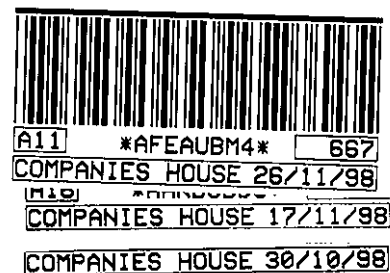


MMO UK LIMITED

COMPANY REGISTRATION NO. 03266637

**MMO UK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 1997**



**REPORT AND FINANCIAL STATEMENTS 1997**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' report	3
Statement of directors' responsibilities	4
Auditors' report	5
Balance sheet	6
Notes to the accounts	7

## **DIRECTORS' REPORT**

The directors submit their report and the audited financial statements for the period from 22 October 1996 to 31 December 1997.

### **Activities**

The company has not traded during the current period. On 27 March 1997, the company was acquired by MMO EU Limited, a wholly owned subsidiary of NYMAGIC Inc. The company has sought approval from Lloyd's to act as a Corporate Member. Lloyd's granted approval in February 1998.

### **Directors and their interests**

The directors are as follows:

J N Blackman (appointed 27 March 1997)  
M W Blackman (appointed 27 March 1997)  
J A Lambert (appointed 27 March 1997)  
D W Page (resigned 27 March 1997)  
C W Duffy (resigned 27 March 1997)

The directors have no interests in the share capital of the company.

### **Share Capital**

The issued share capital on incorporation was two ordinary shares of £1.

### **Change of Name**

The Company was incorporated as MINMAR (368) Limited on 22 October 1996. The name was changed to MMO UK Limited on 11 March 1997.

### **Auditors**

KPMG Audit plc have been appointed as auditors of the company and a resolution to reappoint KPMG Audit plc is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 29 October 1998  
and signed on behalf of the Board



J A Lambert  
Director

## 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 as at the end of the financial year 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; and
- Prepare the financial statements on a 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.

Approved by the Board of Directors on 29 October 1998  
and signed on behalf of the Board.



J A Lambert  
Director

**AUDITORS' REPORT TO THE MEMBERS OF  
MMO UK LIMITED**

We have audited the financial statements on pages 6 to 8.

**Respective responsibilities of directors and auditors**

As described on page 4 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 on 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 give a true and fair view of the state of the company's affairs at 31 December 1997 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit plc  
Chartered Accountants  
Registered Auditor;

1-2 Dorset Rise  
London  
EC4Y 8AE

29 October 1998

**BALANCE SHEET**  
**31 DECEMBER 1997**

	Note	1997 £
<b>Current assets</b>		
Debtors – due from immediate parent undertaking		2
		<u>2</u>
<b>Net Assets</b>		
<b>Capital and reserves</b>		
Called up share capital	6	2
Profit and loss account		-
Shareholder's funds		<u>2</u>
 Attributable to:		
Equity shareholders		2
Non-equity shareholders		-
		<u>2</u>

The notes on pages 7 and 8 form an integral part of these accounts.

These financial statements were approved by the Board of Directors on 29 October 1998.

Signed on behalf of the Board of Directors



J A Lambert  
 Director

**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1997**

---

**1. Accounting Policies**

These financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

These financial statements are prepared in accordance with the historical cost convention.

**2. Profit & Loss Account**

The company did not trade during the period and accordingly made neither profits nor loss. All expenses have been borne by other MMO group companies (see note 9).

**3. Employees**

There were no employees, other than directors during the current period.

**4. Directors**

None of the directors received any remuneration in respect of their services to the company during the current period.

**5. Funds at Lloyd's**

The parent undertaking deposited funds as security at Lloyd's on behalf of the company by means of a cash deposit of £1m and a Letter of Credit issued by Morgan Guaranty Trust of New York in the sum of £10.5m on 21 May 1997. These funds may not be withdrawn without the permission of Lloyd's.

**6. Called up share capital**

	31 Dec 1997 £
Authorised and issued	
2 Ordinary £1 shares	<u>2</u>

**7. Reconciliation of Movements on Shareholder' Funds**

Shareholders' Funds on Incorporation	2
Issues of shares	-
Result for the period	<u>-</u>
Closing Shareholders' Funds	<u>2</u>

**8. Post Balance Sheet Events**

In February 1998, Lloyd's approved the company's application to trade as a Corporate Member for the 1998 underwriting year of account.

**9. Ultimate parent company**

The company's ultimate parent company is NYMAGIC Inc., a company registered in the USA. On 27 March 1997 all the share capital of the company was purchased by MMO EU Limited a wholly owned subsidiary of NYMAGIC Inc.

The first report and accounts of MMO EU Limited will be prepared as at 31 December 1998. Consolidated accounts for NYMAGIC Inc for the year ended 31 December 1997 are available from its registered office at 330 Madison Avenue, New York, NY 10017, USA.