

Company No: 5993519

ATRIUM INSURANCE AGENCY LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2007**

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

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23/08/2008

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COMPANIES HOUSE

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 the financial statements for the period ended 31 December 2007. The Company was incorporated on the 9 November 2006 and these accounts cover the period from the date of incorporation to 31 December 2007.

Results and dividends

The loss for the period, after taxation, amounted to £294,977. The directors recommend a final dividend of £nil, making the total of dividends paid in the period £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 2007 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 4 Lloyd's syndicates delegating underwriting authority for ASIC to underwrite on their behalf. The consortium can underwrite a line of US\$22m 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	Period ended 31 December 2007 £
Turnover	385,607
Loss before tax	(420,952)
Total Assets less current liabilities	205,023

Commentary on KPI's

Turnover for the period represents fees receivable on business written by Lloyd's UK Coverholder on space insurance business.

Earnings in 2007 were adversely impacted by a number of delayed launches and a couple of launch failures, with a particularly large loss in December. However, it is expected that this should be a profitable line of business in the future.

ATRIUM INSURANCE AGENCY LIMITED

DIRECTORS' REPORT *(continued)*

Future developments

It is intended that the company continues in the mediation of insurance business during 2008. For the 2008 year of account ASIC continues to be led by Syndicate 609 with a further 6 Lloyd's syndicates delegating underwriting authority for ASIC to underwrite on their behalf. The consortium benefits from a line of US\$23.5m for any one satellite or launch with Syndicate 609 taking a \$12m line and Syndicate 570 a \$1.5m line.

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 Management Committee, on behalf of the AUGL Board, has approved this framework and meets regularly to discuss risk management and approve any amendments to the framework. The principal risks and uncertainties facing the company are as follows:

Insurance Risk

Insurance risk includes the risks that the frequency or severity of insured events will be higher than expected (claims risk). This impact of the insured events will affect the earnings of profit commission for the company.

Claims 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 business is denominated in GBP and the majority of assets are maintained in GBP accordingly.

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.

ATRIUM INSURANCE AGENCY LIMITED

DIRECTORS' REPORT *(continued)*

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.

Directors

The directors who served during the period ended 31 December 2007 were as follows:

S Cook (appointed 9 November 2006)

S Cooper (appointed 9 November 2006)

C E Dandridge (appointed 9 November 2006 and resigned 31 December 2007)

J Lee (appointed 9 November 2006)

SLC Corporate Services Limited (appointed 9 November 2006 and resigned 9 November 2006)

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 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.

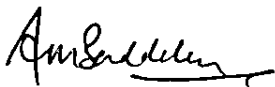
Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- 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.

Appointment of auditors

Pursuant to Section 489(3) of the Companies Act 2006 it was resolved that Ernst & Young LLP be appointed auditors. Ernst & Young LLP will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

On behalf of the Board



A Baddeley

Director

19 August 2008

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 AUDITORS' REPORT TO THE MEMBERS OF ATRIUM INSURANCE AGENCY LIMITED

We have audited the company's financial statements for the period ended 31 December 2007 which comprise Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. 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 Annual Report and 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 2007 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
21 August 2008

ATRIUM INSURANCE AGENCY LIMITED

PROFIT AND LOSS ACCOUNT

for the period ended 31 December 2007

	Notes	2007 £
Turnover	2,3	385,607
Administrative expenses		(815,268)
Operating loss	4	(429,661)
Interest receivable		8,709
Loss On Ordinary Activities Before Taxation		(420,952)
Tax on loss on ordinary activities	7	125,975
Loss On Ordinary Activities After Taxation		(294,977)

The profit and loss account relates entirely to continuing activities


There are no recognised gains or losses arising other than the loss for the period. Accordingly, a separate statement of total recognised gains and losses has not been produced.

ATRIUM INSURANCE AGENCY LIMITED

BALANCE SHEET at 31 December 2007

	Notes	£	2007 £
Fixed Assets			
Tangible assets	8		8,129
Current Assets			
Debtors	9	128,925	
Cash at bank and in hand		856,544	
		<u>985,469</u>	
Creditors: amounts falling due within one year	10	<u>(788,575)</u>	
Net Current Assets			196,894
Net assets			<u>205,023</u>
Capital And Reserves			
Called up share capital	11	500,000	
Profit and loss account	12	<u>(294,977)</u>	
Shareholders' Funds including non-equity interests	12		<u>205,023</u>

The financial statements were approved by the board and signed on its behalf by



A Baddeley
Director
19 August 2008

ATRIUM INSURANCE AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2007

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention rules. Under Financial Reporting Standard No. 1 the company is exempt from the requirement to prepare a cash flow statement as it is a 100% owned subsidiary of Atrium Underwriting Group Limited and its cash flows are included within the consolidated cash flows of that company.

(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.

ATRIUM INSURANCE AGENCY LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2007

(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

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

	2007 £
Fee income	385,607
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	385,607
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4. OPERATING LOSS

	2007 £
This is stated after charging	
Auditors' remuneration – statutory audit	3,000
Operating lease rentals – land and buildings	21,948
Depreciation	3,343
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ATRIUM INSURANCE AGENCY LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2007

5. STAFF COSTS

	2007 £
Staff costs including directors' emoluments	
Wages and salaries	370,548
Social security costs	34,862
Defined contribution pension costs	48,910
	<u>454,320</u>

As at the balance sheet date, pension contributions of £nil were outstanding

6. DIRECTORS AND EMPLOYEES

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

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

7. TAXATION

	2007 £
(a) Tax on loss on ordinary activities	
The tax credit is made up as follows	
Current tax	
Group relief receipt	<u>(125,975)</u>

Tax credit on loss on ordinary activities	<u>(125,975)</u>
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(b) Factors affecting the current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

Loss on ordinary activities before tax	<u>(420,952)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(126,286)
Other tax adjustment	311
Total current tax (see (a) above)	<u>(125,975)</u>

ATRIUM INSURANCE AGENCY LIMITED

NOTES TO THE ACCOUNTS **at 31 December 2007**

8. TANGIBLE FIXED ASSETS

	Fixtures, Fittings & Equipment £	Computer Equipment £	Total £
COST			
At incorporation	-	-	-
Additions	3,609	7,863	11,472
At 31 December 2007	3,609	7,863	11,472
DEPRECIATION			
At incorporation	-	-	-
Provided for the period	722	2,621	3,343
At 31 December 2007	722	2,621	3,343
NET BOOK VALUE			
At 31 December 2007	2,887	5,242	8,129

9. DEBTORS

	2007 £
Due within one year	
Other debtors	1,019
Corporation Tax	125,975
Prepayments and accrued income	1,931
	<u>128,925</u>

10. CREDITORS

	2007 £
Amounts falling due within one year	
Amounts owed to group undertakings	602,142
Accruals and deferred income	186,433
	<u>788,575</u>

ATRIUM INSURANCE AGENCY LIMITED

NOTES TO THE ACCOUNTS at 31 December 2007

11. AUTHORISED AND ISSUED SHARE CAPITAL

	2007 £
Authorised , allotted, called up and fully paid Ordinary shares of £1 each	500,000
	<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

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total Shareholders funds £
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	<u>500,000</u>	<u>(294,977)</u>	<u>205,023</u>

13. LEASING COMMITMENTS

	Land and buildings 2007 £
At 31 December 2007, the company had annual commitments under non-cancellable operating leases as set out below	
Leases expiring between two and five years	<u>52,800</u>

14. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £nil

15. RELATED PARTY DISCLOSURES

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 ACCOUNTS
at 31 December 2007

16. ULTIMATE HOLDING COMPANY

With effect from 30 September 2007, the ultimate holding company of Atrium Insurance Agency Limited was Ariel Holdings Ltd , registered in Bermuda number 37470