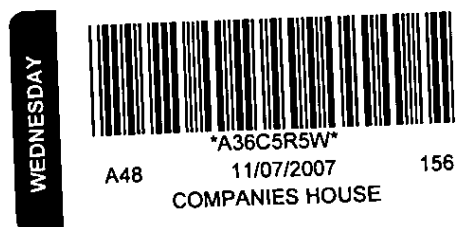


IMAGINE CORPORATE CAPITAL LIMITED

Annual Report and Audited Financial Statements

For the year ended 31 December 2006



IMAGINE CORPORATE CAPITAL LIMITED

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M P Daly
R J Forness

COMPANY SECRETARY

P M Armfield

REGISTERED OFFICE

70 Gracechurch Street
London EC3V 0XL

AUDITORS

KPMG Audit Plc
Registered Auditor
London

DIRECTORS' REPORT

The directors present their director's report and the audited financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The principal activity of the company during the period under review was that of a corporate underwriting member of Lloyd's of London

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company provides capital to support the underwriting of Syndicate 994 which is managed by Imagine Syndicate Management Limited. For the 2006 year of account, the amount of underwriting capacity allocated to Syndicate 994 was £40,000,000 (2005 - £40,000,000)

During the year the 2006 year of account of Syndicate 994 wrote two contracts. The first of these being a structured three year property risk excess reinsurance, and the second being an RITC of a small direct marine syndicate.

The company provides all the capacity for the 2006 underwriting account of syndicate 994 (£40,000,000). The syndicate continues to provide specialist reinsurance products.

The company is not underwriting on the 2007 year of account.

RESULTS AND DIVIDENDS

The result for the period is as shown in the profit and loss account on pages 6 and 7. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period under review to the date of this report (unless otherwise stated) were as follows:

<i>Name</i>	<i>Appointed</i>	<i>Resigned</i>
M P Daly		
R J Forness		
G EA Morrison	20 06 07	
B S Huntington		08 03 06
L Gibbins	20 06 07	

None of the directors have an interest in the ultimate majority parent company, Brookfield Asset Management Inc.

DIRECTORS' REPORT (continued)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the period

KEY PERFORMANCE INDICATORS

The key performance indicators of the company are

Technical operating expense ratio of 82% in 2006 compared to 561% in 2005

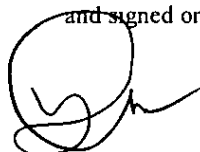
Technical account balance of £2,146K in 2006 against a loss of £2,360K in 2005

Investment return of 6% in 2006 compared to 4% in 2005

AUDITORS

KPMG Audit Plc has been appointed as auditors, and have expressed its willingness to continue in office. In accordance with section 385 of the Companies Act 1985 a resolution for its re-appointment as auditors will be submitted to the Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



L Gibbins
Director
5th July, 2007

Registered Office
70 Gracechurch Street
London EC3V 0XL

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 and loss of the company for that period

In preparing these 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 United Kingdom 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT**REPORT TO THE MEMBERS OF IMAGINE CORPORATE CAPITAL LIMITED**

We have audited the financial statements of Imagine Corporate Capital Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and losses, the Balance Sheet and the related notes. 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 Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 director's 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 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2006 and of the company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Director's Report is consistent with the financial statements



KPMG Audit Plc
Chartered Accountant
Registered Auditor
London
5th July, 2007

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

Technical account general business

	Note	2006 £'000	2005 £'000
Earned premiums, net of reinsurance			
Gross premiums written	2	31,068	7,063
Outwards reinsurance premiums	2	(7,508)	(4,739)
Net premiums written		<u>23,560</u>	<u>2,324</u>
 Gross provision for unearned premiums	2	(13,783)	(1,535)
Provision for unearned premiums reinsurers' share	2	<u>0</u>	<u>0</u>
Net unearned premium		<u>(13,783)</u>	<u>(1,535)</u>
 Earned premiums, net of reinsurance		9,777	789
 Allocated investment return transferred from the non technical account		3,229	1,608
 Total technical income		<u>13,006</u>	<u>2,397</u>
 Claims incurred, net of reinsurance			
Claims paid			
Gross amount	2	(22,904)	(16,439)
Reinsurers' share	2	<u>4,796</u>	<u>6,993</u>
Net claims paid		<u>(18,108)</u>	<u>(9,446)</u>
 Change in the provision for claims			
Gross amount	2	8,445	13,272
Reinsurers' share	2	<u>6,818</u>	<u>(4,159)</u>
Change in the net provision for claims		<u>15,263</u>	<u>9,113</u>
 Claims incurred, net of reinsurance		(2,845)	(333)
 Syndicate operating expense	3	(7,015)	(3,624)
Personal expenses		<u>(1,000)</u>	<u>(800)</u>
Net operating expenses		<u>(8,015)</u>	<u>(4,424)</u>
 Total technical charges		<u>(10,860)</u>	<u>(4,757)</u>
 Balance on the technical account for general business		<u>2,146</u>	<u>(2,360)</u>

The notes on pages 10 to 16 form part of these financial statements

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2006
(continued)

Non-Technical account

	Notes	2006 £'000	2005 £'000
Balance on the general business technical account		2,146	(2,360)
Investment income	4	3,748	2,614
Realised losses	4	234	(547)
Investment expenses and charges	4	(209)	16
Allocated investment return transferred to the general business technical account	4	(3,229)	(1,608)
		<hr/>	<hr/>
		2,690	(1,885)
Interest payable to loan stock holders		(536)	(476)
Other (charges) / income		(2,901)	463
		<hr/>	<hr/>
Loss on ordinary activities before tax	5	(747)	(1,898)
Tax on loss on ordinary activities	7	184	428
		<hr/>	<hr/>
Loss on ordinary activities after tax and profit retained for the financial year		(563)	(1,470)
		<hr/>	<hr/>

All of the operations of the company are continuing

Statement of total recognised gains and losses

Loss for the year	(563)	(1,470)
Foreign exchange translation differences on foreign currency	(1,149)	-
	<hr/>	<hr/>
Total recognised gains and losses for the year	14	(1,712)
		<hr/>

The notes on pages 10 to 16 form part of these financial statements

BALANCE SHEET

As at 31 December 2006

	Notes	Corporate £'000	2006 Syndicate £'000	Total £'000	Corporate £'000	2005 Syndicate £'000	Total £'000
ASSETS							
Investments							
Financial investments	8	-	52,147	52,147	-	45,386	45,386
		-	52,147	52,147	-	45,386	45,386
Reinsurers' share of technical provisions							
Claims outstanding		-	11,995	11,995	-	7,917	7,917
Provision for unearned premiums		-	5,510	5,510	-	-	-
		-	17,505	17,505	-	7,917	7,917
Debtors							
Debtors arising out of direct insurance operations due from intermediaries	-	-	8,085	8,085	-	1,490	1,490
Debtors arising out of reinsurance operations - due from intermediaries		-	11,163	11,163	-	3,397	3,397
Other debtors	9	564	-	564	1,322	4,720	6,042
Corporate - syndicate control account		(487)	487	-	(1,097)	1,097	-
		77	19,735	19,812	225	10,704	10,929
Other assets							
Cash at bank and in hand	10	11,067	28,071	39,138	18,273	11,953	30,226
Overseas deposits		-	9,474	9,474	-	7,163	7,163
Other		-	1,568	1,568	-	1,784	1,784
		11,067	39,113	50,180	18,273	20,900	39,173
Prepayments and accrued income							
Other prepayments and accrued income		-	734	734	-	13	13
		-	734	734	-	13	13
TOTAL ASSETS		11,144	129,234	140,378	18,498	84,920	103,418

The notes on pages 10 to 16 form part of these financial statements

BALANCE SHEET (continued)

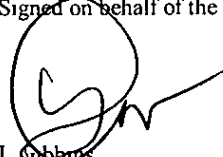
As at 31 December 2006

	Notes	Corporate £'000	2006 Syndicate £'000	Total £'000	Corporate £'000	2005 Syndicate £'000	Total £'000
LIABILITIES							
Capital and reserves							
Loan Stock	11	10,000	-	10,000	10,000	-	10,000
Called up share capital	12	-	-	-	-	-	-
Profit and loss account	13	(3,226)	-	(3,226)	(1,514)	-	(1,514)
Equity shareholders' deficit	14	6,774	-	6,774	8,486	-	8,486
Technical provisions							
Claims outstanding		-	96,242	96,242	-	72,485	72,485
Provision for unearned premiums		-	15,310	15,310	-	1,535	1,535
		-	111,552	111,552	-	74,020	74,020
Provisions for other risks and charges	15	-	-	-	593	-	593
Creditors							
Creditors arising out of direct insurance operations		-	55	55	-	4,184	4,184
Creditors arising out of reinsurance operations		-	8,100	8,100	-	1,311	1,311
Other creditors including taxation	16	4,353	8,494	12,847	8,796	4,354	13,150
		4,353	16,649	21,002	8,796	9,849	18,645
Accruals and deferred income	17	1,033	1,033	1,050	623	1,051	1,674
TOTAL LIABILITIES		11,144	129,234	140,378	18,498	84,920	103,418

The notes on pages 10 to 16 form part of these financial statements

These financial statements were approved by the Board of Directors on 5th July, 2007

Signed on behalf of the Board of Directors


L Gibbins
Director

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2006****1 ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom. They are approved in accordance with provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985. The company has followed, as applicable, the guidance in the Statement of Recommended Practice "Accounting for insurance business" issued by the Association of British Insurers ("the ABI Sorp") in December 2005 (as amended in December 2006).

Accounting policies are applied consistently from one financial year to another. The particular accounting policies adopted are described below.

(a) Investments

Listed investments are valued at middle market prices.

Syndicate participation investments are treated as sold and purchased at each 31 December in recognition of the annual venture nature of participation on a syndicate. Their cost is therefore their market value at that date.

(b) Investment income, expenses and charges

Investment income comprises interest receivable and dividends received plus recognised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and cost. The realised gains reported by syndicates are net of any realised losses.

(c) Taxation

Taxation is based on the taxable result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with FRS 19, full provision is made for deferred tax at the rates of tax expected to apply when the timing differences reverse.

(d) Foreign currency transactions – non underwriting transactions

Transactions in foreign currency, whether of a revenue or capital nature, are translated into sterling at the rates of exchange ruling on the dates of such transactions. Revenue items accrued and other foreign currency assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling on that date.

(e) Lloyd's underwriting activities*Basis of preparation*

The accounting information in respect of underwriting income and assets and liabilities from syndicate participation on Syndicate 994 has been provided by the managing agent based on the Annual Accounting Return provided to Lloyd's as at 31 December 2006 which has been audited by the syndicate auditors.

Assets and liabilities

The assets and liabilities entitled "syndicate participation" represent an aggregation of the proportion of assets and liabilities of syndicate 994 in which the company participates. These assets are held subject to the individual syndicate trust funds and the company cannot obtain or use them until such time as each syndicate underwriting year is closed and profits are distributed, or an advance profit release is made.

Annual accounting

The annual basis of accounting has been adopted. Under the annual basis the company's share of the premiums, claims and expenses (including personal expenses) that are earned by the syndicates in the period are included in these financial statements.

Premiums

Written premiums comprise the total premiums receivable in the period together with adjustments to premiums receivable and reinstatement premiums arising in the financial period in respect of business written in previous financial years.

All premiums are shown gross of commission payable to intermediaries but net of taxes and duties levied on premiums.

Unearned Premiums

The provision for unearned premiums represents that part of gross premiums written, and the reinsurers' share thereof, that is estimated to be earned after the balance sheet date.

Deferred Acquisition Costs

Acquisition costs represent the expenses, both direct and indirect, of acquiring insurance policies written during the period. Acquisition costs are deferred and amortised over the period in which the premium is earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

1 ACCOUNTING POLICIES

(e) Lloyd's underwriting activities (continued)

Claims

Claims incurred comprise claims and settlements expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date but not reported until after the period end. Provisions for claims outstanding are based on information available to the managing agent of syndicate 994 and the eventual outcome may vary from the current assessment. Any differences between the provisions and subsequent settlements are dealt with in the technical accounts of later years.

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet, whether reported or not, together with related claims handling expenses.

Technical provisions –claims outstanding

The ultimate cost of outstanding claims is estimated by using a range of projection methods and techniques. The methods extrapolate the development of paid and incurred claims based upon the observed development of earlier years and expected loss ratios.

The main assumptions underlying these techniques is that past claim development experience can be used to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future, for example to reflect public attitudes to claiming or varying levels of claims inflation. The approach adopted takes into account, inter alia, the nature and materiality of the business and the type of data available.

Professional judgement is applied to take account of one-off occurrences or changes in legislation, policy conditions in arriving at the estimated cost of claims, in order that it represents the most likely outcome, from a range of possible outcomes, taking account of all the uncertainties involved. Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for the reinsurers' share, having regard to collectability.

Unexpired risk provisions

A provision for unexpired risks is made when it is anticipated that unearned premiums will be insufficient to meet future claims and claims settlement expenses of business in force at the period end. The provision for unexpired risks is included within the technical provisions in the balance sheet.

Underwriting income and expenses

All income and expenditure incurred from participation in the underlying syndicates is dealt with through the technical account except investment income earned by the syndicates which is initially recorded in the non-technical account and then transferred to the technical account.

Lloyd's levies

Lloyd's levies are accounted for having regard to whether they relate to underwriting, in which case they are charged against the year of account to which they relate, or to general levies in which case they are charged to the calendar year in which they are raised.

Foreign Currency

Syndicate assets and liabilities and income and expenditure expressed in US Dollars, Canadian Dollars and Euros are converted into sterling at the rates of exchange ruling at 31 December.

(f) Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 on the grounds that it is entitled to as a wholly owned subsidiary of a parent undertaking which publishes a consolidated cash flow statement.

(g) Investment Management Expenses

Interest payable and expenses incurred in the management of investments are accounted for on an accruals basis.

(h) Unrealised Gains / Losses

Unrealised gains or losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains and losses therefore comprises the increase or decrease in the year in the value of investments held at the balance sheet date together with the reversal of previously recognised unrealised gains and losses on investments disposed of in the current year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2006

2 SEGMENTAL INFORMATION

Analysis of gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balance

2006	Gross premium earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000
Direct Business				
Accident & Health	215	456	(509)	(238)
Motor	63	(1,504)	(404)	1,976
Marine, aviation & transport	7,918	(6,618)	(668)	513
Fire and other damage to property	231	908	(882)	(335)
Third party liability	461	(16)	(582)	132
Other	93	1,162	(1,081)	1,436
Direct total	8,981	(5,612)	(4,126)	3,484
Reinsurance business	8,304	(8,847)	(4,777)	622
Total	17,285	(14,459)	(8,903)	4,106
2005	Gross premium earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000
Direct Business				
Accident & Health	23	(8)	(6)	(16)
Motor - (third party liability)	0	(27)	(19)	(56)
Motor – other classes	9	(9)	(6)	(17)
Marine, aviation & transport	1	(1)	(1)	(2)
Fire and other damage to property	68	(84)	(57)	(166)
Third party liability	5	(19)	(13)	(38)
Other	89	(357)	(240)	(716)
Direct total	195	(505)	(342)	(1,011)
Reinsurance business	5,333	(2,662)	(4,082)	(894)
Total	5,528	(3,167)	(4,424)	(1,905)

All premiums are written in the United Kingdom

NOTES TO THE ACCOUNTS
For the year ended 31 December 2006

3 SYNDICATE OPERATING EXPENSES

	2006 £'000	2005 £'000
Administrative expenses	6 296	2,898
Commission / brokerage	1 439	1 128
Deferred acquisition costs	(720)	
Exchange adjustment		(402)
	<u>7,015</u>	<u>3,624</u>

4 INVESTMENT RETURN

	2006 £'000	2005 £'000
Income from investment	3 748	2,614
Realised gains less losses	234	(547)
Investment management fees	(209)	16
	<u>3,773</u>	<u>2,083</u>
Attributable to technical account	3,229	1,608
Attributable to non- technical account	544	475
	<u>3,773</u>	<u>2,083</u>

ALLOCATION OF INVESTMENT RETURN

Funds arising from insurance activities are kept in segregated accounts. All investment income earned on these accounts, net of costs is allocated to the technical account.

5 LOSS ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
The loss on ordinary activities is stated after charging		
Auditors' remuneration		
- Audit fees	<u>16</u>	<u>20</u>

6 STAFF COSTS AND DIRECTORS' REMUNERATIONS

There were no staff employed by the company other than the directors during the period. No directors fees are paid (2005 - £nil). The average number of directors for the period was 3.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2006

7 TAX ON LOSS ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
(a) Analysis of tax credit in period		
UK Current tax		
UK corporation tax on profit of the period	-	290
Deferred tax		
Current period	(184)	(718)
Tax on loss on ordinary activities	<u>(184)</u>	<u>(428)</u>

Factors affecting tax credit for current period

The tax charge for the period is lower than that resulting from applying the standard rate of corporation tax in the UK 30% (2005 30%)

	2006 £'000	2005 £'000
The differences are explained below		
Loss on ordinary activities before tax	<u>(747)</u>	<u>(1,899)</u>
Tax at 30% (2005 30%) thereon	(224)	(570)
Effects of		
Foreign exchange adjustments	-	142
Adjustments relating to timing differences on taxable profits	224	718
Current tax credit for the period (see (a) above)	<u>-</u>	<u>290</u>

Group policy is that no payments are made between companies in respect of group relief claims

8 FINANCIAL INVESTMENTS

	2006 £'000	2005 £'000
Current value		
Investments listed on a recognised investment exchange	48,138	41,130
Other investments	<u>4,009</u>	<u>4,256</u>
	<u>52,147</u>	<u>45,386</u>
Debt securities and other fixed income securities	48,138	41,130
Deposits with credit institutions	3,409	4,256
Other loans	<u>600</u>	<u>-</u>
	<u>52,147</u>	<u>45,386</u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 2006

9 OTHER DEBTORS - CORPORATE

	2006	2005
	£'000	£'000
Deferred corporation tax provision	540	949
Other debtors	24	373
	<u>564</u>	<u>1,322</u>

Movement in Deferred tax asset

Opening balance as at 1 January	949	231
Transfer from deferred tax provision	(593)	-
Movement in the year	184	718
Closing balance as at 31 December	<u>540</u>	<u>949</u>

10 CASH AT BANK AND IN HAND

The "Corporate undertaking" cash is held at Lloyd's to support its underwriting and is not available to the company to settle its liabilities

11 LOAN STOCK

	2006	2005
	£ 000	£'000
Authorised	<u>10,000</u>	<u>10,000</u>
Issued and fully paid up	<u>10,000</u>	<u>10,000</u>

The company received a loan of £10,000,000 on 31 December 2002 from Imagine Insurance Company Limited. In agreement with Imagine Insurance Company Limited, it created £10,000,000 of Unsecured Loan Stock. On 24 November 2003 at the request of Imagine Insurance Company Limited, the company issued fully paid loan notes of £9,000,000 and £1,000,000 to Imagine Insurance Company Limited and GMA Imagine Limited respectively.

On winding up, the company shall pay by way of interest to loan stock holders an amount equal to the investment income arising on the company's Funds at Lloyd's.

After the above mentioned payment and the payment in full of other creditors, the company shall repay to all loan stock holders a sum equal to the nominal amount of paid up loan stock held by them. This payment will rank ahead of any repayment on the ordinary share.

After payment to the holder of the ordinary share of an equal amount to its nominal amount paid up, the surplus of the assets shall be paid to the loan stock holders up to an amount equal to £10,000 on each £1 nominal loan stock. Any surplus over and above £10,000 per £1 nominal of Loan stock will be paid to the holder of the ordinary share.

In view of the equity nature of the loan stock it has been treated as capital in the balance sheet.

12 CALLED UP SHARE CAPITAL

	2006	2005
	£'000	£ 000
Authorised		
1,000 authorised ordinary shares of £1	<u>1</u>	<u>1</u>
Issued and fully paid up		
1 ordinary share of £1	<u>0</u>	<u>0</u>

13 PROFIT AND LOSS RESERVE MOVEMENT

	2006	2005
	£ 000	£'000
Opening profit and loss reserve	(1,514)	(44)
Loss for the period	(1,712)	(1,470)
Closing profit and loss reserve	<u>(3,226)</u>	<u>(1,514)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£'000	£ 000
Opening shareholders' funds at 1 January	8,486	9,956
Loss for the period	<u>(1,712)</u>	<u>(1,470)</u>
Closing shareholders' funds at 31 December	<u>6,774</u>	<u>8,486</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 2006

15 PROVISIONS FOR OTHER RISKS AND CHARGES

	2006	2005
	£'000	£'000
Deferred taxation on underwriting profit		593
There were no unprovided deferred taxation liabilities		
Deferred tax is in respect of short term timing differences for taxable profits		
Movement in Deferred tax provision		
Opening balance as at 1 January	593	593
Transfer to deferred tax asset	(593)	-
Closing balance as at 31 December		593

16 CREDITORS - CORPORATE

	2006	2005
	£'000	£'000
Amounts due to group companies	4,353	8,783
Other	-	13
	4,353	8,796

17 RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption allowed by FRS 8 not to disclose related party transactions with entities that are part of the group or investees of the group qualifying as related parties, as the consolidated financial statements into which the group is consolidated are publicly available

18 PARENT UNDERTAKING

The company's immediate parent company is Imagine Group (UK) Limited. The intermediate parent of the company is Imagine Group Holdings Limited. This is the parent company of the smallest group of companies, of which the company is a member, for which consolidated financial statements are prepared. Copies of the accounts of may be obtained from 70 Gracechurch St, London EC3V 0XL.

The majority parent company is Brookfield Asset Management Inc, a company incorporated in Canada.