

PRIMARY UNDERWRITING LIMITED

**Report and Financial Statements
for the year ended 31 March 2008**



Company Registration No. 3409756

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General Information

Directors

The sole director at the date of this report was as:

Mr PWH James

Secretary

The company secretary is Ms T E Keill.

Principal Bankers

Barclays Bank PLC
One Churchill Place
Canary Wharf
London E14 5HP

Auditors

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

Tax Advisors

Rawlinson & Hunter
Eighth Floor
6 New Street Square
New Fetter Lane
London EC4A 3AQ

Principal Lawyers

Norton Rose
3 More London Riverside
London SE1 2AQ

Registered Office

3 More London Riverside
London SE1 2AQ

Company Registration Number

3409756

Parent Company

The immediate parent company is Primary Group (UK) Limited, and the ultimate parent company is Primary Group Limited.

Director's Report

The director presents his annual report together with the audited financial statements of the company for the year ended 31 March 2008. During the prior year the Company changed its accounting reference date from 31 December to 31 March. The comparative figures reflect the fifteen month period to 31 March 2007.

Results and dividend

Turnover and other income was £nil (2007: £nil) and the loss attributable to shareholders of the company for the 12 months ended 31 March 2008 was £13,030 (15 months 2007: £442,541) after a tax credit of £6,659 (15 months 2007: £193,665). The Directors do not recommend payment of a dividend. There was no prior year dividend paid.

Business Environment

The company's principal activity is the provision of general underwriting services. The company is now in run off servicing claims through third party administrators.

Directors

The director who currently holds or held office during the period was as follows:

Mr I M Bond	(Resigned 25 April 2008)
Mr PWH James	(Appointed 13 March 2008)

Auditors

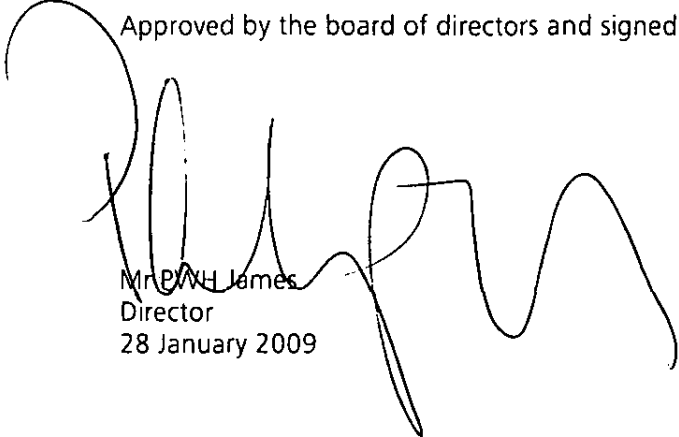
PricewaterhouseCoopers LLP have signified their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Statement of Disclosure of Information to Auditors

Each director in office at the date of approval of this report confirms that:

- so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he or she has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the board of directors and signed on behalf of the board.



Mr PWH James
Director
28 January 2009

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements.

Company law requires the directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the Company 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; with the exception of changes arising on the adoption of new accounting standards in the year;
- 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIMARY UNDERWITING LIMITED

We have audited the financial statements of Primary Underwriting Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of the company's loss and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

28 January 2009

**Profit and Loss Account
for the year ended 31 March 2008**

	Note	12 months ended 31 March 2008 £	15 months ended 31 March 2007 £
Management and other operating charges		(4)	(636,206)
Operating loss	2	(4)	(636,206)
Interest payable	4	(19,685)	-
Loss on ordinary activities before taxation		(19,689)	(636,206)
Tax on loss on ordinary activities	3	6,659	193,665
Loss on ordinary activities after taxation		(13,030)	(442,541)
Retained loss for the financial period	6	(13,030)	(442,541)

All activities derive from discontinuing operations. There are no recognised gains or losses, other than those reflected in the loss for the financial period. Accordingly, no statement of total recognised gains and losses is given.

The notes to the accounts on pages 8 to 10 form an integral part of these financial statements.

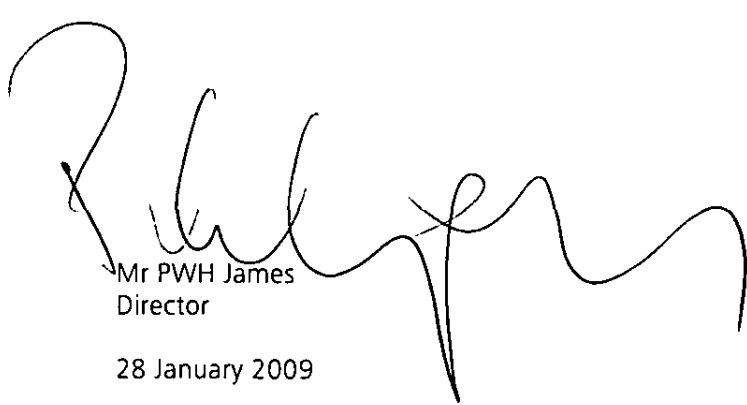
Balance Sheet
as at 31 March 2008

	Note	31 March 2008 £	31 March 2007 £
Current assets			
Cash at bank and in hand		-	6
		-	6
Net current assets		-	6
Total assets less current liabilities		-	6
Creditors : (amounts falling due after more than one year)	4	(363,203)	(350,179)
Net liabilities		(363,203)	(350,173)
Capital and reserves			
Called up share capital	5	2	2
Profit and loss account	6	(363,205)	(350,175)
Shareholder's funds	7	(363,203)	(350,173)

The notes to the accounts on pages 8 to 10 form an integral part of these financial statements.

The board of directors approved these financial statements on 28 January 2009.

Signed on behalf of the board of directors.



Mr PWH James
Director

28 January 2009

**Notes to the financial statements
for the year ended 31 March 2008****1. Accounting policies**

These financial statements have been prepared in accordance with the Companies Act 1985 and Generally Accepted Accounting Principles in the United Kingdom and are denominated in sterling. The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues earned and expenses incurred during the reporting period. The company's significant accounting policies, which have been applied consistently over the period, are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention of accounting.

Foreign currencies

Monetary assets and liabilities in foreign currencies are expressed in sterling at exchange rates ruling at the balance sheet date. Income and expenses in foreign currencies are translated into sterling at either rates of exchange ruling at the date on which the transactions occur or at a fixed rate and translated at the period end to reflect an average rate. Any exchange differences arising on transactions in foreign currencies during the period are dealt with through the profit and loss account.

Deferred taxation

The charge for taxation is based on the profits for the period charged at the current rates of tax. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date except as otherwise required by Financial Reporting Standard No. 19 'Deferred Tax'. Deferred tax assets are recognised to the extent that the directors consider these amounts receivable.

Cash flow statement

The company is a wholly owned subsidiary of Primary Group (UK) Limited, which prepares a consolidated cash flow statement. The company has therefore elected to make use of the exemption provided in Financial Reporting Standard No. 1 'Cash Flow Statements' not to produce a cash flow statement.

**Notes to the financial statements
for the year ended 31 March 2008**

2. Operating profit / (loss)

	12 months ended 31 March 2008 £	15 months ended 31 March 2007 £
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The operating profit / (loss) which originated in the United Kingdom for the period was arrived at after charging / (crediting):

Accountancy fees - auditors' remuneration	-	-
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3. Taxation

	12 months ended 31 March 2008 £	15 months ended 31 March 2007 £
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(a) Analysis of charge / (credit) in period

Group relief – current period	-	(193,665)
Group relief – prior period	(6,659)	-
Current tax charge / (credit) for the period (note 3(b))	(6,659)	(193,665)

	12 months ended 31 March 2008 £	15 months ended 31 March 2007 £
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(b) Factors affecting tax charge / (credit) for the period

The tax assessed for the period is lower from the standard rate of corporation tax in the UK (30%)

The differences are explained below:

Loss on ordinary activities before tax	(19,689)	(636,206)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007: 30%)	(5,906)	(190,862)
<i>Effects of:</i>		
Capital allowances for period in excess of depreciation	-	(2,803)
Losses carried forward	5,906	-
Prior period adjustment	(6,659)	-
Current tax charge / (credit) for the period (note 3(a))	(6,659)	(193,665)

**Notes to the financial statements
for the year ended 31 March 2008**

4. Creditors: amounts falling due after more than one year

	31 March 2008	31 March 2007
	£	£
Amounts owed to group undertakings	363,203	350,179

Amounts owed to group undertakings due after more than one year is in respect of a loan from the parent company Primary Group (UK) Limited. During the year the loan became interest bearing at a rate of base plus 2%.

5. Called up share capital

	31 March 2008	31 March 2007
	£	£
Authorised:		
100 Ordinary shares of £1 each	100	100
Allotted, issued & fully paid:		
2 Ordinary shares of £1 each	2	2

6. Statement of movement on reserves

	31 March 2008	31 March 2007
	£	£
At beginning of period	(350,175)	92,366
Loss for the financial period	(13,030)	(442,541)
At 31 March	(363,205)	(350,175)

7. Reconciliation of shareholder's funds

	31 March 2008	31 March 2007
	£	£
At beginning of period	(350,173)	92,368
Retained loss for the period	(13,030)	(442,541)
At 31 March	(363,203)	(350,173)

8. Related party transactions

As permitted under Financial Reporting Standard No. 8 'Related Party Disclosures', transactions between group companies which are owned and controlled by more than 90% of the voting rights have not been disclosed.

**Notes to the financial statements
for the year ended 31 March 2008**

9. Ultimate holding company

The immediate holding company is Primary Group (UK) Limited and the ultimate holding company is Primary Group Limited, a company incorporated in Bermuda.

In the opinion of the directors, at the date on which the accounts were approved, the ultimate controllers are the trustees of the R&H Trust Co. Ltd as trustee of the NUSA Trust and the R&H Trust Co. Ltd as trustee of the JIWO Trust, both trusts established in the Cayman Islands for the benefit of Mr P W H James and his family.