

Greenwich Insurance Holdings PLC

Annual Report and Accounts

for the year ended

31st December 2000



CONTENTS

Chairman's Statement	2
Officers and Professional Advisers	6
Board of Directors	7
Directors' Report	8
Statement of Directors' Responsibilities	11
Auditors' Report	12
Consolidated Profit and Loss Account – Technical Account	13
Consolidated Profit and Loss Account – Non Technical Account	14
Consolidated Balance Sheet	15
Company Balance Sheet	17
Consolidated Cash Flow Statement	18
Notes to the Financial statements	19

CHAIRMAN'S STATEMENT

2000 was a year of consolidation for Greenwich following a period of rapid evolution. The strategy outlined in last year's Accounts to create an Integrated Lloyd's Vehicle (ILV) has largely been achieved with almost all of the capacity of our managed syndicates being provided by Greenwich Corporate Vehicles.

Non-Marine Syndicate 994 increased its capacity for the 2001 Account by pre-emption which took the Syndicate's Premium Limit to £70 million. 100% of that capacity is supplied by the Greenwich Corporate Vehicles. The Service Motor Syndicate 1222 entered the 2001 Account with an overall capacity of £21.7 million of which £21.2 million was provided by the Greenwich Corporate Vehicles.

In pursuit of a strategy which would broaden the underwriting base of Non-Marine Syndicate 994, Greenwich employed Martin Thorpe to underwrite a Marine Reinsurance account for 2001. This continued our policy of identifying underwriting classes where conditions are especially attractive and gives our core underwriting unit a more composite character.

Britannia Motor Syndicate 1923, managed on behalf of the Civil Service Motoring Association by Greenwich, began trading for the 2000 year of account, and early indications are that this will be a successful venture.

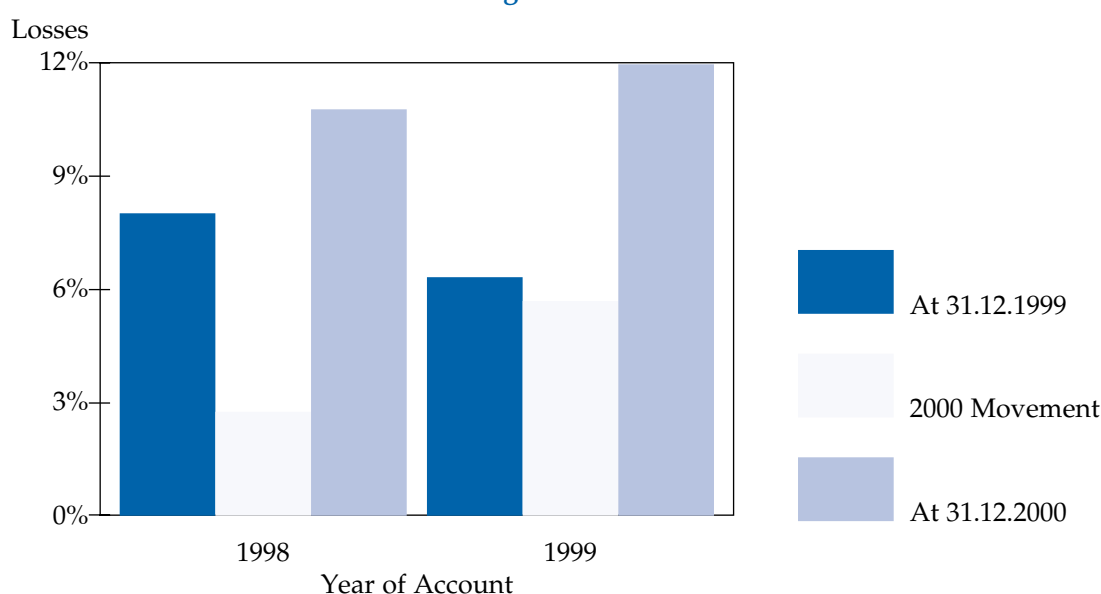
Results for the Year

The Group result for the year is summarised below:

	2000	1999
	£000's	£000's
Underwriting:		
1997 result	(48)	(318)
1998 result/provision	(2,221)	(5,500)
1999 provision	(6,730)	(8,679)
2000 provision	(4,065)	–
	<u>(13,064)</u>	<u>(14,497)</u>
Gearing reinsurance charge:		
1997	(44)	(195)
1998	–	(1,472)
1999	–	(1,952)
2000	(2,115)	–
	<u>(2,159)</u>	<u>(3,619)</u>
Underwriting Loss	(15,223)	(18,116)
Profit/(loss) on Members' and Managing Agency	624	(53)
(Loss)/profit on other activities	(530)	4,041
Surplus on disposal of Members Agency Business	445	–
	<u>539</u>	<u>3,988</u>
Loss before tax	(14,684)	(14,128)
Taxation	–	(679)
	<u>(14,684)</u>	<u>(14,807)</u>
Loss after tax	(14,684)	(14,807)
Minority interest	–	(169)
	<u>(14,684)</u>	<u>(14,976)</u>
Loss after tax and minority interest	(14,684)	(14,976)
Loss per share – pence	<u>(362.1)</u>	<u>(994.1)</u>
Loss per share on the basis of full conversion of loan stock – pence	<u>(40.4)</u>	<u>(45.6)</u>

As can be seen from the table above, the loss is almost entirely the result of deterioration in the 1998 Account and the necessity to make further provisions in respect of the Lloyd's 1999 Account and initial provisions in respect of the 2000 Account. 50 Syndicates have declared losses in respect of the 1998 Account with a further 38 Syndicates forecast to lose money in respect of the 1999 Account and 11 to lose money for the 2000 Account. The 1998 Account result has deteriorated by 2.75% since last year whilst the forecast result for 1999 Account has shown an even more alarming 5.65% deterioration. This is illustrated below.

Movement in 1998 and 1999 Underwriting Results



These significant negative movements have highlighted yet again the poor forecasting of many Managing Agencies at Lloyd's, and reinforced our decision to reduce our exposure to syndicates not managed by the Group.

The future expected results on the 1999 and 2000 years are summarised below:

Expected Results	1999	2000	Total
Loss estimate – % of Allocated Capacity	(11.99%)	(2.54%)	
	£000's	£000's	£000's
Loss estimate	(15,035)	(3,535)	(18,570)
Gearing costs	(1,952)	(2,115)	(4,067)
	(16,987)	(5,650)	(22,637)
Less – losses already accounted for	17,361	6,180	(23,541)
Estimate of future underwriting result	374	530	904

You will recall that I was cautious in my forecast for 2000 which I described in last year's Accounts as being "marginal". My caution has been justified by a current forecast of a 2.54% loss although it should be noted that Moody's forecast for the same year is a loss of 7.1% for the Lloyd's Market as a whole. The acquisition of Non-Marine Syndicate 994 from the Chartwell Group in 1999 offered the opportunity to provide significant support from our Greenwich Corporate Vehicles. Both Greenwich managed Syndicates are showing much improved figures for the 2000 Account.

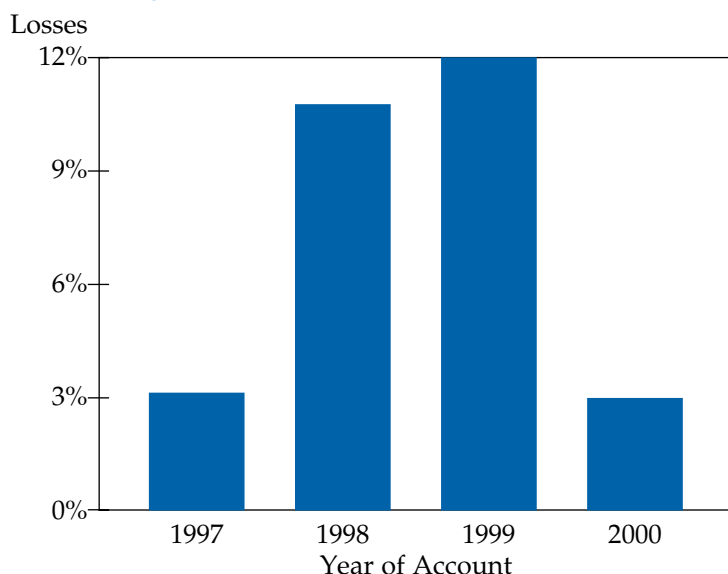
These estimates are based on Moody's Investment Services Limited forecast combined with the Greenwich Managing Agency Limited forecast for Syndicates 994 and 1222 for the 2000 Account.

The gearing costs are payable under the reinsurance contracts with European International Reinsurance Company Limited (a subsidiary of Swiss Re.). The reinsurers provide letters of credit, which form part of the Group's underwriting subsidiaries' funds at Lloyd's and this enables them to underwrite at Lloyd's on an increased gearing ratio.

Trading Conditions

As stated last year, trading conditions were particularly difficult for 1998 and 1999. 2000 witnessed a gradual recovery particularly in the Non-Marine and Motor Markets but the real improvement in underwriting conditions did not prevail until 2001. Subject to the year experiencing no untoward adverse development, we would expect 2001 to be profitable. However, I remain cautious in making any positive predictions in a Market place which exhibits such a propensity to disappoint. The chart below illustrates the trend in underwriting results:

Underwriting Results



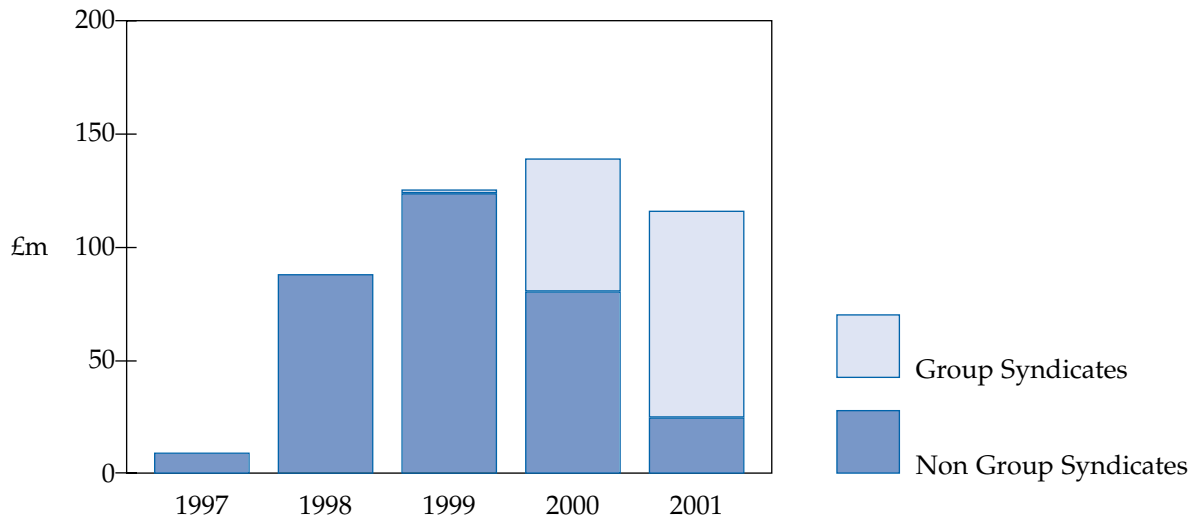
2001 Underwriting

The Syndicates and capacity supported by the Group for 2001 Year of Account are set out below:

No.	% Allocation	£000's Allocation	Underwriter	Managing Agent
33	3.1	3,633	R S Childs	Hiscox Syndicates Ltd
37	5.0	5,819	D Murray	Ockham Personal Insurance Agency Ltd
510	2.5	2,867	Various	R J Kiln & Co Ltd
587	2.2	2,500	M A Towndrow	Chaucer Syndicates Ltd
994	60.3	70,000	M I C Simmonds	Greenwich Managing Agency Ltd
1084	1.5	1,698	H H Hayward	Chaucer Syndicates Ltd
1222	18.3	21,225	B J Shreeve	Greenwich Managing Agency Ltd
2010	1.3	1,500	E E Patrick	Cathedral Underwriting Ltd
2020	5.8	6,768	C O'Kane	Wellington Underwriting Agencies Ltd
	<u>100.0</u>	<u>116,010</u>		

The Future of the Group

Growth in capacity placed on group managed syndicates



We intend to continue with our policy of concentrating our underwriting capacity on our own managed syndicates. This has two major advantages:

- (a) It gives us more control of our destiny. We obviously will have much more control over syndicates we manage than those managed by other people.
- (b) We benefit from not paying fees and profit commission to third party managing agents.

This policy should have the effect of increasing our returns if (as I believe to be the case) the Market is moving into a period of improved trading conditions. Conversely, it allows us more control of underwriting (and therefore the use of our capital) in difficult conditions.

Richard Thynne
Chairman

31 July 2001

OFFICERS AND PROFESSIONAL ADVISERS

Directors: Richard George Grenville Thynne* *Chairman*
Christopher James Hodgson *Chief Executive Officer*
Graham Paul Nash ACA *Finance Director*
Ralph Sebastian Timothy Gunter
John Gerald Hynan FCA
Nicholas Sydney Cobbold* *Non Executive*
Anthony Victor Hilton *Non Executive*
Andrew Thomas West *Non Executive*

*Remuneration Committee

**Secretary and
Registered Office:** Rowena Caroline Bowman LLB ACIS
33 Lombard Street
London
EC3V 9HY

Registered Number: 3400222

Auditors: Mazars Neville Russell
Chartered Accountants
24 Bevis Marks
London
EC3A 7NR

Bankers: National Westminster Bank
City of London Office
1 Princes Street
London
EC2R 8PA

Solicitors: Denton Wilde Sapte
1 Fleet Place
London
EC4M 7WS

BOARD OF DIRECTORS

Richard George Grenville Thynne (Age 50) was appointed as a Director on 2 July 1997 and is Chairman of the Board. He was instrumental in setting up Castle Members Agents Limited, one of the founding companies of Greenwich, and was Managing Director and subsequently Chairman of that company. Castle Members Agents were responsible for setting up the first Greenwich underwriting vehicle for the 1997 account, Grenville Underwriting PLC (now Grenville Underwriting I Ltd). Richard has 30 years experience in the Lloyd's market working in broking, managing and members' agency environments.

Christopher James Hodgson (Age 51) was appointed as a Director on 2 July 1997 and is Chief Executive Officer of the Board. He is a Committee Member of the Lloyd's Market Association and served on the Lloyd's Market Board in 1998 and 1999. Formerly, he was Managing Director of R.F. Kershaw Limited, one of the predecessor companies of Greenwich. R.F. Kershaw were Lloyd's Advisers to one of the first Lloyd's limited liability underwriting vehicles, Delian Investment Trust, for the 1994, 1995 and 1996 underwriting accounts. Christopher has 29 years experience in the Lloyd's market, working in the broking and members' agency environments.

Graham Paul Nash ACA (Age 48) was appointed as Company Secretary on 2 July 1997 and as Director on 4 July 1997. He is the Finance Director. Graham joined the Lloyd's market from the accountancy profession and has 17 years experience in the Lloyd's market, working in both managing and members' agents environments. Graham was Managing Director of Castle Members' Agents Limited.

Ralph Sebastian Timothy Gunter (Age 37) was appointed as a Director on 4 July 1997. Formerly he was Chief Executive of Holman MacLeod Limited, one of the founding companies of Greenwich. He is, and has been, a member of various market boards and associations within Lloyd's and has 18 years experience in the Lloyd's market in both the managing and members' agency environments.

John Gerald Hynan FCA (Age 53) was appointed as a Non Executive Director on 4 July 1997 and became an executive Director on 19 April 1999. John has been involved in the insurance industry for 22 years; initially as senior manager of the insurance group of a major firm of Chartered Accountants and thereafter as Finance Director of a life reinsurance company and a Lloyd's Broker.

Nicholas Sydney Cobbold (Age 67) was appointed as a Non Executive Director of the Board on 20 October 1997 and holds 253,500 Ordinary 5p shares in the Company. He is Chairman of the Board of Practice at Norman Broadbent and is on the Advisory Council of The Prince's Youth Business Trust. He was a partner with stockbrokers Williams de Broe and subsequently a partner with Panmure Gordon & Co where he was involved with all aspects of institutional business, underwriting, placings, mergers and corporate finance generally. He remained a member of the Stock Exchange until 1982. He was an external member of Lloyd's from 1976 to 1997. He transferred his underwriting into Greenwich Insurance Holdings PLC via Grenville Underwriting II Limited for the 1998 Account.

Anthony Victor Hilton (Age 55) was appointed as a Non Executive Director of the Board on 1 October 2000 and holds 3,501 Ordinary 5p shares and £175,000 C Loan Stock in the Company. He was one of the original Directors of Grenville Underwriting I Ltd and transferred his underwriting into Greenwich Insurance Holdings PLC via Grenville Underwriting III Limited for the 1999 Account. He is City Editor of the Evening Standard.

Andrew Thomas West (Age 43) was appointed a Non Executive Director of the Company on 13 December 2000. He is also Non Executive Chairman of Greenwich Managing Agency Limited. He owns no shares in the Company. A career merchant banker, he was a Director of Lehman Brothers International and Managing Director of Guinness Mahon and Co. Limited and of Strand Partners Limited, before establishing his own financial consultancy. He has been involved with Greenwich from the outset in 1996 and has advised on the structuring of the Greenwich Conversion Schemes and the transition to ILV status. He is a Director of several other companies.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31 December 2000.

Principal activities and review of the business

The Company acts as a holding company for underwriting subsidiaries which are corporate members of Lloyd's, a Lloyd's Managing Agency and a Lloyd's Members' Agency.

On 6 November 1999 the Group completed the acquisition of the management of Syndicates 923, 2923, 947, 2947 and 994. Syndicates 923, 2923 and 2947 had all previously merged into Syndicate 947. For the 2000 underwriting year Syndicate 947 was merged into Syndicate 994.

Following a competitive tendering process the Group was chosen to form and manage Syndicate 1923 to take over the existing business of Britannia Insurance Company Ltd, the offshore captive insurer of the Britannia Road Rescue business of the Civil Service Motoring Association Limited. The syndicate started underwriting from 1 January 2000.

See the Chairman's Statement for a review of the year's trading.

Share Capital

Changes to share capital during the year are fully explained in note 15 to the accounts.

Results and dividends

The result for the year is as shown in the profit and loss account on pages 13 and 14. No dividend is proposed on the ordinary shares of the Company.

Directors

The Directors who served throughout the year (except as indicated below) and their beneficial interests in the share and loan capital of the Company are detailed below:

At 31 December 2000 or date of resignation if earlier

	Ordinary 5p* shares directly held	Ordinary 5p* shares indirectly held	Convertible Loan Stock directly held	Convertible Loan Stock indirectly held	S Warrants directly held	S Warrants indirectly held	L Warrants directly held	L Warrants indirectly held	Share options issued 31 March 1999
RGG Thynne <i>Chairman</i>	55,410	103,907	66,342	–	425	5,195	5,662	–	100,000
CJ Hodgson <i>Chief Executive Officer</i>	66,001	128,500	–	–	175	175	3,125	6,250	100,000
GP Nash <i>Finance Director</i>	22,000	–	–	–	175	–	925	–	100,000
RST Gunter	1	–	–	–	–	–	–	–	100,000
JG Hynan	–	–	–	–	–	–	–	–	100,000
NS Cobbold <i>Non Executive</i>	253,500	–	–	–	175	–	12,500	–	–
AH Gilroy <i>Non Executive</i> (resigned 7/7/2000)	–	–	–	–	–	–	–	–	–
AV Hilton <i>Non Executive</i> (appointed 1/10/2000)	3,501	–	175,000	–	175	–	8,750	–	–
JR Maudslay <i>Non Executive</i> (resigned 20/12/2000)	3,500	61,919	25,000	–	175	3,095	1,250	–	–
Sir D Rowe Ham <i>Non Executive</i> (resigned 31/3/2000)	–	–	–	–	–	–	–	–	–
AT West <i>Non Executive</i> (appointed 13/12/2000)	–	–	–	–	–	–	–	–	–

At 1 January 2000 or date of appointment if later

	*Ordinary 5p shares directly held	Ordinary 5p shares indirectly held	Convertible Loan Stock directly held	Convertible Loan Stock indirectly held	S Warrants directly held	S Warrants indirectly held	L Warrants directly held	L Warrants indirectly held	Share options issued 31 March 1999
RGG Thynne <i>Chairman</i>	8,502	103,907	113,250	–	425	5,195	5,662	–	100,000
CJ Hodgson <i>Chief Executive Officer</i>	3,501	3,500	62,500	125,000	175	175	3,125	6,250	100,000
GP Nash <i>Finance Director</i>	3,500	–	18,500	–	175	–	925	–	100,000
RST Gunter	1	–	–	–	–	–	–	–	100,000
JG Hynan	–	–	–	–	–	–	–	–	100,000
NS Cobbold <i>Non Executive</i>	3,500	–	250,000	–	175	–	12,500	–	–
AH Gilroy <i>Non Executive</i> (resigned 7/7/2000)	–	–	–	–	–	–	–	–	–
AV Hilton <i>Non Executive</i> (appointed 1/10/2000)	3,501	–	175,000	–	175	–	8,750	–	–
JR Maudslay <i>Non Executive</i> (resigned 20/12/2000)	3,500	61,919	25,000	–	175	3,095	1,250	–	–
Sir D Rowe Ham <i>Non Executive</i> (resigned 31/3/2000)	–	–	–	–	–	–	–	–	–
AT West <i>Non Executive</i> (appointed 13/12/2000)	–	–	–	–	–	–	–	–	–

*Prior to 18 September 2000 these were 50p shares.

The shares listed above are those notified under Part X of the Companies Act 1985.

The share option scheme is an unapproved scheme and was adopted by the board on behalf of the Company in March 1999. A total of 1,140,000 options to purchase ordinary 5p shares have been issued to certain employees and directors. The exercise price of the options is £1 and the exercise is dependent on the achievement of performance criteria.

Directors' and Officers' liability insurance

During the year the Company purchased and maintained liability insurance for its Directors and Officers.

Supplier payments

Individual subsidiary companies are responsible for negotiating the terms and conditions of trade under which suppliers are asked to operate. Once agreed, payments to suppliers are made in accordance with these terms and conditions, subject always to acceptable performance by the supplier. The average number of creditor days outstanding for the Group at 31 December 2000 was 14 (1999: 14).

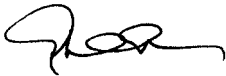
Charitable and political contributions

Charitable contributions amounting to £1,426 (1999: £428) were made during the year.

Auditors

Mazars Neville Russell have expressed their willingness to continue in office. In accordance with Section 385 of the Companies Act 1985 a resolution for their 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



Graham Nash
Director

31 July 2001

33 Lombard Street
London
EC3V 9HY

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 and Group as at the end of the financial year and of the profit or loss of the Group for that year. 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 Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Greenwich Insurance Holdings PLC

We report on the financial statements on pages 13 to 34 which have been prepared under the historical cost convention, modified to include the revaluation of investments, and the accounting policies set out on pages 19 to 22.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the Company and other members of the Group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. 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 United Kingdom 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 Group's and Company's affairs as at 31 December 2000 and of the Group's loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Mazars Neville Russell

Chartered Accountants and Registered Auditors
London

31 July 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

Technical Account – General Business

	Notes	2000 £000's	1999 £000's
Gross premiums written	2	238,548	189,828
Outward reinsurance premiums		(59,916)	(54,367)
Earned premiums, net of reinsurance		178,632	135,461
Allocated investment return transferred from the non technical account		6,321	1,200
		<u>184,953</u>	<u>136,661</u>
Claims incurred, net of reinsurance:			
Gross claims paid		(106,734)	(53,747)
Reinsurers' share		47,106	26,129
		<u>(59,628)</u>	<u>(27,618)</u>
Change in provision for claims:			
Gross claims		(158,000)	(150,392)
Reinsurers' share		56,638	57,701
		<u>(101,362)</u>	<u>(92,691)</u>
Claims incurred net of reinsurance		<u>(160,990)</u>	<u>(120,309)</u>
Syndicate operating expenses		(34,668)	(28,437)
Personal expenses		(2,359)	(2,412)
Gearing reinsurance charge		(2,159)	(3,619)
Net operating expenses		<u>(39,186)</u>	<u>(34,468)</u>
Balance on the technical account for general business	3	<u>(15,223)</u>	<u>(18,116)</u>

The notes on pages 19 to 34 form part of these financial statements and include details of the basis of preparation in note 1.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

Non Technical Account

	Notes	2000			1999		
		Syndicates £000's	Corporate £000's	Total £000's	Syndicates £000's	Corporate £000's	Total £000's
Balance on the general business technical account	3	(15,223)		(15,223)	(18,116)		(18,116)
Investment income		5,295	565	5,860	1,838	49	1,887
Realised gains/(losses) on investments		1,139		1,139	(603)		(603)
Investment expenses and charges		(113)		(113)	(35)		(35)
Allocated investment return transferred to the general business technical account		(6,321)		(6,321)	(1,200)		(1,200)
Other operating income	2		2,567	2,567		7,204	7,204
Other operating expenses	5,6,7		(2,593)	(2,593)		(3,265)	(3,265)
(Loss)/Profit on ordinary activities before tax		(15,223)	539	(14,684)	(18,116)	3,988	(14,128)
Taxation	8			-			(679)
Loss on ordinary activities after tax				(14,684)			(14,807)
Dividends to minority interest	9			-			(169)
Retained loss				(14,684)			(14,976)
Loss per 5p (1999: 50p) ordinary share – pence	10			(362.1)			(994.1)

The Group had no recognised gains or losses in the year ended 31 December 2000 other than through the profit and loss account.

The notes on pages 19 to 34 form part of these financial statements and include details of the basis of preparation in note 1.

CONSOLIDATED BALANCE SHEET

As at 31 December 2000

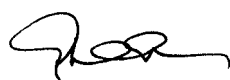
	Notes	2000			1999		
		Syndicates £000's	Corporate £000's	Total £000's	Syndicates £000's	Corporate £000's	Total £000's
Assets							
Intangible assets	11		727	727		2,388	2,388
Investments:							
Financial investments	20	80,649	17,687	98,336	34,099	999	35,098
		80,649	18,414	99,063	34,099	3,387	37,486
Reinsurers' share of technical provisions:							
Claims outstanding		118,944		118,944	85,387		85,387
Debtors:							
Debtors arising out of direct insurance operations							
– due from policy holders		1,013		1,013	22		22
– due from intermediaries		54,926		54,926	38,523		38,523
Debtors arising out of reinsurance operations							
– RITC		80,541		80,541	10,466		10,466
– Other		31,928		31,928	58,484		58,484
Other debtors	12	7,318	24,280	31,598	4,395	33,401	37,796
Other prepayments and accrued income		600	125	725	451	561	1,012
		295,270	24,405	319,675	197,728	33,962	231,690
Other assets:							
Tangible assets	13	8,243	300	8,543	3,615	453	4,068
Cash at bank	14	15,792	1,554	17,346	4,672	4,413	9,085
		24,035	1,854	25,889	8,287	4,866	13,153
Total assets		399,954	44,673	444,627	240,114	42,215	282,329

The notes on pages 19 to 34 form part of these financial statements and include details of the basis of preparation in note 1.

	Notes	2000			1999		
		Syndicates £000's	Corporate £000's	Total £000's	Syndicates £000's	Corporate £000's	Total £000's
Liabilities							
Called up share capital	15		945	945		1,378	1,378
Share premium account	16		16,676	16,676		595	595
Shares to be allotted	16		68	68		1,000	1,000
Merger reserve	16		132	132		(800)	(800)
Convertible Unsecured Loan							
Stock	16/17		17,446	17,446		31,308	31,308
Profit and loss account	16	(35,360)	3,792	(31,568)	(20,137)	3,253	(16,884)
Shareholders' funds (including non equity interests)	16	(35,360)	39,059	3,699	(20,137)	36,734	16,597
Technical provisions:							
Claims outstanding		376,545	615	377,160	219,096	615	219,711
Creditors: amounts falling due within one year							
Creditors arising out of direct insurance operations		8,758		8,758	7,605		7,605
Creditors arising out of reinsurance operations		37,041		37,041	23,487		23,487
Amounts owed to credit institutions		216		216	(48)		(48)
Other creditors including taxation and social security	18	12,018	4,590	16,608	9,798	4,513	14,311
Accruals and deferred income		736	380	1,116	313	353	666
		435,314	5,585	440,899	260,251	5,481	265,732
Creditors: amounts falling due after more than one year	18		29	29		-	-
Total liabilities		399,954	44,673	444,627	240,114	42,215	282,329

In addition to the above shareholders' funds, warrants and share options have been issued as disclosed in note 15.

The financial statements were approved by the Board on 31 July 2001 and signed on its behalf by:



Graham Nash
Director



John Hynan
Director

The notes on pages 19 to 34 form part of these financial statements and include details of the basis of preparation in note 1.

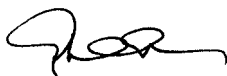
COMPANY BALANCE SHEET

As at 31 December 2000

	Notes	2000 £000's	1999 £000's
Investments	20	1,581	2,264
Debtors	12	35,417	31,491
Cash and short term deposits		151	2,295
		<u>35,568</u>	<u>33,786</u>
Current liabilities			
Creditors: amounts falling due within one year	18	3,499	3,809
Net current assets		<u>32,069</u>	<u>29,977</u>
Total assets less current liabilities		33,650	32,241
Provisions for liabilities and charges	19	26,103	15,636
Total net assets		<u>7,547</u>	<u>16,605</u>
Capital and reserves:			
Called up share capital	15	945	1,378
Share premium account	16	16,676	595
Capital reserve – merger relief	16	200	200
Unsecured loan stock	16/17	17,446	31,308
Profit and loss account	16	(27,720)	(16,876)
Shareholders' funds including non equity interests	16	<u>7,547</u>	<u>16,605</u>

In addition to the above shareholders' funds, non-equity warrants and share options have been issued as disclosed in note 15.

The financial statements were approved by the Board on 31 July 2001 and signed on its behalf by:



Graham Nash
Director



John Hynan
Director

The notes on pages 19 to 34 form part of these financial statements and include details of the basis of preparation in note 1.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2000
(excluding Syndicate cash flows)

		2000		1999	
	Notes	£000's	£000's	£000's	£000's
Operating activities	21	(4,212)		(1,802)	
Net income received from investments and deposits		146		(13)	
Net cash outflow from operating activities			(4,066)		(1,815)
Tax					
Corporation tax paid			(282)		(1,059)
Investing activities					
Purchase of tangible assets		(171)		(468)	
Purchase of intangible assets		(67)		(1,112)	
Sale of intangible assets		2,720		6,160	
Purchase of financial investments		(16,688)		-	
Net cash outflow from investing activities			(14,206)		4,580
Preference dividend paid to minority interests			(349)		-
Net cash (outflow)/inflow before financing			(18,903)		1,706
Financing					
Issue of shares		126		294	
Redemption of preference shares		(1,752)		-	
Receipt of cash on loan stock		18,353		348	
Repayment of loan notes		(683)		-	
Net cash inflow from financing			16,044		642
(Decrease)/Increase in cash and cash equivalents	22		(2,859)		2,348

The notes on pages 19 to 34 form part of these financial statements and include details of the basis of preparation in note 1.

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

a) Basis of accounting

The consolidated financial statements are prepared in accordance with the provisions of Section 255A of, and Schedule 9A to, the Companies Act 1985, as amended by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993.

The consolidated financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified by the revaluation of investments. The Group has followed, as applicable, the guidance in the Statement of Recommended Practice "Accounting for Insurance Business" issued by the Association of British Insurers in December 1998.

The balance sheet of the Company has been prepared in accordance with the provisions of Section 226 of, and Schedule 4 to, the Companies Act 1985. The Company is exempt from the requirement to publish its entity profit and loss account.

The particular accounting policies adopted are described below.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings made up to 31 December.

The profits and losses of subsidiary undertakings other than Greenwich Holdings Limited (and its subsidiary undertakings) (see note 20 below), are consolidated from the date of acquisition to the date of disposal using the acquisition method of accounting. When the Company's shares are issued in respect of an acquisition, the share premium is computed on the basis of the market value of the shares at the date of acquisition. The difference between the cost of acquisition of shares in these subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill and amortised over its estimated useful life.

In respect of Greenwich Holdings Ltd (and its subsidiary undertakings) the Group's financial statements have been prepared in accordance with the principles of merger accounting.

In the consolidated financial statements the assets and liabilities and results of Lloyd's underwriting activities and other activities are shown respectively under the headings "Syndicates" and "Corporate".

c) Investments

Listed investments are valued at middle market prices.

d) Agency fees

Agency fees are recognised in the year to which the fee relates.

e) Income and expenses

Dividends from investments declared payable up to the balance sheet date and interest from securities are included in the non-technical account on an accrual basis.

f) Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided at rates calculated to write off the cost less estimated residual value in equal instalments over the estimated useful economic lives of the tangible assets. The rates of depreciation are as follows:

Computer equipment	3 years
Office furniture	5 years
Office machines	4 years

g) *Goodwill and amortisation*

Goodwill is amortised over five years in equal annual instalments. Where the Directors consider there has been a permanent diminution in the value of goodwill, this is written off through the profit and loss account.

h) *Leases*

All leases are operating leases and the rental charges are taken to the profit and loss account over the period of the lease.

i) *Taxation*

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. However, no provision is made for taxation deferred by reliefs, principally accelerated taxation allowances on capital expenditure, if there is reasonable certainty that such deferred taxation will not be payable in the foreseeable future.

j) *Interest*

Interest is accounted for on a receivable basis.

k) *Pension costs*

The Group operated a money purchase scheme during the year. The scheme's funds are administered by the trustees and are independent from the Group's finances.

l) *Foreign currency 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 monetary foreign currency assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

m) *Lloyd's underwriting activities*

i) *Basis of preparation*

The accounting information in respect of underwriting income and assets and liabilities from Syndicate participations has been provided by the managing agents through an information exchange facility operated by Lloyd's, and has been audited by the Syndicates' auditors.

The information provided by the Syndicates which has been used in these financial statements is based on Syndicate data as at 31 December 2000 for the year ended on that date. The comparative figures are based on Syndicate data as at 31 December 1999. No adjustment has been made to time apportion the data for Service Corporate Capital Limited to reflect its acquisition by the Group on 6 November 1998.

ii) *Assets and liabilities*

The assets and liabilities entitled "Syndicates" represent an aggregation of the proportion of assets and liabilities of each Syndicate in which the Group participates. These assets are held subject to the individual Syndicate trust funds and the Group 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.

iii) Fund accounting and open year losses

The fund basis of accounting has been adopted for all classes of business because the nature of the business accepted and the accounts of the underlying Syndicates mean that an underwriting result cannot be established with sufficient accuracy using the annual basis.

Under the fund basis of accounting, premiums, claims and expenses (including personal expenses) are carried forward as a fund and profit recognition is deferred until the end of the third year from the start of any underwriting year. Any anticipated losses on open years are recognised on a syndicate by syndicate basis as soon as they are foreseen.

iv) Premiums

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

All premiums are shown gross of commission payable to intermediaries.

v) Reinsurance

Except for gearing reinsurance, outwards reinsurance premiums and any related reinsurance recoveries are accounted for in the same year as the premiums for the related inwards business being insured.

vi) Reinsurance gearing

Premiums and costs payable under the reinsurance gearing policy are included in the profit and loss account when the result of the Lloyd's underwriting year to which they relate is recognised or on recognition of anticipated underwriting losses.

vii) Claims

Full provision is made for the estimated cost of claims, including settlement costs, notified but not yet settled at the balance sheet date. A provision for claims incurred but not reported is established based on information provided by the underlying syndicates. Any difference between provisions and subsequent settlements are dealt with in the technical accounts of later years.

viii) Reinsurance to close

To the extent that the Group participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the Group has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

Where the Group has increased or decreased its participation from one year of account to the next, the difference between the reinsurance to close received and the reinsurance to close paid is shown in the technical account as either gross premiums written or reinsurance premiums payable as appropriate.

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. In the opinion of the directors, the chances of the reinsurance security failing are remote.

ix) 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.

x) 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.

xi) Purchased syndicate participations

Underwriting capacity at Lloyd's acquired at auction is carried at cost and amortised over three years. Amortisation commences when the Group's first year of participation closes.

xii) Foreign currency

Transactions in currencies other than sterling, United States dollars and Canadian dollars are converted at the rate of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions in United States dollars and Canadian dollars and assets and liabilities in currencies other than sterling are converted at the rate of exchange ruling at 31 December of each year. Exchange differences arising on conversion are dealt with in the technical account.

xiii) Provisions for loss making syndicates – open years

Provision is made for all Syndicates on which losses are predicted. No credit is taken for Syndicates on which profits are predicted.

2 Segmental analysis

i) Combined Business

2000	Members' Agency £000's	Managing Agency £000's	Underwriting £000's	Other £000's	Total £000's
Gross premium written	–	–	238,548	–	238,548
Investment return	11	10	6,321	544	6,886
Other operating income	1,804	813	–	(50)	2,567
Other operating expenses	(1,318)	(696)	–	(1,024)	(3,038)
Expenses, claims and reinsurance	–	–	(260,092)	–	(260,092)
Exceptional item	445	–	–	–	445
Profit/(Loss) before tax	942	127	(15,223)	(530)	(14,684)
Total net assets at 31.12.2000	1,400	651	(35,360)	37,008	3,699

1999	Members' Agency £000's	Managing Agency £000's	Underwriting £000's	Other £000's	Total £000's
Gross premium written	–	–	189,828	–	189,828
Investment return	16	16	1,200	17	1,249
Other operating income	2,039	442	–	4,723	7,204
Other operating expenses	(2,083)	(483)	–	(699)	(3,265)
Expenses, claims and reinsurance	–	–	(209,144)	–	(209,144)
Profit/(Loss) before tax	(28)	(25)	(18,116)	4,041	(14,128)
Total net assets at 31.12.1999	(11)	862	(20,137)	35,883	16,597

Gross premiums in respect of direct business are all written in the United Kingdom and are transacted in the following currencies.

	2000 £000's	1999 £000's
United Kingdom	131,973	96,391
Other EU member states	1,016	319
Rest of the world	(2,820)	11,711
	130,169	108,421

Consolidation adjustments in respect of intra group agency fees have been included in the column headed "Other".

ii) Discontinued activities

The Group disposed of its members' agency during 2000. The gain on disposal is shown in note 4. The figures shown in the column headed "Members' Agency" relate to discontinued activities.

- iii) Technical account operating expenses include brokerage and acquisition costs of £35,028,000 (1999 £27,146,000) and exchange losses of £6,157,000 (1999 £663,000).

3 Balance on technical account

	2000 £000's	1999 £000's
Loss for the 1997 year of account	(48)	(318)
Loss/Provision for the 1998 year of account	(2,221)	(5,500)
Provision against 1999 underwriting year results	(6,730)	(8,679)
Provision against 2000 underwriting year results	(4,065)	–
Gearing reinsurance charge	(2,159)	(3,619)
	<hr/>	<hr/>
Transfer to non-technical account	(15,223)	(18,116)
	<hr/>	<hr/>

The provisions against the 1999 and 2000 syndicate open years relate to 38 syndicates on the 1999 account and 11 syndicates on the 2000 account and are based on Moody's Investors Service Ltd forecasts combined with the Greenwich Managing Agency Limited forecast for Syndicates 994 and 1222 for the 2000 Account.

4 Exceptional items

	2000 £000's	1999 £000's
Profit from sale of members' agency business (in respect of unlimited liability names only)	600	–
	<hr/>	<hr/>
Cost of transferring management of all run-off names	(155)	–
	<hr/>	<hr/>

On 25 March 2000 Greenwich Lloyd's Underwriting Limited (GLU) sold part of its members' agency business to Hampden Agencies Limited. Only the minimum total consideration has been recognised due to the reduction in the capacity of Greenwich names transferring to Hampden for 2001 being in excess of 20% of the possible total (£95,644,816) in accordance with the terms of the sale agreement.

GLU has also transferred the management of all run-off names (ie those names who are no longer active participants in the Lloyd's Market) to Lloyd's Members Agents Services Limited ("LMAS"). This was achieved in two tranches. The first tranche represented names who resigned from underwriting in 1998 or 1999. These were transferred to LMAS in January 2000. The second tranche related to names resigning in 1997 and prior and these were transferred in August 2000.

GLU continues to act as members' agent for corporate vehicles and those names in the process of converting to limited liability underwriting through corporate member subsidiaries of Greenwich Insurance Holdings PLC.

5 Other operating expenses

Other operating expenses are stated after charging:

	2000 £000's	1999 £000's
Audit fees	82	73
Auditors' remuneration for other services	30	22
Operating lease rentals	1	2
Depreciation	318	177
Amortisation	271	271
	<hr/>	<hr/>

6 Directors' emoluments and other transactions

The total remuneration in respect of directors was:	2000 £000's	1999 £000's
Emoluments (including taxable benefits)	576	482
Company contributions to money purchase pension schemes	63	80
	<u>639</u>	<u>562</u>

The highest paid director received emoluments of £135,000 (1999 £120,000) during the year and contributions to the Group money purchase pension scheme of £15,000 (1999 £15,000) have been made. Retirement benefits are accruing to five (1999 five) directors under the money purchase scheme.

During the year amounts of £24,000 and £22,000, which were due for payment under the terms of Loan Stock Agreements, in respect of N S Cobbold and R G G Thynne respectively, were deferred and were outstanding at 31 December 2000. These amounts related to Funds at Lloyd's which were temporarily unavailable for the purposes of payment of Loan Stock. Interest is payable on these amounts at 10% per annum. Since 31 December 2000 the amount owed by R G G Thynne has been paid and the amount owed by N S Cobbold is due for payment by 31 August 2001.

7 Staff costs

	2000 £000's	1999 £000's
Wages and salaries	3,506	1,997
Social security costs	317	205
Other pension costs	346	195
Less amount recharged to managed syndicates	(2,468)	(892)
	<u>1,701</u>	<u>1,505</u>

The average number of persons employed by the Group was:

	2000 Number	1999 Number
Underwriting and Claims	44	23
Administrative	33	37
	<u>77</u>	<u>60</u>

8 Tax on ordinary activities

	2000 £000's	1999 £000's
Corporation tax:		
Current year @ 0% (1999 30.25%)	–	758
Prior year	–	(79)
	<u>–</u>	<u>679</u>

The underwriting results of Lloyd's corporate members are only subject to UK taxation when they have been declared by the Syndicates on which they participate. As a consequence of this treatment no loss relief is currently available in respect of recognised underwriting losses amounting to £29,738,000 (1999 £14,497,000).

9 Dividends

No dividends have been paid or proposed on the ordinary shares of the Company.

No dividend is payable to the preference shareholders of Greenwich Holdings Limited (1999 £168,904). The 1999 dividend related to the profit commission received by Greenwich Lloyd's Advisers Ltd in respect of the 1996 underwriting year of account and arising out of the underwriting of the Delian corporate members of Lloyd's.

10 Loss per share

The calculation of loss per share is based on the loss from ordinary activities after tax attributable to ordinary shareholders of £14,684,000 (1999 £14,976,000) and on the weighted average number of shares in issue during the year of 4,055,000 (1999 1,507,000).

11 Intangible assets

	Goodwill £000's	Purchased syndicate participations £000's	Total £000's
Cost			
At 1 January 2000	1,258	1,603	2,861
Additions in year	–	67	67
Disposals in year	–	(1,457)	(1,457)
At 31 December 2000	1,258	213	1,471
Amortisation			
At 1 January 2000	473	–	473
Charge for year	271	–	271
At 31 December 2000	744	–	744
Net book amount			
At 31 December 2000	514	213	727
At 31 December 1999	785	1,603	2,388

12 Other debtors (Corporate)

i) Amounts falling due in less than one year:

	Group		Company	
	2000 £000's	1999 £000's	2000 £000's	1999 £000's
Amounts due from subsidiary undertakings	–	–	19,356	521
Other debtors	8,260	2,440	41	9
Loan stockholders	12,608	21,634	12,608	21,634
	20,868	24,074	32,005	22,164

ii) Amounts falling due after more than one year:

Loan stockholders*	3,412	9,327	3,412	9,327
Total debtors	24,280	33,401	35,417	31,491

*All the payment obligations of Convertible Unsecured Loan Stock (CULS) holders may become due within one year if the Funds at Lloyd's made interavailable by the holders of the CULS are either drawn-down by Lloyd's to cover losses or liabilities of the Names to whom the CULS was issued, or reduce in value for any reason such that their value for solvency or coming-into-line purposes is less than the nominal value of the CULS.

13 Tangible fixed assets (Corporate)

a) Owned	Office machinery £000's	Office furniture £000's	Computer equipment £000's	Total £000's
The Group				
Cost				
At 1 January 2000	47	54	598	699
Additions in year	13	9	86	108
Disposals	(4)	(6)	–	(10)
At 31 December 2000	56	57	684	797
Depreciation				
At 1 January 2000	25	22	199	246
Charge for year	14	12	271	297
Disposals	(3)	(1)	–	(4)
At 31 December 2000	36	33	470	539
Net book amount				
At 31 December 2000	20	24	214	258
At 31 December 1999	22	32	399	453

During the year the useful economic life of computer equipment was reduced to 3 years (1999 4 years). The financial effect of this change was an increased charge of £86,000 during the year.

b) Finance leases	Computer equipment £000's	Office equipment £000's	Total £000's
Cost			
Additions in year	51	12	63
At 31 December 2000	51	12	63
Depreciation			
Charge for year	17	4	21
At 31 December 2000	17	4	21
Net book value			
At 31 December 2000	34	8	42

14 Cash at bank (Corporate)

Cash at bank includes balances of £326,000 (1999 £474,000) which are held in trust on behalf of Names.

15 Share capital

	2000 £000's	1999 £000's
Authorised:		
Ordinary shares of 50p each	–	75,000
Ordinary shares of 5p each	75,000	–
Non-voting participating convertible redeemable preference shares of 50p each	–	625
	<u>75,000</u>	<u>75,625</u>
Allotted, issued and fully paid:		
Ordinary shares of 50p each	–	753
Ordinary shares of 5p each	945	–
Non-voting participating convertible redeemable preference shares of 50p each	–	625
	<u>945</u>	<u>1,378</u>

Following shareholder approval and confirmation of the court the non voting preference shares were repaid on 20 September 2000. The total amount repaid was £1,752,000. At the same time, the holders of the preference shares allowed the Company to repurchase the 750,000 warrants it held for an aggregate consideration of £1.

The issued share capital was increased by £63,000 on 18 January 2000 following the issue of 126,000 ordinary 50p shares to Grenville IV converting Names pursuant to the authority given at the Annual General Meeting on 8 September 1999.

The share capital was further increased in June 2000 by £361,936 by the conversion of £723,872 B loan stock into ordinary shares of 50p each.

As part of the scheme to repay the preference shares, the nominal value of ordinary shares was reduced from 50p to 5p per share. The reserve arising on this reduction of share capital (£1,060,369) was used to help finance the repayment of the preference shares. The balance of the funds required were achieved by a reduction of the share premium account (£66,000).

Share capital was further increased by £827,508 in November 2000 by the conversion of £16,550,160 A and B loan stock into ordinary shares of 5p each.

A further 1,172,394 ordinary shares of 5p will be issued under the “earnout” formula associated with the acquisition of shares in Greenwich Holdings Ltd.

Details of shares issued after 31 December 2000 are shown below.

Date issued	5p shares issued	Loan stock redeemed
19.1.2001	193,098	193,098 A loan stock
25.1.2001	616,250	616,250 A loan stock
26.1.2001	261,200	261,200 A loan stock
20.4.2001	75,000	75,000 A loan stock
9.5.2001	208,333	208,333 A loan stock
13.7.2001	175,000	175,000 A loan stock
	<u>1,528,881</u>	<u>1,528,881 A loan stock</u>

The share option scheme is an unapproved scheme and was adopted on behalf of the Company in March 1999. A total of 1,140,000 options to purchase ordinary shares of 5p have been issued to certain employees and Directors. The exercise price is £1 and the exercise is dependent on the achievement of certain performance criteria.

The issue of warrants was authorised at the second annual general meeting of shareholders held on 8 September 1999. S and L warrants were issued in January 2000 to shareholders and loan stock holders respectively on the basis of 1 warrant for 20 shares/£ of stock. In addition 750,000 warrants were issued to the holders of the redeemable preference shares (redeemed following the repayment of those shares last autumn). H warrants will be issued to the Greenwich Holdings vendors based on 1 for each 20 shares issued after the earn out calculation. The warrants in issue as at 31 December 2000 were:

S Warrants	75,321
L Warrants	1,563,556

See also note 17 re convertible loan stock.

16 Shareholders' funds

Year ended 31 December 2000

Group	Ordinary shares 50p £000's	Ordinary shares 5p £000's	Preference shares £000's	Share premium £000's	Profit & loss £000's	Shares to be allotted £000's	Merger reserve £000's	Convertible unsecured loan stock £000's	Total £000's
At 1 January 1999	606	–	625	448	(1,906)	1,500	(1,300)	21,981	21,954
Issue of ordinary shares	147	–	–	147	–	–	–	–	294
Convertible unsecured loan stock issued	–	–	–	–	–	–	–	9,327	9,327
Shares to be allotted	–	–	–	–	–	(500)	–	–	(500)
Merger reserve	–	–	–	–	–	–	500	–	500
Loss retained for the year	–	–	–	–	(14,978)	–	–	–	(14,978)
At 31 December 1999	753	–	625	595	(16,884)	1,000	(800)	31,308	16,597
Issue of ordinary shares 50p	63	–	–	63	–	–	–	–	126
Redemption of preference shares	–	–	(1,686)	(66)	–	–	–	–	(1,752)
Shares to be allotted	–	–	–	–	–	(932)	–	–	(932)
Merger reserve	–	–	–	–	–	–	932	–	932
Convertible unsecured loan stock issued	–	–	–	–	–	–	–	3,412	3,412
Conversion of loan stock	362	828	–	16,084	–	–	–	(17,274)	–
Capital reduction scheme	(1,178)	117	1,061	–	–	–	–	–	–
Loss retained for the year	–	–	–	–	(14,684)	–	–	–	(14,684)
At 31 December 2000	–	945	–	16,676	(31,568)	68	132	17,446	3,699

Represented by equity and non equity interests

	31.12.1999 £000's	31.12.2000 £000's
Equity interests	15,972	3,699
Non equity interests	625	–
	16,597	3,699

The shares to be allotted and merger reserve movements arise from a reduction in the estimate of the number of shares to be allotted under the current provisions of the merger with Greenwich Holdings Limited and from the reduction in the nominal value of the shares.

Company	Ordinary shares 50p £000's	Ordinary shares 5p £000's	Preference shares £000's	Share premium £000's	Profit & loss £000's	Merger reserve £000's	Convertible unsecured loan stock £000's	Total £000's
At 1 January 1999	606	–	625	448	(97)	200	21,981	23,763
Issue of ordinary shares	147	–	–	147	–	–	–	294
Convertible unsecured loan stock issued	–	–	–	–	–	–	9,327	9,327
Loss retained for the year	–	–	–	–	(16,779)	–	–	(16,779)
At 31 December 1999	753	–	625	595	(16,876)	200	31,308	16,605
Issue of ordinary shares 50p	63	–	–	63	–	–	–	126
Redemption of preference shares	–	–	(1,686)	(66)	–	–	–	(1,752)
Convertible unsecured loan stock issued	–	–	–	–	–	–	3,412	3,412
Conversion of loan stock	362	828	–	16,084	–	–	(17,274)	–
Capital reduction scheme	(1,178)	117	1,061	–	–	–	–	–
Loss retained for the year	–	–	–	–	(10,844)	–	–	(10,844)
At 31 December 2000	–	945	–	16,676	(27,720)	200	17,446	7,547

Represented by equity and non equity interests

	31.12.1999 £000's	31.12.2000 £000's
Equity interests	15,980	7,547
Non equity interests	625	–
	16,605	7,547

17 Convertible unsecured loan stock

The convertible unsecured loan stock issued is as follows:

	Issued at 1.1.1999 £000's	Issued in 1999 £000's	Issued at 31.12.1999 £000's	Issued in 2000 £000's	Redeemed in 2000 @ 50p £000's	Redeemed in 2000 @ 5p £000's	Issued at 31.12.2000 £000's	In respect of conversion vehicle
A Loan Stock	19,614	–	19,614	–	–	(15,489)	4,125	Grenville Underwriting II Limited
B Loan Stock	2,367	–	2,367	–	(724)	(1,061)	582	Grenville Underwriting I Limited
C Loan Stock	–	9,327	9,327	–	–	–	9,327	Grenville Underwriting III Limited
D Loan Stock	–	–	–	3,412	–	–	3,412	Grenville Underwriting IV Limited
	21,981	9,327	31,308	3,412	(724)	(16,550)	17,446	

The convertible unsecured loan stocks were issued nil paid in registered form in amounts of £1 each to converting Names. No interest is payable on the convertible unsecured loan stock. The convertible unsecured loan stock has been classified as shareholders' funds as there is no transfer of economic benefits from the Company to the holders.

The Company called upon the B loan stockholders to pay up in full the whole of their holding in 1999. On payment in full the loan stock was or will be converted to ordinary 50p or 5p shares, at the rate of one share for each £1 of loan stock.

The Company called upon the A loan stockholders to pay up in full the whole of their holding in 2000. On payment in full the loan stock was or will be converted to ordinary 50p or 5p shares, at the rate of one share for each £1 of loan stock.

In February 1999 £9,327,000 C loan stock was issued nil paid to stockholders following the launch of the Grenville Underwriting III Ltd underwriting vehicle for the 1999 year of account. Payment in full and conversion is due on this stock in 2001 after the Lloyd's 1998 year of account closes.

In February 2000 £3,411,687 D loan stock was issued nil paid to stockholders following the launch of the Grenville Underwriting IV Ltd underwriting vehicle for the 2000 year of account. Payment in full and conversion is due on this stock in 2002 after the Lloyd's 1999 year of account closes.

18 Other creditors (Corporate)

i) Amounts falling due in less than one year

	Group		Company	
	2000 £000's	1999 £000's	2000 £000's	1999 £000's
Amounts due to subsidiaries	–	–	3,260	2,892
Corporation tax	99	746	–	–
Dividends payable to minority interest	169	518	–	–
Loan notes	167	850	167	850
Obligations under finance lease	20	–	–	–
Accruals	–	–	72	37
Other creditors	4,135	2,399	–	30
	<u>4,590</u>	<u>4,513</u>	<u>3,499</u>	<u>3,809</u>

ii) Amounts falling due after more than one year

	Group		Company	
	2000 £000's	1999 £000's	2000 £000's	1999 £000's
Obligations under finance lease	29	–	–	–
	<u>29</u>	<u>–</u>	<u>–</u>	<u>–</u>

The loan notes were issued in exchange for £850,000 of loan notes in Greenwich Holdings Ltd. Interest is payable at the rate of 10% per annum and the loan notes are repayable at the holders' option after 31 December 1999.

19 Provisions for liabilities and charges

	Company £000's
At 1 January	15,636
Charge for the year	10,467
	<u>26,103</u>
At 31 December 2000	<u>26,103</u>

The Company has undertaken to provide financial support to its underwriting subsidiaries to cover any shortfall in their assets as a result of underwriting losses on the 1998 and projected losses on the 1999 and 2000 years of account. The above provision represents the estimated cost of this support.

20 Investments

a) Investments in subsidiaries

	Ordinary shares £000's	Loan Notes £000's	Total £000's
At 1 January 2000	1,414	850	2,264
Redemption of loan notes	–	(683)	(683)
At 31 December 2000	<u>1,414</u>	<u>167</u>	<u>1,581</u>

The Company has the following subsidiaries, all of which are incorporated in Great Britain and registered in England and Wales:

Grenville Holdings Limited	– Holding company
Grenville Underwriting I Limited*	– Corporate member of Lloyd's
Grenville Underwriting II Limited*	– Corporate member of Lloyd's
Grenville Underwriting III Limited*	– Corporate member of Lloyd's
Grenville Underwriting IV Limited*	– Corporate member of Lloyd's
Greenwich Holdings Ltd	– Holding company
Greenwich Services Ltd*	– Service company
Greenwich Lloyd's Underwriting Ltd*	– Lloyd's members agent
Greenwich Lloyd's Advisers Ltd*	– Lloyd's adviser
Greenwich Managing Agency Ltd	– Lloyd's managing agent
Service Insurance Services Ltd*	– Service company
Service Corporate Capital Ltd	– Corporate member of Lloyd's

* denotes indirect holding

All the subsidiaries are wholly owned except for 100 £1 preference shares in Greenwich Holdings Ltd.

b) Financial investments

	2000			1999		
	Syndicates £000's	Corporate £000's	Total £000's	Syndicates £000's	Corporate £000's	Total £000's
Shares and other variable yield securities	6,092	–	6,092	1,037	–	1,037
Debt and other fixed income securities	63,690	–	63,690	27,069	–	27,069
Participation in investment pools	2,774	–	2,774	910	–	910
Loans guaranteed by mortgage	649	–	649	172	–	172
Deposits with credit institutions	7,036	–	7,036	4,267	–	4,267
Other	268	17,687	17,955	600	999	1,599
Deposits with ceding undertakings	140	–	140	44	–	44
	80,649	17,687	98,336	34,099	999	35,098

The cost of the above investments was: £93,705,000 (1999 £34,294,000). Other Corporate investments of £17,687,000 (1999 £999,000) represent funds at Lloyd's deposited to support the Group's underwriting.

21 Reconciliation of operating profit to net cashflow from operating activities

	2000 £000's	1999 £000's
Profit before tax of corporate activities	539	3,988
Depreciation	318	177
Profit on disposal of capacity	(1,263)	(5,512)
Amortisation	271	271
Loss on disposal of fixed assets	3	4
Investment income	(440)	(49)
Increase in debtors	(5,822)	(10,874)
Issue of loan stock	–	9,327
Increase in prepayments	436	(344)
Increase in creditors	1,719	1,154
Increase in accruals	27	56
Net cashflow from operating activities	(4,212)	(1,802)

22 Analysis of changes in consolidated cash and cash equivalents during the year (Corporate)

	2000 £000's	1999 £000's
At 1 January	4,413	2,065
Net cashflow during year	(2,859)	2,348
At 31 December 2000	1,554	4,413

23 Financial commitments

At 31 December 2000 the Group had no annual commitments under non-cancellable operating leases which expire within one year (1999 £144,000) and £446,000 (1999 £161,000) under non-cancellable leases expiring within two to five years.

24 Contingent liabilities and guarantees

On 31 December 1998 Greenwich Insurance Holdings PLC gave European International Reinsurance Company Ltd a floating charge over all the assets of the Group companies to secure the various amounts payable to European International Reinsurance Company Ltd under the reinsurance agreements which enable the Group's underwriting subsidiaries to underwrite at Lloyd's on a 4 to 1 gearing ratio.

The reinsurance agreements have been entered into by Grenville Underwriting I Ltd, Grenville Underwriting II Ltd, Grenville Underwriting III Ltd and Grenville Underwriting IV Ltd (the underwriting subsidiaries) and provide excess of loss cover up to an aggregate limit of £2,367,000 for the 1997 underwriting year, £21,981,500 for the 1998 underwriting year, £31,360,000 for the 1999 underwriting year and £34,788,000 for the 2000 year of account. The premiums payable under the policies are £237,600 for the 1997 underwriting year, £1,962,776 for the 1998 underwriting year, £2,675,651 for the 1999 underwriting year and £2,935,651 for the 2000 year of account. On termination of the policies the underwriting subsidiaries will receive profit commission on the difference between premiums paid and any claims made under the policies. Under the terms of the policies, the reinsurer is required to deposit security for any claims payable in the form of letters of credit. These letters of credit form part of the underwriting subsidiaries funds' at Lloyd's and are available to support their underwriting.

The policy entered into for Grenville II Underwriting Limited cannot be cancelled by the Group until the close of the 2001 Account, the policy entered into for Grenville Underwriting III Limited cannot be cancelled until the close of the 2002 Account and the policy entered into for Grenville Underwriting IV Limited cannot be closed until the close of the 2003 Account. Consequently, these companies are committed to paying a further, one, two and three annual premiums respectively. No provision has been made for the cost of these future premiums.

Since the balance sheet date, Service Corporate Capital Limited's (SCCL) 1998 year of account loss (before whole account quota share reinsurance recoveries) of £7,616,000 has been settled by drawdowns against the Funds at Lloyd's provided by SCCL and its whole account quota share reinsurers ("the Reinsurers"). The Directors have received an indication from one Reinsurer that it is reviewing the quantum of the loss it has borne. The aggregate amounts at issue could total £1,809,000 (with a further £233,000 potentially arising in respect of the estimated 1999 year of account loss). On the basis of the preliminary legal advice they have received, the Directors do not believe it probable that any further loss will accrue to SCCL as a result of this matter and accordingly no provision has been made in these accounts.

NOTICE IS HEREBY GIVEN that the fourth annual general meeting of Greenwich Insurance Holdings PLC will be held at 1 Fleet Place, London, EC4M 7WS on Thursday 13 September 2001 at 11.00 am to consider and, if thought fit, to pass the following resolutions:

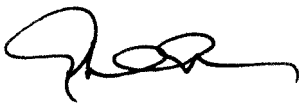
ORDINARY BUSINESS:

1. To receive and adopt the directors' report and accounts for the year ended 31 December 2000
2. To re-appoint Nicholas Sidney Cobbold, retiring by rotation, as director of the Company
3. To re-appoint Anthony Hilton as director of the Company
4. To re-appoint Andrew West as director of the Company
5. To re-appoint Mazars Neville Russell as auditors of the Company
6. To authorise the directors to determine the auditors remuneration

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his or her place. A proxy need not be a member of the Company. A form of proxy for this purpose is enclosed.
2. The register of Directors' interests, showing any transactions of Directors and of their family interests in the share capital of the Company and its subsidiaries, and copies of all contracts of service of the Directors, are available for inspection during business hours at the registered office of the Company and will be available for inspection at the place of meeting for 15 minutes prior to the meeting and during the meeting.

By Order of the Board



Graham Nash
Director

31 July 2001

Registered Office:
33 Lombard Street
London EC3V 9HY

GREENWICH INSURANCE HOLDINGS PLC

**FOURTH ANNUAL GENERAL MEETING
REPLY CARD & FORM OF PROXY**

PLEASE COMPLETE IN BLOCK CAPITALS AND RETURN TO THE REGISTERED OFFICE, 33 LOMBARD STREET, LONDON EC3V 9HY.

I, TITLE _____ INITIALS _____ SURNAME _____

of NUMBER _____ STREET _____ TOWN _____
(Address)

COUNTY _____ POSTCODE _____ COUNTRY _____

being a member of the above named Company confirm that I will:

- (i) attend the AGM*
- (ii) not attend the AGM and hereby appoint the Chairman, or

TITLE _____ INITIALS _____ SURNAME _____

(Name of Proxy)

of NUMBER _____ STREET _____ TOWN _____

(Address of Proxy)

COUNTY _____ POSTCODE _____ COUNTRY _____

as my proxy to attend and vote for me on my behalf at the Fourth Annual General Meeting of Greenwich Insurance Holdings PLC to be held on Thursday 13th September 2001 at 11.00 am at 1 Fleet Place, London EC4M 7WS.*

*Please delete as appropriate.

	For	Against
1. To receive and adopt the directors' report and accounts for the year ended 31st December 2000		
2. To re-appoint Nicholas Sidney Cobbold, retiring by rotation, as director of the Company		
3. To re-appoint Anthony Hilton as director of the Company		
4. To re-appoint Andrew West as director of the Company		
5. To re-appoint Mazars Neville Russell as auditors of the Company		
6. To authorise the directors to determine the auditors remuneration		

Signature _____ Date _____

IMPORTANT NOTES – PLEASE READ CAREFULLY

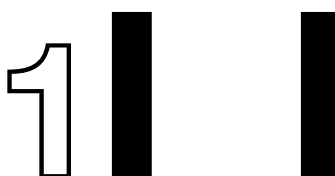
1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member.
2. You may appoint either the Chairman of Greenwich Insurance Holdings PLC or anyone else as your proxy to attend and vote on your behalf. If you wish to appoint someone other than the Chairman you should clearly delete the words "the Chairman" and print the full name and address of your proxy in the space provided.
3. If this form is returned without any indication of how the person appointed as proxy shall vote, he/she will vote how he/she thinks fit and exercise his/her discretion as to whether he/she abstains from voting.
4. Ensure that the form is correctly completed, signed and dated. Failure to complete the form properly may result in your proxy vote being invalidated.
5. Please ensure the form together with, if appropriate, the power of attorney or other authority under which it is signed or a notarially certified copy of that power or authority.

**TO BE VALID, THE FORM OF PROXY MUST BE COMPLETED AND RETURNED BY 2.30 PM
TUESDAY 11TH SEPTEMBER 2001**



SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. KE 8626



GREENWICH GROUP
33 LOMBARD STREET
LONDON
EC3B 3LJ

FIRST FOLD

THIRD FOLD & TUCK IN

Greenwich Insurance Holdings PLC
33 Lombard Street, London EC3V 9HY

Telephone: 020 7335 6000 Facsimile: 020 7335 6060
email: central@greenwichgroup.co.uk
website: www.greenwichgroup.co.uk

Produced by Stephen Duke Limited 020 7422 0040 (7255)