



OMEGA

*Syndicate Underwriting Year Accounts
for the 2003 Year of Account*

CLOSED AT 31 DECEMBER 2005

SYNDICATE 958

OMEGA UNDERWRITING AGENTS

CONTENTS

1	DIRECTORS AND ADMINISTRATION
2	MANAGING AGENT'S REPORT
3	STATEMENT OF MANAGING AGENTS' RESPONSIBILITIES
4	INDEPENDENT AUDITORS' REPORT
5	PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT - GENERAL BUSINESS
6	PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT
7	BALANCE SHEET
8	CASH FLOW STATEMENT
9	NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS AND ADMINISTRATION

MANAGING AGENT

Omega Underwriting Agents Limited

DIRECTORS

Mr. J. S. Barber (non-executive)
Mr. D. R. Burchett
Mr. M. I. Daly
Ms. N. J. Davies
Mr. R. B. Morgan (non-executive chairman)
Mr. C. F. Palmer (non-executive)
Mr. J. F. Powell (non-executive)
Mr. J. B. Raishbrook
Mr. J. D. Robinson

COMPANY SECRETARY

Mr. A. J. Redman

MANAGING AGENT'S REGISTERED OFFICE

4th Floor
New London House
6 London Street
London
EC3R 7LP
www.omegauw.com

MANAGING AGENT'S REGISTERED NUMBER

3437356

SYNDICATE

ACTIVE UNDERWRITER

Mr. J. D. Robinson

BANKERS

Barclays Bank plc
1 Churchill Place
London
E14 5HP

INVESTMENT MANAGERS

Alliance Capital Whittingdale Limited
Devonshire House
1 Mayfair Place
London
W1X 6JJ

REGISTERED AUDITORS

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

SOLICITORS

LeBoeuf, Lamb, Greene & MacRae
No. 1 Minster Court
Mincing Lane
London
EC3R 7AA

The managing agent presents its report at 31 December 2005 for the 2003 closed year of account.

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting basis of accounting as required by Statutory Instrument No. 3219 of 2004, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations ("the 2004 Regulations").

REVIEW OF THE 2003 CLOSED YEAR OF ACCOUNT

The 2003 year of account closed with a profit of £22,608,019 after personal expenses (14.7% of capacity). There was an underwriting surplus of £1,407,000 (before expenses and investment return) attributable to the reinsurance to close the 2002 year of account.

As stated a year ago, the incurred loss ratio remained very low during calendar year 2005 and all major classes performed very well indeed. In many ways the 2003 Lloyd's year of account could be seen as the high point of the underwriting cycle insomuch as rates and conditions were the best we had achieved since 1994.

Approved by the Board of Directors
23 March 2006

Director
Omega Underwriting Agents Limited

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 require the managing agent to prepare syndicate underwriting year accounts at 31 December in respect of any underwriting year which is being closed by reinsurance to close which give a true and fair view of the result of the underwriting year at closure. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

In preparing the syndicate underwriting year accounts, the managing agent is required to

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable between them, having regard to the nature and amount of the liabilities insured;

- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the underwriting year accounts.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year accounts comply with the Regulations. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SYNDICATE 958 – 2003 CLOSED YEAR OF ACCOUNT

We have audited the syndicate's underwriting year accounts for the 2003 closed year of account for the three years ended 31 December 2005, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the related notes 1 to 19 and the Statement of Managing Agent's responsibilities. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the syndicate's members, as a body, in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004. Our audit work has been undertaken so that we might state to the syndicate'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 syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MANAGING AGENT AND AUDITORS

The managing agent is responsible for the preparation of underwriting year accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Managing Agent's Responsibilities.

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

We report to you our opinion as to whether the underwriting year accounts give a true and fair view of the result of the closed year of account in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004. We also report to you if, in our opinion, the managing agent has not kept proper accounting records, if the underwriting year accounts are not in agreement with the accounting records, and if we have not received all the information and explanations we require for our audit.

We read the Managing Agent's 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 underwriting year accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the underwriting year accounts, and of whether the accounting policies are appropriate to the syndicate'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 underwriting year accounts 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 underwriting year accounts.

OPINION

In our opinion the syndicate underwriting year accounts give a true and fair view of the result of the 2003 closed year of account.

Ernst & Young LLP

Registered Auditor
London

23 March 2006

**PROFIT AND LOSS ACCOUNT:
TECHNICAL ACCOUNT – GENERAL BUSINESS**

FOR THE 2003 CLOSED YEAR OF ACCOUNT
FOR THE THREE YEARS ENDED 31 DECEMBER 2005

	NOTES	<u>£000</u>
Syndicate allocated capacity		153,756
Earned premiums, net of reinsurance		
Gross premiums written	3	164,771
Outward reinsurance premiums		<u>(32,742)</u>
Earned premiums, net of reinsurance		132,029
Reinsurance to close premium received, net of reinsurance	4	<u>24,650</u>
		156,679
Allocated investment return transferred from the non-technical account		2,253
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		47,563
Reinsurers' share		<u>(3,708)</u>
		43,855
Reinsurance to close premium payable, net of reinsurance	5	<u>35,856</u>
		79,711
Net operating expenses	6	<u>56,613</u>
Balance on the technical account – general business	10	<u>22,608</u>



PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT

FOR THE 2003 CLOSED YEAR OF ACCOUNT
FOR THE THREE YEARS ENDED 31 DECEMBER 2005

	NOTES	<u>£000</u>
Balance on the technical account for general business		22,608
Investment income	9	2,296
Unrealised gains on investments		29
Investment expenses and charges	9	(72)
Allocated investment return transferred to general business technical account		<u>(2,253)</u>
Profit for the 2003 closed year of account		<u>22,608</u>

BALANCE SHEET

FOR THE 2003 CLOSED YEAR OF ACCOUNT
AT 31 DECEMBER 2005

	NOTES	<u>£000</u>
Assets		
Investments	11	30,203
Deposits with ceding undertakings		64
Debtors	12	5,970
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5	3,818
Other Assets		
Cash at bank and in hand		8,759
Other	13	9,580
Prepayments and accrued income		
Accrued interest		48
Prepayments and other accrued income		<u>2</u>
Total assets		<u>58,444</u>
Liabilities		
Amounts due to members	14	12,326
Reinsurance to close premium payable to close the account – gross amount	5	39,674
Other creditors	15	6,377
Accruals and deferred income		<u>67</u>
Total liabilities		<u>58,444</u>

The financial statements on pages 5 to 18 were approved by the Board of Omega Underwriting Agents Limited on 23 March 2006 and were signed on its behalf by

M.I. Daly
23 March 2006



CASH FLOW STATEMENT

FOR THE 2003 CLOSED YEAR OF ACCOUNT
FOR THE THREE YEARS ENDED 31 DECEMBER 2005

	NOTES	<u>£000</u>
Net cash inflow from operating activities	16	35,673
Transfer to members in respect of underwriting participations		(9,338)
Members' agents' fees paid on behalf of members		<u>(944)</u>
	17	<u>25,391</u>
Cash flows were invested as follows:		
Increase in cash holdings	17	8,385
Increase in overseas deposits		3,975
Net portfolio investment		<u>13,031</u>
Net investment of cash flows		<u>25,391</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 2003 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2005

1. BASIS OF PREPARATION

These accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004, the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 by the Association of British Insurers.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2003 year of account which has been closed by reinsurance to close as at 31 December 2005. Consequently the balance sheet represents the assets and liabilities of the 2003 year of account at the date of closure. The profit and loss account and cash flow statement reflect the transactions for that year of account during the three year period until closure.

These accounts cover the three years from the date of inception of the 2003 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

2. ACCOUNTING POLICIES

The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

PREMIUMS WRITTEN

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Premiums in respect of insurance contracts underwritten under a binding authority, line slip or consortium arrangement are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

Premiums written are treated as fully earned.

REINSURANCE PREMIUM CEDED

Initial reinsurance premiums paid to purchase policies which give excess of loss protection are charged to the year of account in which the protection commences. Premiums for other reinsurances are charged to the same year of account as the risks being protected.

CLAIMS PAID AND RELATED RECOVERIES

Gross claims paid include internal and external claims settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

REINSURANCE TO CLOSE PREMIUM PAYABLE

The net reinsurance to close premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectible reinsurance recoveries, relating to the closed year of account and all previous years of account reinsured therein.

2. ACCOUNTING POLICIES CONTINUED

The estimate of claims outstanding is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date. It also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based on assessments of the business accepted and underwriting conditions. The amount of salvage and subrogation recoveries is separately identified.

The reinsurers' share is based on the amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved.

The two most critical assumptions as regards claims estimates are that the past is a reasonable predictor of the likely level of claims development and that the estimates used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the estimates of gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the reinsurance to close premium so determined.

FOREIGN CURRENCIES

Transactions other than reinsurance to close in US dollars, Canadian dollars and Euros are translated at the average rates of exchange for the period. Reinsurance to close premiums receivable and payable, and underwriting transactions denominated in other foreign currencies, are included at the rate of exchange ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate.

Exchange differences are included in the technical account.

Where Canadian dollars or Euros are sold or bought relating to the profit or loss of the closed underwriting account after 31 December, any exchange profit or loss arising is reflected in the underwriting account into which the liabilities of that year have been reinsured. Where United States dollars relating to the profit or loss of a closed underwriting account are bought or sold by members on that year, any exchange profit or loss accrues to those members.

INVESTMENTS

Investments are stated at current value at the balance sheet date. For this purpose listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

2. ACCOUNTING POLICIES CONTINUED

INVESTMENT RETURN

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. The returns on the Joint Asset Trust Funds and Illinois Deposit are allocated to the year of account as notified by Lloyd's. The returns on other assets arising in a calendar year are apportioned to years of account open during the calendar year in proportion to the average funds available for investment on each year of account.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

OPERATING EXPENSES

Where expenses are incurred by or on behalf of the managing agent on the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicate are apportioned between the agency company and the syndicates on bases depending on the amount of work performed, resources used and the volume of business transacted. Syndicate operating expenses are allocated to the year of account for which they are incurred.

TAXATION

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year are included in the balance sheet under the heading 'other debtors'.

No provision has been made for any overseas tax payable by members on underwriting results.

PROFIT COMMISSION

Profit commission is charged by the managing agent at a rate of 20% of profit subject to the operation of a deficit clause and it is included within members' standard personal expenses within administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2003 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2005

3. SEGMENTAL ANALYSIS

AN ANALYSIS OF THE UNDERWRITING RESULT BEFORE INVESTMENT RETURN IS SET OUT BELOW:

	GROSS PREMIUMS WRITTEN (NOTE 1) £000	GROSS CLAIMS INCURRED (NOTE 2) £000	GROSS OPERATING EXPENSES £000	RE- INSURANCE BALANCE (NOTE 3) £000	TOTAL £000
Direct insurance:					
Accident and health	5,113	(4,248)	(1,695)	861	31
Motor (third party liability)	194	(51)	(73)	(43)	27
Motor (other classes)	3,587	(2,270)	(1,348)	247	216
Marine, Aviation and Transport	10,605	(4,029)	(3,516)	(2,276)	784
Fire and other damage to property	37,456	(18,395)	(14,444)	(3,433)	1,184
Third party liability	32,878	(6,955)	(13,816)	(6,114)	5,993
Miscellaneous	2,011	(504)	(666)	(448)	393
Reinsurance	<u>72,927</u>	<u>(20,850)</u>	<u>(21,055)</u>	<u>(20,770)</u>	<u>10,252</u>
	<u>164,771</u>	<u>(57,302)</u>	<u>(56,613)</u>	<u>(31,976)</u>	<u>18,880</u>
RITC received	<u>31,408</u>	<u>(29,935)</u>	<u>0</u>	<u>1</u>	<u>1,474</u>
	<u>196,179</u>	<u>(87,237)</u>	<u>(56,613)</u>	<u>(31,975)</u>	<u>20,354</u>

1. Gross premiums earned are identical to gross premiums written.
2. Gross claims incurred comprises gross claims paid and gross reinsurance to close premium payable.
3. The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on reinsurance to close payable.
4. All premiums are concluded in the UK.

4. REINSURANCE TO CLOSE PREMIUM RECEIVABLE

	£000
Gross reinsurance to close premium receivable	29,163
Reinsurance recoveries anticipated	<u>4,513</u>
Reinsurance to close premium receivable, net of reinsurance	<u>24,650</u>

5. REINSURANCE TO CLOSE PREMIUM PAYABLE

	£000
Gross reinsurance to close premium payable	39,674
Reinsurance recoveries anticipated	<u>3,818</u>
Reinsurance to close premium payable, net of reinsurance	<u>35,856</u>

The reinsurance to close is effected to the 2004 year of account of Syndicate 958.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE 2003 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2005

6. NET OPERATING EXPENSES

	<u>£000</u>
Acquisition costs	43,293
Administrative expenses	12,316
Loss on exchange	<u>1,004</u>
	<u>56,613</u>

Administrative expenses include:

	<u>£000</u>
Auditors' remuneration	
– Audit services	<u>82</u>

Members' standard personal expenses are included within administrative expenses.

7. STAFF NUMBERS AND COSTS

All staff are employed by Omega Underwriting Holdings PLC. The following amounts were recharged to the syndicate in respect of salaries costs:

	<u>£000</u>
Wages and salaries	1,541
Social security costs	189
Other pension costs	<u>130</u>
	<u>1,860</u>

The average number of employees employed by Omega Underwriting Holdings PLC but working for the syndicate during the three years was as follows:

	<u>NUMBER</u>
Administration and finance	13
Underwriting	8
Claims	<u>3</u>
	<u>24</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2003 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2005

8. EMOLUMENTS OF THE DIRECTORS OF OMEGA UNDERWRITING AGENTS LIMITED

The seven directors of Omega Underwriting Agents Limited received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	<u>£000</u>
Fees	80
Emoluments	<u>469</u>
	<u>549</u>

The active underwriter received the following remuneration charged as a syndicate expense:

	<u>£000</u>
Emoluments	<u>198</u>

9. INVESTMENT RETURN

	<u>£000</u>
Investment income	
Income from investments	3,948
Gains on realisation of investments	124
Unrealised gains on investment	29
Investment expenses and charges	
Investment management expenses	(72)
Losses on realisation of investments	(1,444)
Unrealised losses on investments	<u>(332)</u>
	<u>2,253</u>

10. BALANCE ON TECHNICAL ACCOUNT

	<u>£000</u>
Balance excluding investment return and operating expenses	
Profit attributable to business allocated to the 2003 pure year of account	75,561
Profit attributable to business reinsured into the 2003 year of account	<u>1,407</u>
	76,968
Allocated investment return transferred from the non-technical account	2,253
Net operating expenses	<u>(56,613)</u>
	<u>22,608</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2003 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2005

11. INVESTMENTS

	<u>MARKET VALUE £000</u>	<u>COST £000</u>
Debt securities and other fixed income securities	30,202	30,380
Deposits with credit institutions	<u>1</u>	<u>1</u>
	<u>30,203</u>	<u>30,381</u>

12. DEBTORS

	<u>£000</u>
Arising out of direct insurance operations:	
Due from intermediaries	83
Arising out of reinsurance operations	3,641
Other	<u>2,246</u>
	<u>5,970</u>

13. OTHER ASSETS - OTHER

These comprise overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

14. AMOUNTS DUE TO MEMBERS

	<u>£000</u>
Profit for the 2003 closed year of account	22,608
Members' agents' fee advances	(944)
Continuous solvency transfers	<u>(9,338)</u>
Amounts due to members at 31 December 2005	<u>12,326</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE 2003 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2005

15. OTHER CREDITORS

	<u>£000</u>
Arising out of direct insurance operations	
Due to intermediaries	111
Arising out of reinsurance operations	585
Other	<u>5,681</u>
	<u>6,377</u>

16. RECONCILIATION OF PROFIT FOR THE YEAR OF ACCOUNT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>£000</u>
Profit for the year of account	22,608
Realised and unrealised investment gains including foreign exchange	(580)
Increase in debtors	(3,256)
Increase in creditors	865
Non-cash consideration for net RITC receivable	(19,820)
Net reinsurance to close premium payable	<u>35,856</u>
Net cash inflow from operating activities	<u>35,673</u>

	<u>£000</u>
Consideration for net RITC receivable comprised:	
Non-cash consideration:	
Portfolio investments	17,098
Overseas deposits	5,537
Debtors	2,764
Creditors	<u>(5,579)</u>
	19,820
Cash	<u>4,830</u>
	<u>24,650</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2003 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2005

17. MOVEMENT IN OPENING AND CLOSING PORTFOLIO INVESTMENTS NET OF FINANCING

	<u>£000</u>
Net cash inflow from the three years	8,385
Cash flow	
Increase in overseas deposits	3,975
Portfolio investments	<u>13,031</u>
Movement arising from cash flows	25,391
Received as consideration for net RITC receivable	
Overseas deposits	5,537
Portfolio investments	17,098
Changes in market value and exchange rates	<u>580</u>
Total movement in portfolio investments	48,606
Portfolio at 1 January 2003	<u>–</u>
Portfolio at 31 December 2005	<u>48,606</u>

MOVEMENT IN CASH, PORTFOLIO INVESTMENTS AND FINANCING

	<u>AT 1 JANUARY 2003 £000</u>	<u>RECEIVED AS CONSIDERATION CASH FLOW FOR NET RITC RECEIVABLE £000</u>	<u>CHANGES TO MARKET VALUE AND CURRENCIES £000</u>	<u>AT 31 DECEMBER 2005 £000</u>
Cash at bank and in hand	–	8,385	–	374
Overseas deposits	–	3,975	5,537	68
Portfolio investments:				
Debt securities and other fixed				
Income securities	–	12,973	17,098	131
Deposits with ceding undertakings	–	57	–	7
Deposits with credit institutions	<u>–</u>	<u>1</u>	<u>–</u>	<u>–</u>
Total portfolio investments	<u>–</u>	<u>13,031</u>	<u>17,098</u>	<u>138</u>
Total cash, portfolio investments and financing	<u>–</u>	<u>25,391</u>	<u>22,635</u>	<u>580</u>
				<u>48,606</u>



NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE 2003 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2005

18. NET CASH OUTFLOW ON PORTFOLIO INVESTMENTS

	<u>£000</u>
Purchase of debt securities and other fixed income securities	(148,822)
Purchase of deposits with credit institutions	(1)
Purchase of deposits with ceding undertakings	(57)
Sale of debt securities and other fixed income securities	<u>135,849</u>
Net cash outflow on portfolio investments	<u>(13,031)</u>

19. RELATED PARTIES

Profit commission of £5,681,000 is payable by the syndicate to Omega Underwriting Agents Limited in respect of profits for the 2003 closed year of account.

Managing agency fees of £1,153,000 were paid by the syndicate to Omega Underwriting Agents Limited.

