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ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited
(No. F 10368)

(Incorporated in Bermuda and
registered in England as an
overseas company under the
Companies Act 1985)

STATEMENT OF ACCOUNTS

for the year ended 31 December 1997

ATREUS INSURANCE COMPANY
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ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1997

Technical Account - General Business

	Notes	1997 £	1996 £
Gross and net premiums written and earned	2	(148)	(3,533)
Allocated investment return transferred from the non technical account	3	786	6,215
Total technical income		<u>638</u>	<u>2,682</u>
Gross claims paid		(7,609)	(707,475)
Recoveries from reinsurers		<u>19,443</u>	<u>574,831</u>
Net claims recovered / (paid)		11,834	(132,644)
Change in the gross provision for claims		83,163	806,068
Reinsurers' share		<u>(47,794)</u>	<u>(669,891)</u>
Net change in the provision for claims		35,369	136,177
Claims incurred, net of reinsurance		47,203	3,533
Operating expenses paid	2	(60,056)	(126,790)
Change in the provision for operating expenses		<u>12,215</u>	<u>120,575</u>
Operating expenses incurred		<u>(47,841)</u>	<u>(6,215)</u>
Total technical charges		<u>(638)</u>	<u>(2,682)</u>
Balance on the technical account - general business		<u>-</u>	<u>-</u>

ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1997

Non Technical Account

	Notes	1997 £	1996 £
Balance on the general business technical account		-	-
Exchange gains / (losses)		18,952	(36,571)
Profit on sale of short term investments	4	11,380,185	-
Investment Income		73,044	68,638
Allocated investment return transferred to the general business technical account	3	<u>(786)</u>	<u>(6,215)</u>
		72,258	62,423
Dividends receivable		<u>138,700</u>	<u>-</u>
Profit for the financial year before tax		11,610,095	25,852
Irrecoverable ACT		<u>(27,740)</u>	<u>-</u>
Profit for the financial year after tax		11,582,355	25,852
Dividends paid and proposed		<u>(11,614,041)</u>	<u>-</u>
Transfer (from) / to reserves	8	<u><u>(31,686)</u></u>	<u><u>25,852</u></u>

ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited
BALANCE SHEET
for the year ended 31 December 1997

ASSETS

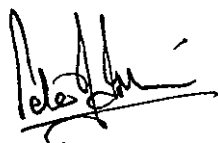
	Notes	1997 £	1996 £
Investments			
Freehold land	4	76,213	76,213
Reinsurers' share of technical provisions			
Claims outstanding		-	47,794
Debtors			
Debtors arising out of direct insurance operations		21,320	20,318
Debtors arising out of reinsurance operations		31,062	95,802
Other Debtors	5	<u>19,578,047</u>	<u>6,397,140</u>
		19,630,429	6,513,260
Other Assets			
Cash at bank and in hand		545,965	1,210,105
Prepayments and accrued income			
Accrued interest and rent		18,434	1,550
TOTAL ASSETS		<u><u>20,271,041</u></u>	<u><u>7,848,922</u></u>

ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited
BALANCE SHEET
for the year ended 31 December 1997

LIABILITIES

	Notes	1997 £	1996 £
Capital and reserves			
Called up share capital	7	7,500,000	7,500,000
Profit and loss account	8	1,535	33,221
Shareholders' funds attributable to equity interests	9	7,501,535	7,533,221
Technical provisions			
Provision for operating expenses of run-off		59,617	69,888
Claims outstanding		83,771	177,953
		143,388	247,841
Creditors			
Creditors arising out of reinsurance operations		2,272	2,260
Proposed dividend		11,503,081	-
Other creditors		1,077,720	39,006
	6	12,583,073	41,266
Accruals and deferred income			
		43,045	26,594
TOTAL LIABILITIES			
		20,271,041	7,848,922

On behalf of the Board



P J Irvin Director

5th May 1998

ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited

NOTES TO THE ACCOUNTS
for the year ended 31 December 1997

The accounting policies adopted by the Company are set out below and are consistent with those of the previous year.

(a) **ACCOUNTING CONVENTION**

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

(b) **OUTSTANDING CLAIMS AND RUN-OFF PROVISION**

The Company ceased the acceptance of any further risks on 30 April 1995 but is continuing the run-off of risks accepted before that date.

Provision was made at the end of 1995 of an amount sufficient to cover any liabilities arising out of insurance contracts and the costs of the run-off of the business, as far as could reasonably be foreseen.

Claims paid, costs incurred and investment income received during the year have since been set against this provision, which is regarded as sufficient.

(c) **TAXATION**

The ultimate parent undertaking has undertaken to discharge the Company's liability to UK Corporation tax.

(d) **FOREIGN CURRENCIES**

Assets and liabilities denominated in foreign currencies are expressed at the rates of exchange ruling at the balance sheet date. Profits or losses due to currency fluctuations, including those arising on the settlement of day to day transactions, are dealt with through the profit and loss account.

(e) **INVESTMENTS**

Investments are stated at cost.

ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited

NOTES TO THE ACCOUNTS (cont)
for the year ended 31 December 1997

1. General

The Company which is incorporated under the laws of Bermuda and is registered in England as an overseas company under part XXIII of the Companies Act 1985, commenced the underwriting of certain classes of marine insurance in the United Kingdom on 1 January 1981 in accordance with its authorisation under the Insurance Companies Act 1974.

On 20 March 1998 the Company changed its name to Atreus Insurance Company Limited.

2. Particulars of business

The sole activity of the Company was the underwriting of marine insurance business in the United Kingdom. The Company ceased underwriting on 30 April 1995 and is engaged in the run-off of business accepted before that date.

The business details are:-	1997	1996
	£	£
Gross premiums written	(148)	(3,533)
Gross premiums earned	(148)	(3,533)
Gross claims incurred	(75,554)	(98,593)
Gross operating expenses	60,056	126,790
Reinsurance balance	(28,351)	(95,060)

3. Investment Income

Interest receivable on bank deposits totals £73,044 (1996: £68,638). Of this £72,258 has been credited to non-technical account (1996: £62,423). The balance of £786 has been credited to the technical account, - general business (1996: £6,215).

The loan to the parent undertaking of £19,284,847 (1995: £6,395,940), included in Other debtors, is interest free and is repayable on demand.

4. Investments

	Freehold Land
COST AND NET BOOK AMOUNT	£
At 1 January and 31 December 1997	76,213
No depreciation has been charged in the year	

During the year, an investment in 5% of the share capital of OIL Limited, a fellow subsidiary undertaking, was acquired for a consideration of £1,077,200 from another fellow subsidiary undertaking and subsequently sold to Tidewater Inc.

ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited

NOTES TO THE ACCOUNTS (cont)
for the year ended 31 December 1997

5. Other Debtors

	1997 £	1996 £
Loan to parent undertaking	19,284,847	6,395,940
Trade debtors	293,200	1,200
	<u>19,578,047</u>	<u>6,397,140</u>

6. Creditors : amounts falling due within one year

	1997 £	1996 £
Due to parent undertaking	520	39,006
Due to fellow subsidiary undertakings	1,077,200	-
Dividend payable	11,503,081	-
Trade Creditors	2,272	2,260
	<u>12,583,073</u>	<u>41,266</u>

7. Share capital

	Number of shares	1997 £	1996 £
Authorised, issued and fully paid shares of Bermuda \$2.40 each	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>

8. Reserves

	1997 Profit and loss account £
At 1 January	33,221
Amount transferred to profit & loss account	(31,686)
At 31 December	<u>1,535</u>

ATREUS INSURANCE COMPANY LIMITED
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NOTES TO THE ACCOUNTS (cont)
for the year ended 31 December 1997

9. Movement in shareholders' funds

	1997
	£
Shareholders' funds at 1 January	7,533,221
Total recognised gains and losses	(31,686)
Shareholders' funds at 31 December	<u>7,501,535</u>

10 Staff costs

	1997	1996
	£	£
Wages and salaries	-	46,936
Social Security costs	-	3,852
	<u>-</u>	<u>50,788</u>

The Company had no employees during the year (1996:2).

11. Auditors' remuneration

The remuneration of the auditors consisting of audit fees for the year 1997 amounted to £3,600 (1996 : £4,700)

12. Ultimate parent undertaking

The Company's ultimate parent undertaking is Ocean Group plc, which is registered in England. This is the only group of which this Company is a member for which group accounts are prepared. Copies of the above group accounts are available from the Secretary of the Company at Ocean House, The Ring, Bracknell, Berkshire, RG12 1AN .

13. Statement of cash flows

The Group financial statements for the year ended 31 December 1997 contain a consolidated statement of cash flows. The company has taken advantage of the exemption granted by FRS1, whereby it is not required to publish its own statement of cash flows.

ATREUS INSURANCE COMPANY LIMITED
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year 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;
- . state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- . 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 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' REPORT TO THE SHAREHOLDERS OF
ATREUS INSURANCE COMPANY LIMITED
formerly Odyssey Insurance Company Limited

We have audited the financial statements on pages 2 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 10, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion, the financial statements of the Company show a true and fair view of the state of the Company's affairs as at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

5 May 1998

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