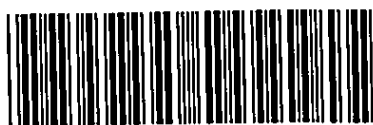


Company registration number: 3437588

OMEGA UNDERWRITING HOLDINGS LIMITED

Report and Financial Statements 31 December 2008

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OMEGA UNDERWRITING HOLDINGS LIMITED

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DIRECTORS AND ADVISERS

DIRECTORS

J. D. Robinson
M.I. Daly
P.J. James

SECRETARY

A. D. Smith

AUDITORS

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

BANKERS

Barclays Bank Plc
One Churchill Place
London,
E14 5HP

REGISTERED OFFICE

4th Floor
New London House
6 London Street
London
EC3R 7LP

REGISTERED NUMBER

3437588

OMEGA UNDERWRITING HOLDINGS LIMITED

DIRECTORS' REPORT

The directors submit their annual report, together with the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Omega Underwriting Holdings PLC was the ultimate holding company of the Omega Group, for the period to 9 November 2006. Following the establishment of a new Bermudian holding company and a scheme of arrangement, Omega Insurance Holdings Limited ("OIH") became the ultimate parent company of the Group, and Omega Underwriting Holdings PLC changed its name to Omega Underwriting Holdings Limited ("OUH").

OUH is now an intermediary holding company. At the end of the year it owned 100% of the equity of the following subsidiaries:

Omega Underwriting Agents Limited ("Omega Underwriting Agents")

The managing agent of Syndicate 958 and, for the 2001 account, of Syndicate 529. Syndicate 529 did not trade in 2002 or subsequently.

Omega Europe GmbH ("Omega Europe")

Based in Cologne and established during 2004 to act as a European underwriting agent operating a binding authority on behalf of Syndicate 958.

Omega Dedicated Limited ("Omega Dedicated")

A Lloyd's corporate member that underwrites on Syndicate 958.

Omega Administration Services Limited ("Omega Administration")

A service company for the Group.

Omega Europe Holdings Limited ("Omega Europe Holdings")

A dormant company.

Omega Dedicated (No.2) Limited ("Omega Dedicated 2")

A Lloyd's corporate member (not actively underwriting).

Omega Underwriting Investments Limited ("Omega Investments")

A dormant company.

KEY PERFORMANCE INDICATORS

As a holding company, the performance of the company is monitored through the performance of its investments, and level of direct costs incurred.

Full details of the group's performance for the year are detailed in the ultimate holding company's accounts.

FUTURE DEVELOPMENTS

It is anticipated that the Company will continue as an intermediary holding company.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6 of the financial statements. During the year the directors declared and paid a dividend of 27p per share (2007: an interim dividend of 496.1p per share paid by way of a dividend in-specie, a second interim dividend of 44.7p per share and a third interim dividend of 124.9p). The Directors have approved the payment of a final dividend of 37.5p per share (2007: Nil).

GOING CONCERN

The directors are satisfied that the company has adequate resources to continue in business for the foreseeable future. Consequently, the accounts are prepared on the basis of a going concern.

OMEGA UNDERWRITING HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

RISK MANAGEMENT

The main risk factors to the Company's financial performance and the steps taken to mitigate them can be summarised as follows.

UNDERWRITING RISK

The company bears no direct underwriting risk.

CREDIT RISK

Credit risk is considered low as the majority of debts arise from related group companies.

Surplus cash balances are invested in either a normal business deposit account or short term fixed deposit with a major UK Bank.

INVESTMENT RISK

As noted above during the year the company only invested in short term fixed deposits with a major UK Bank. The investment return on each deposit is set and guaranteed at the outset of the term.

LIQUIDITY RISK

The company monitors working capital to ensure that it is sufficient to meet its ongoing commitments. Capital, deemed to be in excess of working capital, is invested with a major UK Bank on either a normal business deposit account or short term fixed deposit.

TAXATION

The company profits are taxable in the UK under the standard rate of corporation tax (28.5%). For the period from its incorporation to 23 March 2007, Omega Specialty was a subsidiary of OUH. During this period to 23 March 2007, as a Bermudian subsidiary, the profits of Omega Specialty were subject to UK taxation as a controlled foreign company ('CFC').

CHARITABLE AND POLITICAL DONATIONS

The company has made no charitable or political donations in the financial year (2007: Nil).

DIRECTORS

The directors who held office at any time during the period were:

J. D. Robinson
R.V. Tolliday (resigned 24 July 2008)
M.I. Daly
N.J. Davies (resigned 11 November 2008)
P. J. James (appointed 24 July 2008)

AUDITORS

Ernst & Young LLP will continue as auditors of the company in accordance with an elective resolution passed under section 487, Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow Directors and the company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of the information.

The report of the directors was approved by the Board on 2nd July 2009.

M. I. DALY
Director



OMEGA UNDERWRITING HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that 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.

OMEGA UNDERWRITING HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMEGA UNDERWRITING HOLDINGS LIMITED

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and 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).

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 the directors' 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 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 December 2008 and of its profit for the year 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

8 July 2009

OMEGA UNDERWRITING HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Investment income	2	2,788	10,143
Other income	3	1,080	265
Other charges		(189)	(258)
Profit on ordinary activities before taxation	4	3,679	10,150
Tax charge on profit on ordinary activities	6	(213)	(728)
Profit on ordinary activities after taxation		3,466	9,422
Profit for the period attributable to shareholder	13	3,466	9,422

There are no differences between the amounts reported in the profit and loss account and their historical cost equivalents. The profit and loss account relates entirely to continuing activities.

There are no other recognised gains or losses for the period.

The notes on pages 8 to 14 form part of these financial statements.

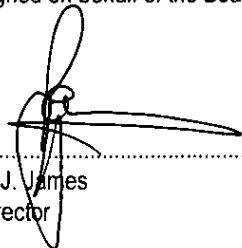
OMEGA UNDERWRITING HOLDINGS LIMITED

BALANCE SHEET

As at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed Assets			
Investments in Group undertakings	8	2,034	419
		<hr/> 2,034	<hr/> 419
Current Assets			
Debtors	9	7,256	10,068
Cash at bank and in hand		3,786	3,635
		<hr/> 11,042	<hr/> 13,703
Creditors: amounts falling due within one year	10	(269)	(996)
		<hr/> 10,773	<hr/> 12,707
Net Current Assets		<hr/> 10,773	<hr/> 12,707
Total Assets Less Current Liabilities		<hr/> 12,807	<hr/> 13,126
Provisions for liabilities	11	-	-
		<hr/> 12,807	<hr/> 13,126
Capital and Reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	11,807	12,126
		<hr/> 12,807	<hr/> 13,126
Shareholders' Funds	13	<hr/> 12,807	<hr/> 13,126

Signed on behalf of the Board



.....
P. J. James
Director

The financial statements on pages 6 to 14 were approved by the Board on 2nd July 2009

The notes on pages 8 to 14 form part of these financial statements.

OMEGA UNDERWRITING HOLDINGS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

The company has taken advantage of the exemption under Financial Reporting Standard No.1 and has not prepared a cash flow statement on the grounds that it is a wholly owned subsidiary of OIH.

These financial statements present information about OUH as an individual undertaking. The company has taken advantage of the exemption from preparing consolidated accounts on the grounds that it is a wholly owned subsidiary of OIH, and it is included in the consolidated accounts of that company.

(b) Investment in subsidiaries

Investment in subsidiary undertakings is stated at the original cost less any provision for impairment.

(c) Investment income

Interest receivable from cash and short term deposits is accrued to the end of the reporting period. Interest receivable from loans to related group companies are accrued to the end of the reporting period.

Dividend income is recognised when the company's right to receive dividend payments is established.

(d) Share based Payments

In accordance with FRS 20 the fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. In the case of options granted, fair value is measured by a binomial model.

On the basis that the options are no longer for shares in OUH, but relate to shares in the ultimate holding company, OIH, the full disclosure required under FRS 20 is not reproduced in these accounts. The amount charged to the Group in the period is disclosed in note 14.

(e) Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(f) Expenses

All expenses are accounted for on an accruals basis.

(g) Leases

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

OMEGA UNDERWRITING HOLDINGS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES (CONTINUED)

(h) Pension costs

Contributions payable to the Group's defined contribution pension scheme are charged to the profit and loss account in the period to which they relate.

(i) Foreign currencies

Transactions in foreign currencies during the year are translated into sterling at the average rates of exchange ruling during the year. Monetary assets and liabilities are translated into sterling at the rates ruling at the balance sheet date. Non-monetary assets and liabilities are translated into sterling at the rates ruling at the transaction date.

2. INVESTMENT INCOME

	2008	2007
	£'000	£'000
Dividend income	2,677	9,453
Interest receivable	111	690
	<u>2,788</u>	<u>10,143</u>

3. OTHER INCOME

	2008	2007
	£'000	£'000
Compensation for tax relief benefit from Omega Administration	228	254
Foreign exchange gains	852	11
	<u>1,080</u>	<u>265</u>

As the principle employing company, Omega Administration (a 100% subsidiary of OUH), obtains a tax credit on the exercise of the share options granted to UK based employees. In accordance with the service transfer agreement, an amount equal to the tax credit on the share options obtained in Omega Administration for which a deferred tax asset was initially recognised in OUH, is paid over to OUH by Omega Administration by way of Compensation for tax relief benefit.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008	2007
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit of the financial statements	10	10
Audit of subsidiary financial statements	5	5
Operating lease rentals:		
Land and buildings	2	2
	<u>17</u>	<u>17</u>

OMEGA UNDERWRITING HOLDINGS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

5. DIRECTORS AND EMPLOYEES

A summary of the staff costs either incurred directly or recharged to the company are as follows:

	2008 £'000	2007 £'000
Staff costs including directors' emoluments		
Wages, salaries and performance related pay	114	42
Social security costs	6	5
Pensions	6	6
	<u>126</u>	<u>53</u>

Average number of employees employed by the UK Group during the year

	2008 Number	2007 Number
Underwriting activities	19	21
Management and administration	15	16
	<u>34</u>	<u>37</u>

Directors' remuneration

J D Robinson, R V Tolliday and P J James are directors of OIH. Full details of their remuneration are included within the report and accounts of the ultimate holding company.

M I Daly and N J Davies did not receive remuneration in their capacity as directors from OIH.

In respect of the directors five (2007: four) were members of the Group's defined contribution pension scheme.

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in period

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax on profits of the period	51	3,174
Amount payable to a fellow subsidiary in respect of tax saved by group relief	237	319
Adjustment in respect of prior periods	(172)	(351)
Total current tax (see (b) below)	<u>116</u>	<u>3,142</u>
Deferred tax:		
Origination and reversal of timing differences on share options	97	126
Origination and reversal of timing difference on liability arising on profit of controlled foreign company	-	(2,559)
Effect of a change in tax rate on opening asset	-	19
Total deferred tax	<u>97</u>	<u>(2,414)</u>
Tax on profit on ordinary activities	<u>213</u>	<u>728</u>

OMEGA UNDERWRITING HOLDINGS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting tax charge for period

The tax assessed for the year is different from the standard rate of corporation tax in the UK for the Company of 28.5 per cent. The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	3,679	10,150
Profit on ordinary activities before taxation multiplied by the effective standard rate of corporation tax in the UK of 28.5% (2007: 30%)	1,049	3,045
Effects of:		
Expenses not deductible for tax purposes	2	20
Income not subject to taxation	(763)	(2,836)
Current tax arising on profit of controlled foreign company	-	3,264
Adjustment to tax charge in respect of prior periods	(172)	(351)
	116	3,142

For the period from its incorporation to 23 March 2007, as a Bermudian subsidiary of OUH, the profits of Omega Specialty were subject to UK taxation as a controlled foreign company ('CFC') of OUH.

7. DIVIDENDS

	2008 £'000	2007 £'000
2008 dividend of 27.0 pence per ordinary share was paid during the year	5,400	-
2007 Interim dividend of 496.1 pence per ordinary share was paid during the year	-	99,217
2007 Interim dividend of 44.7 pence per ordinary share was paid during the year	-	8,935
2007 Interim dividend of 124.9 pence per ordinary share was paid during the year	-	24,974
2005 dividend waiver*	-	(51)
	5,400	133,075

The first 2007 interim dividend was paid by way of a dividend in-specie through the transfer of the investment in Omega Specialty to the ultimate holding company and sole shareholder during the year.

*The share trust waived its rights to dividends over 1,470,924 shares, declared in 2005 at 3.5 pence per share, the amount had been held in trust and was refunded to the company in 2007.

OMEGA UNDERWRITING HOLDINGS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

8. INVESTMENTS IN GROUP UNDERTAKINGS

	2008 £'000	2007 £'000
Balance as at 1st January	419	99,636
Additions in the year	1,615	-
Disposal in the year	-	(99,217)
Balance at 31st December	2,034	419

The addition relates to a capital contribution to Omega Administration in respect of the FRS20 share option charge in the subsidiary company.

The disposal during 2007 relates to the investment in Omega Specialty. Omega Specialty was disposed of by way of a dividend in-specie to the parent company OIH.

Subsidiary undertakings	Holding	Country of Incorporation	Proportion of voting rights and shares held	Nature of Business
Omega Underwriting Agents Limited	Ordinary shares	UK	100%	Lloyd's managing agent
Omega Europe GmbH	Ordinary shares	Germany	100%	European underwriting agent
Omega Dedicated Limited	Ordinary shares	UK	100%	Lloyd's corporate member
Omega Administration Services Limited	Ordinary shares	UK	100%	Service company
Omega Europe Holdings Limited	Ordinary shares	UK	100%	Intermediate holding company
Omega Dedicated (No 2) Limited	Ordinary shares	UK	100%	Lloyd's corporate member - ceased underwriting
Omega Underwriting Investments Limited	Ordinary shares	UK	100%	Dormant company

9. DEBTORS

	2008 £'000	2007 £'000
Amounts owed by group undertakings	6,266	9,651
Deferred tax asset (note 11)	169	266
Other debtors	-	8
Prepayments and accrued income	821	143
	7,256	10,068

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Corporation tax payable	187	942
Accruals and deferred income	82	54
	269	996

OMEGA UNDERWRITING HOLDINGS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

11. PROVISIONS FOR LIABILITIES

	2008 £'000	2007 £'000
Opening deferred tax liability/(asset)	(266)	2,148
Charge in profit and loss account for the period (note 6)	97	(2,414)
Total deferred tax asset	(169)	(266)
Disclosure:		
Deferred tax asset arising on Share Options (note 9)	169	266

Following the group reorganisation on 9 November 2006, the deferred tax asset in relation to share options was retained in OUH. On exercise of the options, Omega Administration will obtain relief through the income statement and will compensate OUH for the tax relief benefit.

12. SHARE CAPITAL

	2008 Number	2008 £'000	2007 Number	2007 £'000
Authorised:				
Ordinary shares of £0.05 each	54,644,436	2,732	54,644,436	2,732
Deferred share of £0.05	1	-	1	-
Allotted and fully paid:				
Ordinary shares of £0.05 each	20,000,000	1,000	20,000,000	1,000
Deferred share of £0.05	1	-	1	-

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Share capital £'000	Profit and loss £'000	Total £'000
Balance as at 1 January 2008	1,000	12,126	13,126
Profit for the year	-	3,466	3,466
Dividends paid	-	(5,400)	(5,400)
Capital contribution from parent	-	1,615	1,615
Balance at 31 December 2008	1,000	11,807	12,807

OMEGA UNDERWRITING HOLDINGS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

14. SHARE BASED PAYMENTS

During 2006 the Company operated two Share Incentive Plans, under which share options have been granted to employees.

The group reorganisation that took place on 9 November 2006 resulted in the compulsory replacement of share awards such that they now relate to the shares of OIH, the new Group holding company, as such, the full disclosures are not required in these accounts. Full details of the scheme are disclosed in the accounts of the parent company.

Based on their estimated fair values and the Group's expectations of employee turnover, the charge for 2008, calculated in accordance with FRS20, was £1,615,000 (2007: £1,173,000). The charge was recognised in the principal employing company, Omega Administration, and expensed through the profit and loss account of that company. There is no charge for share based payments for OIH in 2008 (2007: £Nil).

15. ULTIMATE HOLDING COMPANY

With effect from 9 November 2006, the ultimate holding company of OIH was OIH, registered in Bermuda number EC38802. Copies of the Group accounts for that company are obtainable from the Company Secretary, Clarendon House, Church Street, Hamilton HM11, Bermuda.

16. PENSION CONTRIBUTIONS

The company participates in the group defined contribution scheme. All contributions to the scheme are paid to an external pension provider. As at the balance sheet date the company's share of pension contributions awaiting payment to the pension provider totalled £455 (2007: £289).

17. RELATED PARTY TRANSACTIONS

As a 100% subsidiary, consolidated in accounts that are publicly available, the company has taken advantage of the exemptions available under FRS 8 from disclosing transactions with other group companies.