

ATREUS 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 1999

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ATREUS INSURANCE COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999**

Technical Account - General Business

	Notes	1999 £	1998 £
Gross and net premiums written and earned	2	-	-
Allocated investment return transferred from the non technical account	3	231	824
Total technical income		<u>231</u>	<u>824</u>
Gross claims paid		(24,613)	(13,331)
Recoveries from reinsurers		<u>(137)</u>	<u>8,144</u>
Net claims (paid) / recovered		(24,750)	(5,187)
Change in the gross provision for claims		6,591	70,400
Reinsurers' share		-	-
Exchange adjustments		<u>8,617</u>	<u>(2,238)</u>
Net change in the provision for claims		15,208	68,162
Claims incurred, net of reinsurance		<u>(9,542)</u>	<u>62,975</u>
Operating expenses paid	2	(26,027)	(76,378)
Change in the provision for operating expenses		<u>35,338</u>	<u>12,579</u>
Operating expenses incurred		9,311	(63,799)
Total technical charges		<u>(231)</u>	<u>(824)</u>
Balance on the technical account - general business		<u>-</u>	<u>-</u>

ATREUS INSURANCE COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999**

Non Technical Account

	Notes	1999 £	1998 £
Balance on the general business technical account		-	-
Exchange gains / (losses)		249	(79)
Investment Income	22,517	26,857	
Allocated investment return transferred to the general business technical account			
	(231)	(824)	
	3	<u>22,286</u>	<u>26,033</u>
Profit for the financial year before tax and after tax		22,535	25,954
Dividends paid and proposed		<u>-</u>	<u>(20,000)</u>
Transfer to reserves	8	<u>22,535</u>	<u>5,954</u>

ATREUS INSURANCE COMPANY LIMITED

BALANCE SHEET
for the year ended 31 December 1999

ASSETS

	Notes	1999 £	1998 £
Investments			
Freehold land	4	76,213	76,213
Reinsurers' share of technical provisions			
Claims outstanding		-	-
Debtors			
Debtors arising out of direct insurance operations		-	7,363
Debtors arising out of reinsurance operations		12,025	1,987
Other debtors	5	<u>8,095,500</u>	<u>8,115,500</u>
		8,107,525	8,124,850
Other Assets			
Cash at bank and in hand		486,930	511,473
Prepayments and accrued income			
Accrued interest and rent		-	716
TOTAL ASSETS		<u><u>8,670,668</u></u>	<u><u>8,713,252</u></u>

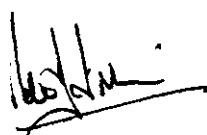
ATREUS INSURANCE COMPANY LIMITED

BALANCE SHEET
for the year ended 31 December 1999

LIABILITIES

	Notes	1999 £	1998 £
Capital and reserves			
Called up share capital	7	7,500,000	7,500,000
Profit and loss account	8	30,024	7,489
Shareholders' funds attributable to equity interests	9	7,530,024	7,507,489
Technical provisions			
Provision for operating expenses of run-off		11,700	47,038
Claims outstanding		6,780	13,371
		18,480	60,409
Creditors			
Creditors arising out of reinsurance operations		469	5,309
Proposed dividend		-	20,000
Other creditors	6	1,077,750	1,078,300
		1,078,219	1,103,609
Accruals and deferred income		43,945	41,745
TOTAL LIABILITIES		<u>8,670,668</u>	<u>8,713,252</u>

On behalf of the Board


P J Irvin Director

30 June 2000

ATREUS INSURANCE COMPANY LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31 December 1999**

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

**NOTES TO THE ACCOUNTS (cont)
for the year ended 31 December 1999**

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.

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:-	1999	1998
	£	£
Gross premiums written	-	-
Gross premiums earned	-	-
Gross claims incurred	18,022	(57,069)
Gross operating expenses	26,027	76,378
Reinsurance balance	(137)	8,144

3. Investment Income

Interest receivable on bank deposits totals £ 22,517 (1998: £ 26,857). Of this £ 22,286 has been credited to non-technical account (1998: £ 26,033). The balance of £ 231 has been credited to the technical account - general business (1998: £ 824).

The loan to the parent undertaking of £ 8,095,500 (1998: £8,115,500), 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 1999	76,213
No depreciation has been charged in the year	

ATREUS INSURANCE COMPANY LIMITED

**NOTES TO THE ACCOUNTS (cont)
for the year ended 31 December 1999**

5. Other Debtors

	1999 £	1998 £
Loan to parent undertaking	<u>8,095,500</u>	<u>8,115,500</u>

6. Creditors : amounts falling due within one year

	1999 £	1998 £
Due to parent undertaking	550	1,100
Due to fellow subsidiary undertakings	<u>1,077,200</u>	<u>1,077,200</u>
	<u>1,077,750</u>	<u>1,078,300</u>

7. Share capital

	Number of shares	1999 £	1998 £
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

	1999 Profit and loss account £
At 1 January	7,489
Amount transferred to profit & loss account	<u>22,535</u>
At 31 December	<u>30,024</u>

AUDITORS' REPORT TO THE SHAREHOLDERS OF
ATREUS 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 preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent Auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

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 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

30/6/00

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