr/>	<hr/>
At 30 June 2001	991,000	(4,054,823)
	<hr/>	<hr/>

13 Commitments under operating leases

As at 30 June 2001, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings £	Other £
Operating leases which expire:		
In two to five years	3,000	153,704
After five years	79,980	-
	<hr/>	<hr/>
	82,980	153,704
	<hr/>	<hr/>

RI3K LIMITED

Notes forming part of the financial statements for the period ended 30 June 2001 (*Continued*)

14 Related party transactions

During the period, the company entered into the following arrangements in which RI3K Limited had an interest:

- a) An intercompany loan of £217,299 to RI3K Asia Pte Limited, a subsidiary of RI3K Limited. All of the balance remains outstanding at 30 June 2001. The loan is non interest bearing and there is no fixed date for repayment.
- b) BRiT Insurance Holdings plc loaned the company an amount of £3,600,657 all of which remained outstanding at 30 June 2001. For further details see note 10.

15 Group financial statements

The company has taken advantage of the exemption allowed under Section 248 of the Companies Act 1985 and has not produced group financial statements on the grounds that the group qualifies as a small group.

16 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1 'Cash Flow Statements', not to prepare a cash flow statement as the directors believe the company is 'small' under the Companies Act 1985.

17 Going concern

During the period the company traded at a loss. The directors have considered the group's ongoing cash requirements and continuing financial support from a shareholder. The directors have received assurances that this support will be forthcoming (see note 10). They therefore consider that it is appropriate to prepare the financial statements on the going concern basis.