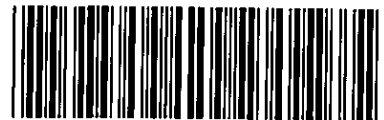


CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

(FORMERLY DISCIPLE HOLDCO LIMITED)

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

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COMPANIES HOUSE

Registered No. 5958038

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

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CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

DIRECTORS AND ADVISORS

Chairman	E E Patrick	(appointed 12 December 2006)
Directors	J A Lynch	(appointed 12 December 2006)
	A Morgan	(appointed 30 October 2006, resigned 22 January 2007)
	P D Scales	(appointed 12 December 2006)
	D J H Slade	(appointed 30 October 2006, resigned 29 March 2007)
	B R Ally	(appointed 5 October 2006, resigned 30 October 2006)
Company Secretary	J A Lynch	(appointed 12 December 2006)
	A Morgan	(appointed 30 October 2006, resigned 12 December 2006)
	M R Henderson	(appointed 5 October 2006, resigned 30 October 2006)
Auditors	Mazars LLP 24 Bevis Marks London EC3A 7NR	
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP	
Company Number	5958038	
Registered Office	5 th Floor Fitzwilliam House 10 St Mary Axe London EC3A 8EN	

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

Report of the Directors

The Directors present their first annual report and the audited accounts for the period ended 31 December 2006

Change of Name

The Company was incorporated on 5 October 2006 with the name Disciple Holdco Limited. On 12 April 2007, the Company's name was changed to Cathedral Capital (Investments) Limited

Registered Office

On 22 December 2006, the registered office and principal place of business of the Company was changed to 5th Floor, Fitzwilliam House, 10 St Mary Axe, London EC3A 8EN. The accounting and statutory records of the Company are also held at this address.

Holding Company

The Company became a wholly owned subsidiary of Cathedral Capital Limited (formerly Disciple Topco Limited, registered no. 05958018) on 30 October 2006. Alchemy Partners Nominees Limited has a 56% interest in Cathedral Capital Limited.

Principal Activity and Review of the Business

On 3 November 2006 the Company made an offer for the A convertible ordinary shares of 25 pence each in the capital of Cathedral Capital Holdings Limited (formerly Cathedral Capital PLC, registered no. 3372107).

The Company had also entered into arrangements with management and certain other employees of Cathedral Capital Holdings Limited to acquire the balance of the issued and to be issued A convertible ordinary shares of that company not subject to the offer and with that company's C shareholders to acquire all the issued and to be issued C convertible ordinary shares of 25 pence each.

Accordingly, the Company had offered or contracted to acquire the entire issued share capital of Cathedral Capital Holdings Limited.

On 6 December 2006, Benfield Advisory Limited, on behalf of the Company, declared the recommended cash offer to acquire the entire issued and to be issued A convertible ordinary shares, of Cathedral Capital Holdings Limited not already contracted to be acquired by the Company, to be unconditional in all respects as at 10.00 p.m. on 5 December 2006.

On 29 December 2006, pursuant to the provisions of sections 428 to 430F of the Companies Act 1985, the Company sent a formal notice to shareholders, of A convertible ordinary shares of 25 pence and Deferred shares of 0.0001 pence, of Cathedral Capital Holdings Limited, who had not validly accepted the offer to compulsorily acquire their shares in accordance with the terms of the offer. These shareholders had until 9 February 2007 to validly accept the offer or else their shares would be compulsorily acquired at that time. On 14 February 2007 the Company compulsorily acquired the A convertible ordinary shares and Deferred shares of Cathedral Capital Holdings Limited's six shareholders who had not validly accepted the offer.

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

Principal Activity and Review of the Business (continued)

The Company transferred £257,843.60 on 1 March 2007 to a separate bank account, which was established to hold these funds for these dissenting shareholders of Cathedral Capital Holdings Limited, as consideration for these shares that were compulsorily acquired

Cathedral Capital Holdings Limited and its six subsidiary companies are now wholly owned subsidiaries of the Company. The Company is solely a holding company and, as such, does not participate in any trade of its own.

Cathedral Capital Holdings Limited was originally set up in 1997 as a Names' Conversion vehicle which enabled Names at Lloyd's with unlimited liability to convert to limited liability. One of its two main trading subsidiary companies, Cathedral Capital (1998) Limited, underwrites at Lloyd's as a corporate member. This company underwrote approximately £170 million of capacity for the 2006 year of account of which, £135 million supported Cathedral Syndicate 2010 with the remainder supporting three external third party syndicates. For the 2007 year of account, the Group supports capacity of circa £184.5 million of which £169.2 million supports Syndicate 2010, with the remainder supporting an external third party syndicate. The Company has been approved by Lloyd's as a controller of Cathedral Capital (1998) Limited.

Cathedral Capital Holdings Limited's other main trading subsidiary is Cathedral Underwriting Limited, a Lloyd's managing agency which is authorised and regulated by the UK Financial Services Authority ("FSA") and Lloyd's. This company has the rights to manage Cathedral Syndicate 2010 a syndicate currently specialising in non-marine and aviation reinsurance and direct and facultative property and contingency business, with premium capacity of around £250 million for the 2006 year of account. The capacity of the Syndicate has been increased to circa £300 million for the 2007 year of account. Cathedral Syndicate 2010 has just closed its fourth underwriting year, the 2004 year of account, with a profit. The Syndicate has also reported a 2006 calendar year profit of £46.7 million which equates to a combined ratio of 74.7 % for the Syndicate. This company intends to expand and develop its operations within the insurance market as opportunities and market conditions allow. The Company has been approved by the FSA and Lloyd's as a controller of Cathedral Underwriting Limited.

Results and Dividends

The Company made a loss for the period of £311,000. The Directors do not intend to declare a dividend for the period.

Details of the accounting policies adopted by the Company for the period are set out in Note 1 to the Financial Statements.

Principal risks

The Company has been approved by the FSA and Lloyd's as a controller of Cathedral Underwriting Limited and accordingly a principal risk to the business is the withdrawal of this regulatory approval to act as a controller of this company. If this were to occur the Company would be unable to remain as the controller of this regulated business.

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

Financial instruments

The Company's principal financial instrument is cash. Cash deposits of the Company, money held in trust for dissenting shareholders of Cathedral Capital Holdings Limited and bank guarantee loan notes are all held with UK clearing banks and therefore there is limited exposure to liquidity or credit risk

The Company is not really exposed to interest rate risk as the Investor Loan Notes and the Manager Loan Notes, that it has issued, pay a fixed rate coupon, the dissenting bank account does not pay interest and the interest risk of the bank guaranteed loan notes rests with the holders of those loan notes and not the Company.

Loan Notes

On 12 December 2006 the Company created two separate Instruments the first being £25,163,353 Fixed Rate Unsecured Manager Loan Notes 2014 ("MLN") and the second £61,913,428 Fixed Rate Unsecured Investor Loan Notes 2014 and payment in kind notes ("ILN") The ILN were issued to the financial investors for cash and the MLN were issued to certain shareholders of Cathedral Capital Holdings Limited as consideration for the acquisition of their shares in that company. These notes pay a coupon of 9 2% per annum

On 12 December 2006 £8,748,731 of the MLN were transferred to Cathedral Capital Limited by the holders of these MLN as consideration for ordinary and preference shares in that company On the same date these MLN were repaid at par by the Company

Share Capital

The Company was incorporated with an authorised share capital of £12,500 divided into 1,250,000 ordinary shares of £0 01 each On 12 December 2006 a special resolution was passed and the authorised share capital was increased to £404,082 by the creation of an additional 39,158,200 ordinary shares of £0 01 each in the capital of the Company.

On the date of incorporation a single subscriber share was allotted and this was transferred to Cathedral Capital Limited on 30 October 2006 On 12 December 2006 a further 31,659,425 ordinary shares were allotted and issued to Cathedral Capital Limited for cash and on the same date 8,748,731 ordinary shares were allotted and issued to Cathedral Capital Limited as consideration for repayment £8,748,731 of the MLN

Bank Guaranteed Loan Notes

On 2 November 2006 the Company entered into a Guarantee Facility Agreement ("Facility") with Barclays Bank PLC. Floating Rate Unlisted Unsecured Guaranteed Loan Notes 2009 ("GLN"), of the Company, can be issued under this Facility to a maximum value of £85,647,080 by executing bank guarantee utilisation requests and lodging these with the bank. The Company must apply all bank guarantees utilised by it under this Facility towards guaranteeing the principal outstanding amount under these GLN The interest rate paid to GLN holders is set at the start of the interest paying period and equals the Barclays treasury rate less 75 basis points This Facility enabled shareholders of Cathedral Capital Holdings Limited to elect to receive these loan notes instead of cash as consideration for their shares

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

Bank Guaranteed Loan Notes (continued)

On 15 December 2006 the first instrument constituting up to £1,555,766 of these GLN, under this Facility was entered into by the Company and the bank. On the same date this amount was increased to £1,772,008. Since the year-end two further instruments were entered into on 8 January and 24 January 2007 constituting up to a further £42,000 and £575,120 of these GLN respectively. However, only GLN with a principal amount of £2,210,205 have been issued under this Facility.

Directors

The Directors who held office during the year are set out on page 2

Directors' Interests in Shares

The interests of the Directors and their families in the share capital of Cathedral Capital Limited for period ended 31 December 2006 according to the register of directors' interests are as follows:

	"B" Ordinary 1 pence shares	Ordinary 1 pence shares	"A" Ordinary 1 pence shares
E E Patrick	9,388	9,788	-
J A Lynch	21,634	33,413	-
A Morgan	-	-	126
D J H Slade	-	-	851
P D Scales	21,634	33,413	-

The Directors also have an interest in preference shares issued by Cathedral Capital Limited and loan notes issued by this Company. These interests, which were acquired during December 2006, are set out below:

	Preference £1 shares	Investor Loan Notes £	Manager Loan Notes £
E E Patrick	244,480	-	489,034
J A Lynch	844,489	-	1,689,232
A Morgan	5,541	11,084	-
D J H Slade	37,500	75,011	-
P D Scales	844,489	-	1,689,232

Mrs B R Ally, who was the first Director of the Company, had no interest in the ordinary or preference shares of Cathedral Capital Limited or the ILN or MLN of the Company.

The Cathedral Group has an Employee Share Ownership Plan ("ESOP") in which all employees are potential beneficiaries. As such, all Directors who are full time employees of the Cathedral Group have a potential interest in the shares (and other assets) held by the ESOP.

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

Directors' Interests in Shares (continued)

The interests of the ESOP at 31 December 2006 are

	Cathedral Capital Limited		Cathedral Capital (Investments) Limited
	"B" Ordinary 1 pence share numbers	Preference £1 share numbers	Manager Loan Notes £
At 31 December 2006	17,054	665,733	1,331,666

Going Concern

After making reasonable enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the accounts.

Auditors

Mazars LLP were appointed as initial auditors to the Company on 12 December 2006 and they have expressed their willingness to continue in office for the coming year.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Elective Resolutions

The Company has passed elective resolutions pursuant to Section 379A of the Companies Act 1985 on 5 April 2007. This dispenses with the need to hold an Annual General Meeting, lodge the report and financial statements before the members of the Company, and appoint the auditors annually.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and 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). The financial statements are required by law to 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.

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

Directors' Responsibilities (continued)

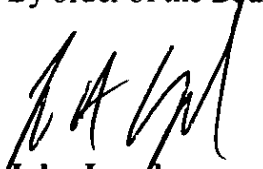
In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

By order of the Board



John Lynch
Company Secretary
25 April 2007

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

We have audited the financial statements of Cathedral Capital (Investments) Limited for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member 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 (United Kingdom Generally Accepted Accounting Practice)

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, whether the financial statements 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 transactions with the company 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.

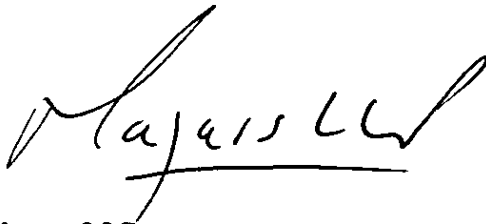
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'Mazars LLP', with a horizontal line underneath it.

Mazars LLP
Chartered Accountants
and Registered Auditors

25 April 2007

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2006

	<u>Notes</u>	<u>Period from 5 October to 31 December 2006</u> £'000
Turnover – continuing operations		-
Administrative expenses		(478)
Operating loss – continuing operations	2	(478)
Interest receivable and similar income		34
Loss on ordinary activities before tax		(444)
Taxation	3	133
Loss on ordinary activities after taxation	8	(311)

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.


The notes on pages 13 to 15 form part of these financial statements.

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

		<u>As at</u> <u>31 December 2006</u>
	Notes	£'000
Fixed assets: Investments (in subsidiaries)	4	118,486
Current assets: Cash at bank		6,412
Debtors		133
Prepayments and accrued income		10
Creditors: Amounts falling due within one year	5	(4,406)
Net Currents Assets		<u>2,149</u>
Creditors: Amounts falling due after one year	6	(80,538)
Net Assets		<u><u>40,097</u></u>
Capital and reserves		
Called up equity share capital	7	404
Share premium		40,004
Profit and loss account	8	(311)
Shareholders' funds	8	<u><u>40,097</u></u>

Approved by the Board of Directors on 25 April 2007
and signed on their behalf by :-



J A Lynch

The Notes on pages 13 to 15 form part of these financial statements

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

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

1. Accounting policies

(a) Accounting convention

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

(b) Fixed asset investments

Fixed asset investments are carried at the lower of cost or directors' valuation

(c) Cashflow Statement

Cathedral Capital (Investments) Limited is exempt from preparing a cashflow statement under FRS1 Cathedral Capital Limited, the parent company, prepares a consolidated cashflow statement

(d) Consolidation

The Company has not produced consolidated accounts as it is exempt under Section 228 of the Companies Act 1985

2. Operating loss – continuing operations

2006

£000

This is arrived at after charging -

Audit of the financial statements of the company

5

No directors received emoluments from the Company during the period

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006 (CONTINUED)

3. Tax charge on loss on ordinary activities	<u>2006</u>
	£'000
<i>Current tax</i>	
UK corporation tax on loss for the period	(133)
<i>Deferred tax</i>	
Timing differences	-
	<u>(133)</u>
<i>Factors affecting the tax charge for the period</i>	
Loss on ordinary activities before tax	(444)
Current tax at 30%	(133)
Timing differences	-
Current tax charge for the period	<u>(133)</u>

4. Investments

	<u>2006</u>
	£'000
Investments in Cathedral Capital Holdings Limited	<u>118,486</u>

Cathedral Capital (Investments) Limited owns the entire issued share capital of Cathedral Capital Holdings Limited, a company incorporated in England.

5. Creditors	<u>2006</u>
	£'000
Amounts falling due within one year	
Interest payable	398
Trade creditors	1,284
Amounts payable to former shareholders of Cathedral Capital Holdings Ltd	2,179
	<u>4,406</u>

6. Creditors	<u>2006</u>
	£'000
Amounts falling due after one year	
Loan notes	78,328
Bank guaranteed loan notes	2,210
	<u>80,538</u>

The loan notes comprise unsecured Manager Loan Notes 2014 and unsecured Investor Loan Notes 2014 and payment in kind notes as noted on page 5 of these accounts. These pay a coupon of 9.2%.

The Bank Guaranteed Loan Notes are guaranteed by Barclays Bank PLC and pay a coupon of the Barclays treasury rate less 75 basis points.

CATHEDRAL CAPITAL (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006 (CONTINUED)

7. Called up equity share capital	<u>2006</u>
	<u>£'000</u>
Authorised	
40,408,200 ordinary shares of 1p each	<u>404</u>
Issued	
40,408,157 ordinary shares of 1p each, fully paid	<u>404</u>

All shares are owned by Cathedral Capital Limited.

8. Reconciliation of movements in shareholder's funds	Issued share capital £'000	Share premium account £'000	Profit & loss account £'000	Total £'000
Balance at 5 October 2006	-	-	-	-
Shares issued during the period	404	40,004	-	40,408
Retained loss for the period	-	-	(311)	(311)
Dividends	-	-	-	-
Total shareholder's funds at 31 December 2006	<u>404</u>	<u>40,004</u>	<u>(311)</u>	<u>40,097</u>

9. Ultimate parent undertaking

The ultimate parent company is Cathedral Capital Limited, a company registered in England & Wales. A copy of the consolidated financial statements of Cathedral Capital Limited is available from 5th Floor, Fitzwilliam House, 10 St Mary Axe, London, EC3A 8EN

10. Related Party

The Company's parent undertaking prepares consolidated financial statements that are publicly available. Accordingly, the Company has taken advantage of an exemption in Financial Reporting Standard 8 and does not disclose transactions with other entities in the Cathedral group

Acquisition of Cathedral Capital Holdings Limited

Messrs Lynch, Patrick and Scales all sold the shares they held in Cathedral Capital Holdings Limited to the Company. They received as consideration cash and/or unsecured Manager Loan Notes 2014. None of Messrs Lynch, Patrick or Scales took part in the Company's decision to acquire Cathedral Capital Holdings Limited as they were not appointed as Directors of the Company until after the acquisition of that company. As part of the same transaction, each of Messrs Lynch, Patrick and Scales sold some of their Manager Loan Notes to Cathedral Capital Limited in order to acquire preference shares and equity capital in Cathedral Capital Limited