

Company No: 6022662

ATRIUM GROUP SERVICES LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2009**

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



Atrium Group Services Limited

DIRECTORS

A Baddeley
S J Cook
N C Marsh

SECRETARY

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

AUDITORS

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

BANKERS

Lloyds TSB Bank plc
113 Leadenhall Street
London EC3A 4AX

REGISTERED OFFICE

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

Atrium Group Services Limited

DIRECTORS' REPORT

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

Results and dividends

The profit for the year, after taxation, amounted to \$nil. The directors do not recommend a final ordinary dividend.

Change of Functional Currency

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

Principal activity and review of the business

Atrium Group Services Limited ('AGSL') is a wholly owned subsidiary of Atrium Underwriting Group Limited.

AGSL was set up in order to streamline administration processes across the Atrium Group. With effect from 1 January 2010, Atrium Underwriters Limited transferred relevant balances to AGSL, including fixed and tangible assets. AGSL will provide services to the operating companies in the Atrium Group, thus improving administrative efficiency.

Commentary on KPIs

The only transaction in the period related to the transfer of the stock compensation expense, and related payroll taxes, which are recharged to the Atrium Group by the ultimate holding company, Ariel Holdings Limited. The company did not receive a fee for this.

Future Developments

It is intended that the company continues to be a service company for the Atrium Group.

Atrium Group Services Limited

DIRECTORS' REPORT *(continued)*

Principal risks & Uncertainties

The 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 Atrium 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 in order to manage the risks to which the Atrium Group is exposed. The Audit Committee, on behalf of the Atrium Underwriting Group Limited Board, has approved this framework and meets regularly to discuss risk management and approve any amendments to the framework.

The principal risk and uncertainty facing the company is Credit risk which is the exposure to loss if another party fails to perform its financial obligations to the company, including failing to perform them in a timely manner. The key aspect of credit risk to which AGSL is exposed is the risk of default by one or more of the other Atrium group companies whereby they would not be able to meet their debts as they fall due.

Directors

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

Disclosure of information to the auditors

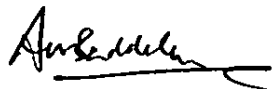
The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

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

Re-appointment of auditors

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

On behalf of the board



Andrew Baddeley
Director
9 August 2010

Atrium Group Services Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Atrium Group Services Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATRIUM GROUP SERVICES LIMITED

We have audited the financial statements of Atrium Group Services Limited for the year ended 31 December 2009 which comprise the Profit and Loss account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the company financial statements

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

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

Atrium Group Services Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2009

	Notes	2009 \$	2008 \$
Administrative expenses		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>-</u>	<u>-</u>
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>-</u>	<u>-</u>

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

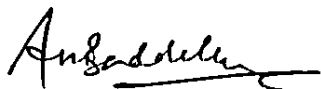
	Notes	2009 \$	2008 \$
Profit for the financial year		<u>-</u>	<u>-</u>
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		<u>-</u>	<u>-</u>

Atrium Group Services Limited

BALANCE SHEET at 31 December 2009

	Notes	2009 \$	2008 \$
CURRENT ASSETS			
Debtors due within one year	3	14,661,008	1
Cash at bank and in hand		-	-
		<u>14,661,008</u>	<u>-</u>
Creditors due within one year	4	14,661,007	-
NET CURRENT ASSETS		<u>1</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	5	1	1
Profit and loss account	6	-	-
TOTAL SHAREHOLDERS' FUNDS		<u>1</u>	<u>1</u>

The financial statements were approved by the Board of Directors on 9 August 2010 and signed on its behalf by



Andrew Baddeley
Director

Atrium Group Services Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and law, section 396 of, and schedule 4 to, the Companies Act 2006, under the historical cost convention rules. Under Financial Reporting Standard No 1 (Revised) 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.

The Company changed its functional and reporting currency from Sterling to US Dollars with effect from 1 January 2009. The bulk of the Company's business is denominated in US Dollars and following the acquisition by Ariel Holdings Limited funding for its activities and those of those of other companies in the Atrium Group is now provided in US Dollars. The comparative financial information has been retranslated to reflect the change in reporting currency. Non-monetary items in both the Profit and Loss Account and the Balance Sheet have been translated from their underlying currencies (Euro, Canadian Dollars, US Dollars and Sterling) into US Dollars at their relevant historic rate of exchange. Other items recorded in the Profit and Loss Account have been translated into US Dollars using the 2008 average rate of exchange of £1 US\$1.8552. Items in the Balance Sheet, apart from non-monetary items, have been translated into USD using the rate of exchange ruling on the date of change of functional currency – £1 US\$1.4479. This is the rate of exchange as at 31 December 2008. Translation differences have been recognised through the Profit and Loss Account.

b) Foreign currencies

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

	Balance sheet rate at 31 December 2009	Average rate for Quarter 1 2009	Average rate for Quarter 2 2009	Average rate for Quarter 3 2009	Average rate for Quarter 4 2009
Sterling	1.5928	1.4381	1.5482	1.6416	1.6328

For presentation purposes the US Dollar functional currency profit and loss items have been translated into Sterling at the average rate for the year – £1 US\$1.56593, whilst the balance sheet has been translated at the balance sheet rate – £1 US\$1.5928, with translation differences being recognised through the Statement of Total Recognised Gains and Losses.

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

Atrium Group Services Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2009

(c) Changes in Accounting Policy

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

- FRS 23 The Effects of Changes In Foreign Exchange Rates This standard provides guidance on the translation method and on determining the functional and presentation currencies Previously the Company applied SSAP 20 The presentation of the financial statements has been amended accordingly
- FRS 24 Financial Reporting in Hyperinflationary Economies This standard has had no impact on these financial statements
- FRS 26 Financial Instruments Recognition and Measurement This standard has had no impact on these financial statements
- FRS 29 Financial Instruments Disclosures This standard has had no impact on these financial statements

2. 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

3. DEBTORS

	2009 \$	2008 \$
Amounts owed by group undertakings	14,661,008	-
	<u>14,661,008</u>	<u>-</u>

4. CREDITORS

	2009 \$	2008 \$
Accruals	1,665,363	-
Amounts owed to ultimate parent company	12,995,644	-
	<u>14,661,007</u>	<u>-</u>

Atrium Group Services Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2009

5. AUTHORISED AND ISSUED SHARE CAPITAL

	<i>Authorised, allotted, called up and fully paid</i>			
	2009 <i>No</i>	2008 <i>No</i>	2009 £	2008 £
Ordinary shares of £1 each	1	1	1	1
	1	1	1	1

	<i>Allotted, called up and partly paid</i>			
	2009 No.	2008 No.	2009 \$	2008 \$
Ordinary shares of £1 each	1	1	1	1
	1	1	1	1

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

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 Group Services Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital \$	Profit and loss account \$	Total shareholders' funds \$
2009			
At 1 January 2009	1	-	1
Profit for the year	-	-	-
At 31 December 2009	1	-	1
2008			
At 1 January 2008	1	-	1
Profit for the year	-	-	-
At 31 December 2008	1	-	1

7. RELATED PARTIES

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

8. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking and controlling party, is Atrium Underwriting Group Limited, incorporated in Great Britain

The ultimate holding company of Atrium Group Services Limited is Ariel Holdings Ltd , registered in Bermuda number 37470