

Company No: 5993519

ATRIUM INSURANCE AGENCY LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2008**

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



Atrium Insurance Agency Limited

DIRECTORS

A Baddeley (appointed 28 March 2008)

S Cook

S Cooper

R Harries (appointed 1 January 2008)

J Lee

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

Royal Bank of Canada

Main Branch, Toronto

200 Bay Street, Main Floor

Toronto

Ontario

Canada, M5J 2J5

REGISTERED OFFICE

Room 790, Lloyd's

1 Lime Street

London EC3M 7DQ

Atrium Insurance Agency Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2008. The Company was incorporated on the 9 November 2006 and the comparatives cover the period from the date of incorporation to 31 December 2007.

The profit for the year

The profit after taxation amounted to £557,343 (2007: loss of £294,977). The directors recommend a final dividend of £nil, making a total of dividends paid £nil (2007: £nil).

Principal activity and review of the business

Atrium Insurance Agency Limited ('AIAL') is a wholly owned subsidiary of Atrium Underwriting Group Limited ('AUGL') and is authorised and regulated by the Financial Services Authority to carry out insurance mediation business. It is also an approved Lloyd's UK Coverholder, which manages the Atrium Space Insurance Consortium (ASIC).

For the 2008 year of account ASIC is led by Syndicate 609, which is managed by Atrium Underwriters Limited ('AUL'), a wholly owned subsidiary of AUGL, with a further 6 Lloyd's syndicates delegating underwriting authority for ASIC to underwrite on their behalf. The consortium can underwrite a line of US\$23.5m for any one satellite or launch with Syndicate 609 taking a \$12m line and Syndicate 570, also managed by AUL, a \$1.5m line.

Key Performance Indicators	Year to 31 December 2008 £	Period to 31 December 2007 £	Change
Turnover	1,300,036	385,607	237%
Profit/(loss) before tax	801,141	(420,952)	290%
Total assets less total liabilities	766,242	205,023	274%

Commentary on KPIs

The Company is now in it's second full year of operation and in line with expectation turnover has increased. This increase in turnover coupled with a fall in expenses has driven the rise in overall profit before tax.

Future Developments

It is intended that the company continues in the issuance of insurance business during 2009. For the 2009 year of account ASIC continues to be led by Syndicate 609 with a further 7 Lloyd's syndicates delegating underwriting authority for ASIC to underwrite on their behalf. The consortium can underwrite a line of US\$26.25m for any one satellite or launch with Syndicate 609 taking a \$12m line and Syndicate 570 a \$0.75m line.

Atrium Insurance Agency Limited

DIRECTORS' REPORT *(continued)*

Principal risks & Uncertainties

AIAL is a separately regulated and authorised firm and subject to regulation by the FSA. The Board of AUGL is responsible for the Group's systems and internal controls and for reviewing their effectiveness.

The AUGL Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not remove them completely. The group has established a risk management framework encompassing a risk register, a programme of internal control testing and the risk policies which set out the risk appetite, controls and business conduct standards. The Audit and Risk Committee, on behalf of the AUGL Board, has approved this framework and meets regularly to discuss and oversees risk management and approve any amendments to the framework. The principal risks and uncertainties facing the company are as follows:

Income Risk

The Company is exposed to income risk through loss of profit commissions if the underwriting results of the consortium are worse than expected due to higher frequency or severity of insured events.

This risk is mitigated by the group using catastrophe modelling software to model maximum probable losses from catastrophe-exposed business. The group monitors exposures relating to Lloyd's prescribed Realistic Disaster Scenarios which include satellite risks.

Credit Risk

The key aspect of credit risk is the risk of default by one or more of the consortium members. Each consortium member signs a consortium agreement annually which sets out, amongst other aspects, the requirements that are expected from each consortium member.

Market Risk

The key aspect of market risk is that the company could 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 company's assets and liabilities are maintained in GBP.

Liquidity Risk

This is the risk that the company will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk, cashflow projections are 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 company. The group 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 compliance department to ensure that any deviations from the group's policies are identified and reported to the appropriate level of management when considered necessary.

Regulatory Risk

The company is required to comply with the requirements of the Financial Services Authority. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The group has a compliance officer and a team who monitor regulatory developments and assess the impact on group policy. They also carry out a compliance monitoring programme.

Atrium Insurance Agency Limited

Directors

The directors who served during the year ended 31 December 2008 are disclosed on page 1.

Creditor payment policy

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with. The average time between receipt of a supplier's invoice and a remittance being dispatched is approximately 10 days (2007: 48 days).

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.

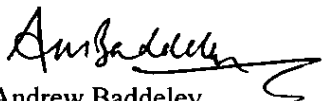
Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- 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



Andrew Baddeley

Director

26 August 2009

Atrium Insurance Agency Limited

STATEMENT OF 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 GAAP (UK 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.

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 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 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.

Atrium Insurance Agency Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATRIUM INSURANCE AGENCY LIMITED

We have audited the company's financial statements for the year ended 31 December 2008 which comprise Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report 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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year 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.

Ernst & Young LLP
Registered auditor
28 August 2009

Ernst & Young LLP

Atrium Insurance Agency Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2008

		2008	for the period ended 31 December 2007
	Notes	£	£
Turnover	2,3	1,300,036	385,607
Administrative Expenses		(537,837)	(815,268)
OPERATING PROFIT/(LOSS)	4	762,199	(429,661)
Interest receivable		38,942	8,709
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		801,141	(420,952)
Tax on profit/(loss) on ordinary activities	7	(243,798)	125,975
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		557,343	(294,977)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2008

		2008	for the period ended 31 December 2007
	Notes	£	£
Profit/(loss) for the financial year/period		557,343	(294,977)
Currency translation differences		5,383	-
Movement on deferred tax relating to currency translation differences	7	(1,507)	-
TOTAL RECOGNISED GAINS/(LOSSES) RELATING TO THE YEAR/PERIOD		561,219	(294,977)

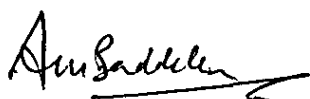
Atrium Insurance Agency Limited

BALANCE SHEET

at 31 December 2008

	Notes	2008 £	2007 £
NON-CURRENT ASSETS			
Tangible assets	8	4,786	8,129
Debtors: due after one year	9	68,069	1,020
		<u>72,855</u>	<u>9,149</u>
CURRENT ASSETS			
Debtors: due within one year	9	460,091	127,905
Cash at bank and in hand		980,784	856,544
		<u>1,440,875</u>	<u>984,449</u>
Creditors: due within one year	10	(747,488)	(788,575)
NET CURRENT ASSETS		<u>693,387</u>	<u>195,874</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>766,242</u>	<u>205,023</u>
CAPITAL AND RESERVES			
Called up share capital	11,12	500,000	500,000
Profit and loss account	12	266,242	(294,977)
TOTAL SHAREHOLDERS' FUNDS	12	<u>766,242</u>	<u>205,023</u>

The financial statements were approved by the Board of Directors on 26 August 2009 and signed on its behalf by:



Andrew Baddeley
Director

Atrium Insurance Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention rules.

The financial statements present information about the company as an individual undertaking and not about its group.

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 and the exemption in the Companies Act 1985 from the requirement to prepare group financial statements.

(b) Turnover

Turnover consists of net retained fees receivable and profit commissions. Profit commissions are earned in line with the profits of the consortium.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of all tangible fixed assets, in equal annual instalments over their estimated useful lives at the following rates:

Fixtures, fittings and equipment	20% per annum
Computer equipment	33 1/3% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(d) Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

(e) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right 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.

Atrium Insurance Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(f) Foreign currencies

Transactions in US dollars, Canadian dollars and Euros are translated at the average rates of exchange for the period.

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

Exchange differences arising from the retranslation of opening balances in USD, CAD & Euros are recorded in the statement of total recognised gains and losses. The difference between the profit and loss account translated at the average rate and at the rate of exchange at the balance sheet date is recorded in the statement of total recognised gains and losses.

All other exchange differences are included in the profit and loss account.

(f) Pension costs

Atrium Underwriters Limited operates a defined contribution pension scheme. Pension contributions relating to all Company staff are recharged to the Company and included within administrative expenses.

2. SEGMENTAL INFORMATION

The turnover of fee income and profit commission arising from the business as a cover holder in the United Kingdom in the Lloyd's Insurance Market, has been treated as one geographical segment for the purposes of Statement of Standard Accounting Practice No 25.

3. TURNOVER

	for the year ended 31 December 2008 £	for the period ended 31 December 2007 £
Fee income	1,245,800	385,607
Commission income	54,236	-
	<u>1,300,036</u>	<u>385,607</u>

Atrium Insurance Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

4. OPERATING PROFIT

	for the year ended 31 December 2008 £	for the period ended 31 December 2007 £
This is stated after charging:		
Auditors' remuneration – statutory audit	5,000	3,000
Operating lease rentals – land and buildings	36,307	21,948
Depreciation	3,343	3,343

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of Atrium Underwriting Group Limited, the Company's parent, discloses non-audit fees on a consolidated basis.

5. STAFF COSTS

All staff are employed by Atrium Underwriters Limited. The following amounts were recharged to the Company in respect of salary costs:

	for the year ended 31 December 2008 £	for the period ended 31 December 2007 £
Staff costs including directors' emoluments:		
Wages and salaries	449,765	370,548
Profit related remuneration	63,406	-
Social security costs	44,180	34,862
Defined contribution pension costs	67,267	48,910
	624,618	454,320

As at the balance sheet date, pension contributions of £nil were outstanding (2007: £nil).

6. DIRECTORS EMOLUMENTS

The directors of the company are all directors of Atrium Underwriting Group Limited. They are remunerated by the Atrium group and their remuneration is disclosed in the financial statements of Atrium Underwriting Group Limited.

The company does not have any employees, however it uses the services of employees of the Atrium group.

Atrium Insurance Agency Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

7. TAXATION

	for the year ended 31 December 2008 £	for the period ended 31 December 2007 £
(a) Tax on profit/(loss) on ordinary activities		
The tax charge is made up as follows:		
Current tax:		
UK Corporation tax	236,104	-
Adjustments in respect of prior years	1,950	-
Unrelieved foreign taxes	5,744	-
Group relief payment/(receipt)	-	(125,975)
	<u>243,798</u>	<u>(125,975)</u>
(b) Factors affecting the current tax charge/(credit)		
The tax assessed on the profit/(loss) on ordinary activities for the year differs from the theoretical amount that would arise from using the standard rate of corporation tax in the UK of 28.5% (2007 – 30%). The differences are reconciled below:		
Profit/(loss) on ordinary activities before tax	801,141	(420,952)
	<u> </u>	<u> </u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007 – 30%)	228,325	(126,286)
Permanent differences	7,779	-
Overseas taxation not recoverable	5,744	-
Prior year tax items	1,950	-
Other tax adjustment	-	311
Total current tax (see (a) above)	<u>243,798</u>	<u>(125,975)</u>
(c) Deferred tax		
At 1 January	-	-
Deferred tax charge in Statement of total recognised gains and losses	<u>1,507</u>	<u>-</u>
At 31 December	<u>1,507</u>	<u>-</u>
Analysis of deferred tax liability at 31 December:		
Other timing differences relating to foreign exchange	<u>1,507</u>	<u>-</u>

Atrium Insurance Agency Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

8. TANGIBLE ASSETS

2008

	Fixtures, Fittings & Equipment £	Computer Equipment £	Total £
COST			
At 1 January 2008	3,609	7,863	11,472
Additions	-	-	-
At 31 December 2008	3,609	7,863	11,472
DEPRECIATION			
At 1 January 2008	722	2,621	3,343
Provided for the year	722	2,621	3,343
At 31 December 2008	1,444	5,242	6,686
NET BOOK VALUE			
At 31 December 2008	2,165	2,621	4,786
At 31 December 2007	2,887	5,242	8,129

9. DEBTORS

	2008 £	2007 £
Due within one year:		
Other debtors	33,118	-
Corporation tax	-	125,974
Prepayments and accrued income	426,973	1,931
	460,091	127,905
Due after one year:		
Other debtors	1,130	1,020
Profit commission	66,939	-
	68,069	1,020
	528,160	128,925

Atrium Insurance Agency Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

10. CREDITORS

	2008 £	2007 £
Due within one year:		
Amounts owed to group undertakings	428,205	602,142
Deferred tax	1,507	-
Corporation tax	236,105	-
Accruals and deferred income	81,671	186,433
	<u>747,488</u>	<u>788,575</u>

11. AUTHORISED AND ISSUED SHARE CAPITAL

Authorised, allotted, called up and fully paid

	2008 £	2007 £
Ordinary shares of £1 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

The ordinary shares confer upon the holders the right to receive dividends from the profits made by the company which are available for distribution, the right to receive notice of and to attend general meetings of the company and to one vote per share at such meetings.

Atrium Insurance Agency Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total shareholders' funds £
2008			
At 1 January 2008	500,000	(294,977)	205,023
Profit for the year	-	557,343	557,343
Currency translation difference	-	5,383	5,383
Deferred tax on currency translation differences	-	(1,507)	(1,507)
At 31 December 2008	500,000	(266,242)	766,242
2007			
At incorporation	41,000	-	41,000
Issue of new share capital	459,000	-	459,000
Loss for the period	-	(294,977)	(294,977)
At 31 December 2007	500,000	(294,977)	205,023

13. LEASING COMMITMENTS

	Land and buildings 2008 £	Land and buildings 2007 £
At 31 December 2008, the company had annual commitments under non-cancellable operating leases as set out below:		
Leases expiring within one year	14,032	-
Leases expiring between one and five years	30,403	52,800
	<u>44,435</u>	<u>52,800</u>

14. RELATED PARTIES

On 16 June 2008, the parent company re-registered as a private company and changed its name from Atrium Underwriting plc to Atrium Underwriting Group Limited.

As a wholly owned subsidiary of Atrium Underwriting Group Limited, the company has taken advantage of the exemption in FRS 8 from the requirement to disclose transactions with related parties.

Atrium Insurance Agency Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

15. PARENT UNDERTAKING AND CONTROLLING PARTY

The controlling party is Atrium Underwriting Group Limited, incorporated in Great Britain.

The ultimate holding company of Atrium Insurance Agency Limited is Ariel Holdings Ltd., registered in Bermuda number 37470.