



AMLIN

AMLIN PLC
PRESS RELEASE
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Interim Results for the six months ended 30 June 2007

AMLIN DELIVERS RECORD INTERIM RESULT

Highlights

- **Annualised first half return on equity of 31.8% (H1 2006: 24.2%)**
- **Profit before tax up 54.0% to £185.0 million (H1 2006: £120.1 million)**
- **Strong underlying underwriting contribution up 17.2% to £146.6 million (H1 2006: £125.1 million)**
- **Group combined ratio 71% (H1 2006: 79%)**
- **Investment performance increased by 73.2% to £65.3 million (H1 2006: £37.7 million)**
- **Interim dividend increased 19.0% to 5.0p per share (H1 2006: 4.2p per share)**
- **Small exposure to the sub-prime market**
- **Positive outlook for the full year and for 2008**

Charles Philipps, Chief Executive, commented as follows:

“This is a record result driven by an exceptional underwriting performance and strong investment returns. Our outlook for the remainder of 2007 and for 2008 is positive.”

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Financial highlights	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Gross premium written	805.2	846.2 ¹	1113.8 ¹
Net premium written	732.9	766.5 ¹	1013.5 ¹
Earned premium	514.5	481.8 ¹	973.9 ¹
Profit before tax	185.0	120.1	342.7
Profit after tax	148.6	94.9	267.8
Return on equity	15.9%	12.1%	34.0%
Net assets	984.4	817.1	936.4
Net tangible assets	918.4	751.1	870.4
Per share amounts			
Earnings	27.9p	17.9p	50.4p
Dividend under IFRS	15.8p	6.2p	10.4p
Dividend (paid, declared and proposed in respect of the period/year)	5.0p	4.2p	20.0p
Net assets	184.0p	153.5p	175.6p
Net tangible assets	171.7p	141.1p	163.2p
Group operating ratios			
Claims ratio	43%	49%	41%
Expense ratio	28%	30%	31%
Combined ratio	71%	79%	72%
Syndicate 2001 combined ratio	76%	84%	76%
Amlin Bermuda Ltd combined ratio	52%	49%	48%

¹ excluding premiums associated with the reinsurance to close of our increased share of capacity

INTERIM RESULTS STATEMENT

We are pleased to report another excellent set of first half results with an increase of 54.0% in profit before tax to a record £185.0 million. Strong underwriting and improved investment returns were the drivers behind the increase. Return on equity was an impressive 15.9% for the six months ended 30 June 2007 (H1 2006: 12.1%) increasing our weighted average return on equity since 2002 to 29.3%.

Additionally, we have reduced net exposures to major catastrophe events relative to 2006 with increased reinsurance protection and have taken steps to increase our long term growth potential.

Results

Profit before tax increased to £185.0 million at the half year (H1 2006: £120.1 million). Our underlying profit, after removing the positive effect of a £28.6 million swing in the foreign exchange translation of net non-monetary liabilities relative to 2006¹, rose by 25.3% to £179.7 million (H1 2006: £143.4 million).

The underlying result is analysed as follows:

Table 1: Analysis of result

	Profit before tax		Underwriting contribution	
	H1 2007	H1 2006	H1 2007	H1 2006
	£m	£m	£m	£m
As reported	185.0	120.1	151.9	101.8
IFRS translation adjustment	(5.3)	23.3	(5.3)	23.3
Underlying result	179.7	143.4	146.6	125.1

Underwriting performance was again strong. Our London operations produced an underwriting return of £97.7 million (H1 2006: £101.5 million) and Amlin Bermuda's contribution more than doubled to £48.9 million (H1 2006: £23.6 million).

Gross premium written increased modestly in original currency with growth in well priced classes such as US catastrophe reinsurance, including in Bermuda, and further volume reductions in classes which have continued to come under rating pressure, such as UK commercial motor. However, with 61.4% of gross premium written in US dollars, reported gross premium written, at £805.2 million, is 4.8% less than in the prior half year (2006 H1: £846.2 million).

Gross earned premium was 7.3% higher at £572.8 million (H1 2006: £533.6 million) reflecting the earnings lag on the growth in business written in 2006, particularly with Amlin Bermuda in start up phase in the first half of that year. Net premium earned increased by 6.8% (excluding the premium for reinsurance to close the remainder of Syndicate 2001 from third parties).

The Group combined ratio was 71% (H1 2006: 79%). The improvement was due to a reduced claims ratio of 43% (H1 2006: 49%) with relatively modest losses estimated from the Kyrill windstorm and the June UK floods, and few new large risk losses.

The contribution from investments was higher at £65.3 million (H1 2006: £37.7 million) with strong returns made from equities in the first part of the year. Overall, half year bond returns improved even though they were held back by a low sterling return.

Earnings per share increased 55.9% to 27.9p (H1 2006: 17.9p).

¹ The exchange difference on net non-monetary liabilities arises through translation of unearned premium reserves, deferred reinsurance expenditure and deferred acquisition costs at average historical rates, whereas all other related monetary balance sheet items are translated at the closing rate of exchange.

Dividend

The Board has declared an interim dividend of 5.0 pence per share (H1 2006: 4.2 pence per share). This will be paid on 19 October 2007 to shareholders on the register at the close of business on 21 September 2007. A dividend reinvestment plan, details of which may be obtained from the Company's registrar or from the Company's website, is available to shareholders in respect of this dividend.

As indicated in our 2006 Annual Report, we will keep under review the appropriate level of capital for the future needs of the Group, mindful of our desire to enhance long term shareholder returns through active balance sheet management. Subject to the level of major catastrophe activity in the second half, we expect to have capital which is surplus to requirements. In this event, we intend to return capital to shareholders, retaining sufficient to take advantage of opportunities which may arise to enhance the longer term growth potential of the Group.

Underwriting conditions and premium

Gross premium written in the first half year was strongly weighted to business where risks remain for the most part well priced: Marine, Non-marine and Amlin Bermuda, which together represented 84.4% of gross premium written. Our Aviation and UK Commercial businesses, which represented 15.6% of gross premium written, continued to suffer from intensifying competition and we have therefore reduced exposures where rating levels have fallen below our return requirements. Overall, the renewal rate reduction across all business was 3.4%, with a number of our larger classes continuing to trade at or near to peak pricing levels. The renewal retention ratio for the half year was 81% (H1 2006: 79%).

Table 2: Average renewal and retention rates

Six months 2007	Gross written premium		Average renewal rate change	Average renewal retention ratio
	H1 2007 £m	H1 2006 £m	%	%
Amlin Bermuda (direct only)	96.4	78.0	(3.8)	93
Aviation	36.8	42.4	(10.3)	79
Marine	145.2	161.0	(2.1)	81
Non-marine	437.8	475.0	(3.1)	80
UK Commercial	89.0	89.8	(4.0)	77
Total / average	805.2	846.2	(3.4)	81

Our rating indices (Table 3) illustrate the pricing trends for a number of major classes.

Table 3: Rating indices for major classes (based on renewal)²

Class	2000	2001	2002	2003	2004	2005	2006	2007
US catastrophe reinsurance	100	115	146	150	143	144	185	185
Non US catastrophe reinsurance	100	120	157	161	145	131	138	132
US large property insurance	100	125	171	163	143	136	166	152
UK fleet motor	100	121	136	143	141	137	135	134
Per risk property reinsurance	100	122	189	191	170	146	170	151
Energy	100	140	172	189	170	175	258	244
US casualty	100	123	172	217	234	239	235	230
Professional indemnity	100	110	149	178	181	165	154	142
Marine hull	100	115	148	171	183	189	191	190
War	100	250	288	244	220	206	191	178
Airline hull and liabilities	100	301	283	235	216	201	171	136
UK employers' liability	100	115	144	158	159	144	135	122

² This table is completed by our underwriters and covers their views of rate movements from year to year. These views are supported by actual recorded renewal rate movements on the underwriting system. Subjective judgement is used to account for subtle changes in exposure or terms and conditions. Claims inflation is not systematically taken into account in the calculation of these rate movements and therefore, particularly in relation to long tail business, some of the benefit of rate increases has been eroded.

Outwards reinsurance

The first half of 2007 has seen retrocessional reinsurance becoming more reasonably priced, and as a consequence Syndicate 2001 has purchased more reinsurance to protect its own reinsurance account than in 2006, when we took the view that the price of cover had become uneconomic and operated with significantly less retrocessional reinsurance than in previous years. Higher levels of cover have also been purchased on the direct Marine and Non-marine accounts.

Despite the increased cover purchased for the Syndicate, reinsurance expenditure as a proportion of gross written premium has fallen to 9.0% from 9.4% for the same period in the prior year. This is due to a two factors. Firstly, Amlin Bermuda now represents an increasing part of the business relative to last year and to date it has operated without the purchase of any reinsurance. Secondly, more reinsurance is bought for the Syndicate dollar account than for the sterling business. As the dollar weakens, this lowers the apparent reinsurance expenditure.

Claims

The Group claims ratio improved on the prior half year to 43% (H1 2006: 49%).

Natural catastrophe activity in the United States was a little below long term averages for the first six months. However, the UK and Australian floods in June are major losses to the international insurance markets. Windstorm Kyrill, which swept across Northern Europe in January, is also estimated to have caused a loss of € – 4 billion to the insurance industry. Our exposures to these events have been contained, in part owing to our positioning on reinsurance programmes and risk retained by cedants, and in part due to our comparatively small exposure to the UK direct household and small commercial sectors. Conservative estimates of our losses from Kyrill, and the UK and Australian floods respectively are £1.5 million, £24.6 million and £8.5 million, and there is a good possibility that they will be less.

Elsewhere, there have been only a small number of risk losses with exposure to only one of the three major marine hull losses and our Aviation business, having become increasingly selective in the face of poor airline risk pricing, has managed to avoid exposure to the vast majority of airline losses incurred in the year to date.

£40.9 million (H1 2006: £26.0 million) was released from reserves in the period, as claims on prior underwriting years developed better than expected. Our reserving policy remains unchanged. The margin of net claims reserves for the 2006 and prior underwriting years, that we have accounted for above the best estimate level assessed by our internal actuarial team, was over £150 million at 30 June 2007.

Underwriting contribution

The underwriting contribution, after removing the effect of foreign exchange translation differences on non-monetary liabilities, increased by 17.2% to £146.6 million (H1 2006: £125.1 million). Of this, Syndicate 2001 and Amlin Bermuda contributed £97.7 million (H1 2006: £101.5 million) and £48.9 million (H1 2006: £23.6 million) respectively. The combined ratio, on a similar basis, was 72% (H1 2006: 75%). Net earned premium rose by 6.8% to £514.5 million (H1 2006: £481.8 million, excluding the premiums associated with the reinsurance to close of our increased share of capacity). This growth is attributable to the earnings lag on increased business written in 2006.

Segmental commentary

The following commentary and Table 4 is provided after removing the effect of the foreign exchange translation of non-monetary liabilities to allow focus on business trends.

Table 4: Divisional combined ratios

	Non-marine	Marine	UK Commercial	Aviation	Amlin Bermuda	Intra group	Total
Gross premium written (£m)	437.8	145.2	89.0	36.8	169.7	(73.3)	805.2
Net premiums earned (£m)	236.1	85.0	71.8	23.9	101.5	(3.8)	514.5
Release from reserves (£m)	19.1	(4.0)	16.0	5.8	4.0	-	40.9

Combined ratios before removing the effect of foreign exchange translation of non-monetary liabilities

Claims ratio	34%	57%	59%	37%	40%		43%
Expense ratio	33%	38%	24%	41%	12%		28%
Combined ratio H1 2007	67%	95%	83%	78%	52%		71%
Combined ratio H1 2006	73%	97%	87%	126%	49%		79%

Combined ratios after removing the effect of foreign exchange translation of non-monetary liabilities

Claims ratio	36%	59%	59%	39%	40%		44%
Expense ratio	31%	38%	24%	41%	12%		28%
Combined ratio H1 2007	67%	97%	83%	80%	52%		72%
Combined ratio H1 2006	67%	91%	86%	116%	49%		75%

Non-marine (45% of net earned premium in period)

US catastrophe reinsurance pricing remained strong, with rates in the early part of the year increasing, albeit not to the same levels evident in the middle of last year. The market remained disciplined with a sensible balance between potential return and risk underwritten. Action by the State of Florida to increase the State supported catastrophe fund was less disruptive than originally feared. The increase was less than initially stated, primary insurers purchased more cover and market behaviour was rational and pricing firm recognising the increased hurricane threat faced.

International catastrophe pricing was disappointing, with pressure growing as more reinsurers looked to diversify their portfolios. However, pricing in capacity constrained zones such as Europe and the Caribbean remained adequate.

The low level of catastrophe losses incurred by the division in the first half, aided by limited claims development on prior period reserves, resulted in a claims ratio of 36% (H1 2006: 39%). The rise in the expense ratio is mostly caused by a 4% reduction in net earned premiums. This reflects deterioration in the US dollar against sterling.

Our Non-marine combined ratio of 67% (H1 2006: 67%) is another excellent result.

Amlin Bermuda (20% of net earned premium in period)

Amlin Bermuda wrote £96.4 million or \$189.9 million (H1 2006: £78.1 million or \$139.8 million) of direct business in addition to quota share and other reinsurances of Syndicate 2001 which increased its overall premium written to £169.7 million or \$334.3 million (H1 2006: £161.8 million or \$289.7 million). Growth has been constrained by many primary carriers choosing to maintain our share of risks at last year's levels in the face of growing competition for lines. This is more satisfactory than fierce competition on price.

Importantly the quality and diversity of business written is good and we have not compromised our underwriting standards in order simply to meet premium income targets. This, over the long term, should deliver out-performance. The underwriting team has been augmented by two joiners who will help broaden Amlin Bermuda's marketing ability.

With a full year's trading behind it, Amlin Bermuda's net earned premium has increased by 113% to £101.5 million. The claims ratio of 40% reflects the low level of catastrophe losses, with 95.8% of direct/non-Group income being derived from property reinsurance. The expense ratio has remained static at 12%.

The combined ratio of 52% (H1 2006: 49%) is a pleasing result.

Marine (16% of net earned premium in period)

Rating levels for the Marine division have remained good for the first six months of the year. The average rate reduction for the energy account was 6% and the war account continued to become more competitive. However, the attritional Marine classes, such as cargo, hull and yacht, experienced only modest falls in premium rate.

Net earned premium is relatively stable year on year. The claims ratio has increased to 59% (H1 2006 56%), largely as a result of increased prior period reserving. The expense ratio has increased due to lower net earned premium in 2007 as reinsurance ceded has increased.

The Marine division's combined ratio has increased to 97% (H1 2006: 91%). We would expect, in the normal course, for the Marine division's full year combined ratio to improve from this position.

UK Commercial (14% of net earned premium in period)

Our UK Commercial division saw continued rating pressure in all classes. In this environment our teams have retained their focus on risk selection and underwriting profitability, as well as the delivery of high levels of service to a core client base which has a record of continuity with the business.

The 9% reduction in net earned premium was offset by an improved claims ratio of 59% (H1 2006: 62%). The expense ratio is stable at 24% with expenses being controlled in line with the reduction in business written.

A combined ratio of 83% (H1 2006: 86%) represents a pleasing result in the context of highly competitive market conditions.

Aviation (5% of net earned premium in period)

Little airline business renews in the first half of the year with activity focused on non-airline classes. These areas have come under more pressure as new capacity in the aviation market has sought to increase market share.

Net earned premium has decreased by 20% reflecting continued challenging market conditions with rates across classes under pressure. The claims ratio has improved to an excellent 39% (H1 2006: 81%) as a result of negligible new airline losses to which the account is exposed and limited claims development in the period. The expense ratio has increased to 41% (H1 2006: 35%) largely as a consequence of the reduction in net earned premium in the first half.

The result is much improved on the prior half year period, with a combined ratio of 80% (H1 2006: 116%).

Investment return

The overall investment return was 2.6% for the six months ended 30 June 2007 and, with assets under management at £2.4 billion (H1 2006: £2.3 billion), investments contributed £65.3 million to the half year results (H1 2006: 1.5% and £37.7 million).

All asset classes performed better than in the first half of last year. Due to the short-tail nature of the underwriting business, against which the policyholders' assets are matched, and the decision to hold short-dated bonds for solvency capital, 67.6% of the Group's assets were held in short-dated bonds. These delivered a weighted average return of 1.3%, dampened by rising bond yields during the period. Cash made up 18.3% of the assets and returned 2.6%. The average equity weighting during the period was 12.1% and our managers produced a strong return of 9.6%. Indirect property made up the balance and returned 5.5%.

Table 5: H1 2007 investment mix and returns

	Average balance in H1		Total £m	Total %	Investment return %
	Policyholders' assets £m	Capital £m			
Cash and cash equivalents	240.5	202.9	443.4	18.3	2.6
Debt securities	1,131.6	504.8	1,636.4	67.6	1.3
Equities	-	293.4	293.4	12.1	9.6
Property	45.3	2.2	47.5	2.0	5.5
	1,417.4	1,003.3	2,420.7	100.0	2.6

Expenses

Total expenses, including finance costs, increased to £176.8 million from £166.1 million in the prior half year.

Business acquisition costs of £100.7 million, representing 17.6% of gross earned premium, were broadly similar to the prior half year (H1 2006: 18.3%). These include a component of the foreign exchange translation of non-monetary assets and liabilities and other foreign exchange movements, which taken together reduced first half expenses by £6.4 million.

The underlying movement in other operating expenses is mostly attributable to staff costs, including staff incentives, part of which relates to business building in Amlin Bermuda.

Taxation

The effective rate of tax for the period is 19.7% (H1 2006: 21.0%), the reduction being largely attributable to the reduction in UK corporation tax. It is below the UK rate of tax primarily due to Amlin Bermuda, which operates locally with no corporation tax. As we believe that Amlin Bermuda meets the requirements to be exempt from controlled foreign company status in the UK, no current tax is provided. However, deferred tax is provided to take account of tax that will become payable on distribution of profits from Bermuda. One third of Bermuda profits have been deemed taxable for these purposes, leading to a deferred tax provision of £13.5 million.

Balance sheet management

We aim strategically to manage capital over the insurance cycle with a view to enhancing financial returns whilst retaining a robust financial position for our clients. Our approach to underwriting will reduce exposures when margins become unacceptable and we expect that we will generate capital which is surplus to requirements and thus be in a position to return capital to shareholders.

The amount of capital available for return to shareholders will be influenced by the extent of major event losses, risk based capital requirements, the strength of cash flow and balance sheet and our desire to be in a position both to respond to opportunities to enhance long term growth, for example through acquisition, and to grow the business rapidly when underwriting conditions become positive again.

Risk based capital requirements are affected by the anticipated margins in the business and, as margins in the business reduce, the risk based capital ratio will increase. Our policy of managing down exposures as margins reduce is expected to help to compensate for the rise in ratio, limiting the additional capital required.

With the steps taken last year to improve the quality of debt finance, the Group now enjoys a more robust, flexible and higher quality balance sheet. The financial success of the last eighteen months has enhanced that position and our debt to total capital ratio now stands at 22.0% (31 December 2006: 22.9%). Our net debt to total capital ratio, after taking account of free cash available within the Group is nil (31 December 2006: nil). This, together with the long term nature of our debt and the existence of meaningful uncalled facilities, gives us increased confidence of being able to respond to opportunities and an upturn in the underwriting cycle, whilst maintaining risk based capital requirements and returning capital to shareholders.

The unknown at this stage is the extent of major event losses and we intend to consider plans for capital return following the end of this year's windstorm season.

As well as managing solvency capital, we are continually seeking to improve the quality of assets. We have continued to focus on managing reinsurance assets, which were materially increased following the 2005 hurricane season. Recoveries in the first half amounted to £45.8 million, increasing to £267 million the total collected to date in respect of the 2005 hurricanes, equivalent to 80.4% of notified reinsurance recoverables. Overall reinsurance balances have reduced from £604.6 million at the end of 2005 to £307.4 million at 30 June 2007.

On the investment front, markets have recently become more volatile as investors react to the slowing US housing market and sub-prime mortgage crisis. Generally our bond portfolios are conservative, with benchmarks based on government bonds, diversified and are short term in duration. Tables 6, 7 and 8 show the breakdown of our portfolios by type of asset, our asset/mortgage backed securities and corporate bond by credit quality, and the geographic disposition of the bond portfolio.

Table 6: Debt security by type

	At 30 Jun 2007		At 31 Dec 2006	
	£m	%	£m	%
Government securities	810.8	51.6	855.6	52.3
Government index-linked securities	21.8	1.4	44.2	2.7
Government agencies	46.8	3.0	2.1	0.1
Superannuation	5.7	0.4	16.8	1.0
Asset backed securities	106.5	6.8	137.3	8.4
Mortgage backed securities	201.2	12.8	207.5	12.7
Corporate bonds	303.1	19.3	297.9	18.2
Pooled vehicles	75.4	4.8	75.8	4.6
	1,571.3	100.0	1,637.2	100.0

Table 7: Credit rating of asset and mortgage backed debt securities and corporate bonds at 30 June 2007

Using Standard & Poor's as rating sources, the credit ratings of the Group's asset and mortgage backed securities are:

Credit rating	AAA	AA	A	BBB
Mortgage backed securities	100%	-	-	-
Asset backed securities - all	96.4%	1.8%	0.6%	1.1%
Asset backed securities - sub prime	95.0%	5.0%	-	-
Corporate bonds	9.1%	40.8%	32.0%	18.1%

Table 8: Debt security by location

	At 30 Jun 07	At 31 Dec 06
United Kingdom	16.7%	29.5%
USA and Canada	62.0%	61.4%
Europe (ex UK)	19.1%	7.5%
Far East	1.1%	0.9%
Emerging markets	0.9%	0.6%
Other	0.2%	0.1%
	100.0%	100.0%

Amlin has limited exposure to sub-prime mortgages, with most of our mortgage bond exposure focused on the prime end of the market. All of the sub-prime debt is included in the asset backed securities category. 2.4% of the Group's bond holdings were in bonds backed by sub-prime loans and of these, 95% were rated AAA and 5% AA. There were minimal holdings of asset backed collateralised debt obligations, the securities upon which much of the recent focus has been.

With the fall in government bond yields arising from the market turmoil, our overall bond portfolio has increased in value since the half year. Our equity portfolio, however, has given up some of the gains made in the first half. Taking our bond and equity portfolios together, their valuation had increased by approximately 0.7% in the period between 30 June 2007 and 24 August 2007, in spite of the turmoil in the markets, although for many of the debt securities liquidity is presently limited.

During the period we recorded an exchange loss of £16.2 million through consolidated reserves on the retranslation of Amlin's Bermudian companies. As Amlin Bermuda's business is predominantly dollar denominated risk, we have thus far opted not to hedge its balance sheet.

Underwriting risk

With the purchase of retrocessional and increased reinsurance cover as previously mentioned, the Group's combined potential major event losses have been reduced.

Our largest modelled loss at 1 July 2007, being a major Northeast US windstorm affecting several states, indicated a potential loss of £299 million, equivalent to 32.6% of net tangible assets at 30 June 2007. This compares with our largest modelled loss at 1 January 2007 of £364 million, which was a European windstorm affecting both the UK and several continental countries, which represented 41.8% of net tangible assets at 31 December 2006. It should be recognised that each of these are extreme events. All single zone events which we model are expected to incur losses materially less than these, in most cases less than £220 million.

Business development

We are entering a period where we believe that organic growth through competing on price in a softening market is inappropriate. We continue to develop our operational capability aimed at facilitating our ability to handle increased volumes of risk when conditions are right and improving our client service. In addition we will actively explore opportunities for enhancing our long term growth potential.

We will consider acquisitions where strategically they will help build the diversity of our portfolio so that we maintain a good balance of risk. Having grown the amount of catastrophe business which we underwrite with the start-up in 2005 of Amlin Bermuda, we will examine opportunities to balance that growth with more business which is not catastrophe exposed.

In July we purchased the Allied Cedar Insurance Group in the UK, which while modest, will provide us with greater access to UK property business, an area we are keen to grow when conditions improve. We are opening in Singapore in the fourth quarter to develop access to regional Asian business which does not reach the London market.

Of particular note is the progress we have made to enhance our electronic trading capability. During the period, we believe Amlin became the first organisation successfully to integrate with and receive live risks through a market hub using ACORD compliant messaging. Over 40% of our total reinsurance renewals for the April 2007 season were received in this way and we are now using this methodology for processing endorsements to policies, speeding up the process and increasing efficiency for our brokers.

Outlook

Over the next twelve months our future underwriting performance is underpinned by the current good margins in reinsurance, areas of our property account and the Marine division. At 30 June 2007 net unearned premium reserves were £722.0 million, 7.4% less than at the prior year (H1 2006: £779.4 million). The reduction is driven by lower gross written premium in 2007 coupled with higher recent rates of exchange. The final 2007 underwriting contribution will, as usual, be influenced by the extent of second half major event activity. As indicated, we have brought down overall net exposures for our largest modelled losses. We also expect losses from the July floods in the UK and from hurricane Dean to be only modest.

Looking further out, generally we expect that rating trends as a whole will soften over the next eighteen months. This is simply a reflection of the cyclical nature of our business, which is driven by net capital flows into, or out of, the industry. With the industry at large recording satisfactory profits, and capital returns to shareholders unlikely to match these flows, this will lead to greater competition. However, in a number of our larger classes, rates are still at or near their historic peaks and we anticipate that, overall, our portfolio will remain capable of generating a satisfactory margin in 2008.

Our aim, by focusing on the acceptability of underwriting margin, rather than growth in an increasingly competitive market, is to continue to deliver reasonable returns on equity, even through the trough of the underwriting cycle. We expect that our diversity will contribute to our ability to consistently deliver for our shareholders.

In recent years our out-performance of many of our competitors has been significant but, historically, the out-performance of the core syndicate business has grown as rating trends have softened. This has resulted from disciplined underwriting, with exposures reducing as rates decline. We intend to remain resolute in our core underwriting principles.

Large and unexpected claims activity, or recognition of unacceptable performance from consistent under pricing of risk usually turns an insurance cycle at the bottom. Two of our divisions are currently suffering from poor pricing – Aviation and UK Commercial. In our view the wider UK commercial market is trading with low, or non-existent profit margins, even before the impact of the recent floods is taken into account. If the financial pain in the UK market is sufficient, taking account of the flood losses, it may result in an improvement in rating.

Since Hurricane Katrina in 2005 there has been increased divergence in the cyclical patterns between our business classes. It is very possible that we will experience improving trading conditions in the UK commercial market which will help offset the loss of margin in the marine, property and reinsurance accounts. If this occurs, it will help us sustain better returns than we would have previously envisaged during the next trough of the London market insurance cycle.

Notwithstanding the recent turmoil in financial markets, the consequential fall in yield of government bonds in recent weeks has resulted in good overall second half bond performance to date. The outlook for the equity content of our portfolio will depend on the extent to which the fall out from the “sub-prime” debacle affects the economic outlook of major economies.

The earnings outlook for both 2007 and 2008 are good with 2007 holding out prospects, subject to second half catastrophe activity, of being a further excellent year. With our stable team of high quality underwriters, who have a record of stronger out-performance in softer market conditions, and a significantly improved risk management capability since the last soft market, we are confident of our ability to trade successfully through the more challenging times when they come.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2007

	Notes	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Gross premium earned	4,5	572.8	533.6	1,087.3
Insurance premium revenue from the receipt of reinsurance to close	5	-	78.8	78.8
Reinsurance premium ceded	4,5	(58.3)	(51.8)	(113.4)
Net earned premium	5	514.5	560.6	1,052.7
Investment return	6	65.3	37.7	115.1
Other operating income		1.8	1.0	1.8
Total income		581.6	599.3	1,169.6
Insurance claims	4,7	(237.4)	(271.4)	(460.7)
Insurance claims relating to the receipt of reinsurance to close	7	-	(78.8)	(78.8)
Insurance claims recovered from reinsurers	4,7	17.6	37.1	58.5
Net insurance claims and loss adjustment expenses	7	(219.8)	(313.1)	(481.0)
Expenses for the acquisition of insurance contracts	8	(100.7)	(97.4)	(195.4)
Other operating expenses	9	(66.3)	(56.3)	(126.7)
Total expenses		(167.0)	(153.7)	(322.1)
Results of operating activities		194.8	132.5	366.5
Finance costs		(9.8)	(12.4)	(23.8)
Profit before tax		185.0	120.1	342.7
Tax	10	(36.4)	(25.2)	(74.9)
Total recognised profit for the period/year		148.6	94.9	267.8
Attributable to:				
Equity holders of the Parent Company		148.6	94.9	267.5
Minority Interests		-	-	0.3
		148.6	94.9	267.8
Earnings per share from continuing operations attributable to equity holders of the Parent Company				
Basic	12	27.9p	17.9p	50.4p
Diluted	12	27.5p	17.7p	49.8p

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2007

	Notes	Share capital £m	Share premium account £m	Other reserves £m	Treasury shares £m	Minority interest £m	Retained earnings £m	Total £m
At 1 January 2007		133.5	347.6	(21.8)	(0.6)	0.3	477.4	936.4
Net purchase of treasury shares		-	-	-	(1.5)	-	-	(1.5)
Gains on revaluation of employee share ownership trust recognised directly in equity		-	-	-	-	-	-	-
Currency translation differences on overseas operations		-	-	(16.2)	-	-	-	(16.2)
Deferred tax		-	-	(1.1)	-	-	-	(1.1)
Profit for the financial period		-	-	-	-	-	148.6	148.6
Total recognised income for the period		-	-	(17.3)	(1.5)	-	148.6	129.8
Employee share option schemes:								
- share based payment reserve		-	-	0.4	-	-	-	0.4
- proceeds from shares issued		0.5	1.7	-	-	-	-	2.2
Dividends paid	11	-	-	-	-	-	(84.4)	(84.4)
		0.5	1.7	0.4	-	-	(84.4)	(81.8)
At 30 June 2007		134.0	349.3	(38.7)	(2.1)	0.3	541.6	984.4

	Notes	Share capital £m	Share premium account £m	Other reserves £m	Treasury shares £m	Minority interest £m	Retained earnings £m	Total £m
At 1 January 2006		132.5	344.0	52.7	(1.7)	-	257.3	784.8
Net sale of treasury shares		-	-	-	1.0	-	-	1.0
Gains on revaluation of employee share ownership trust recognised directly in equity		-	-	0.3	-	-	-	0.3
Currency translation differences on overseas operations		-	-	(42.1)	-	-	-	(42.1)
Deferred tax		-	-	(0.2)	-	-	-	(0.2)
Profit for the financial period		-	-	-	-	-	94.9	94.9
Total recognised income for the period		-	-	(42.0)	1.0	-	94.9	53.9
Employee share option schemes:								
- share based payment reserve		-	-	-	-	-	0.5	0.5
- proceeds from shares issued		0.8	2.1	-	-	-	-	2.9
Dividends paid	11	-	-	-	-	-	(25.0)	(25.0)
		0.8	2.1	-	-	-	(24.5)	(21.6)
At 30 June 2006		133.3	346.1	10.7	(0.7)	-	327.7	817.1

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2007 (continued)

	Notes	Share capital £m	Share premium £m	Other reserves £m	Treasury shares £m	Minority interest £m	Retained earnings £m	Total £m
At 1 January 2006		132.5	344.0	52.7	(1.7)	-	257.3	784.8
Net sale of treasury shares		-	-	-	1.1	-	-	1.1
Gains on revaluation of employee share ownership trust recognised directly in equity		-	-	0.2	-	-	-	0.2
Currency translation differences on overseas operations		-	-	(77.2)	-	-	-	(77.2)
Gain on defined benefit scheme		-	-	0.1	-	-	-	0.1
Deferred tax		-	-	1.3	-	-	-	1.3
Profit for the financial year		-	-	-	-	0.3	267.5	267.8
Total recognised income for the year		-	-	(75.6)	1.1	0.3	267.5	193.3
Employee share option scheme:								
- share based payment reserve		-	-	1.1	-	-	-	1.1
- proceeds from shares issued		1.0	3.6	-	-	-	-	4.6
Dividends paid	11	-	-	-	-	-	(47.4)	(47.4)
		1.0	3.6	1.1	-	-	(47.4)	(41.7)
At 31 December 2006		133.5	347.6	(21.8)	(0.6)	0.3	477.4	936.4

CONDENSED CONSOLIDATED BALANCE SHEET
At 30 June 2007

		30 June 2007	30 June 2006	31 December 2006
ASSETS	Notes	£m	£m	£m
Cash and cash equivalents		12.7	31.8	16.5
Financial investments at fair value through income	13	2,413.2	2,247.0	2,367.7
Reinsurance assets				
- reinsurers' share of outstanding claims	14	307.4	448.8	357.0
- reinsurers' share of unearned premiums	14	52.8	53.4	37.7
- debtors arising from reinsurance operations	14	431.7	415.3	300.6
Loans and receivables, including insurance receivables				
- insurance receivables		296.7	372.6	216.3
- loans and receivables		82.8	78.1	51.6
Current income tax assets		7.1	1.5	6.3
Deferred tax assets	15	16.4	20.1	20.9
Property and equipment		5.8	6.5	6.2
Intangible assets	16	66.0	66.0	66.0
Total assets		3,692.6	3,741.1	3,446.8
EQUITY				
Share capital	17	134.0	133.3	133.5
Share premium account		349.3	346.1	347.6
Other reserves		(38.7)	10.7	(21.8)
Treasury shares		(2.1)	(0.7)	(0.6)
Retained earnings		541.6	327.7	477.4
Equity attributable to equity holders of the parent		984.1	817.1	936.1
Minority		0.3	-	0.3
Total equity and reserves		984.4	817.1	936.4
LIABILITIES				
Insurance contracts				
- outstanding claims	14	1,402.7	1,552.1	1,417.5
- unearned premiums	14	774.8	832.8	545.5
- creditors arising from insurance operations	14	35.1	47.5	68.6
Trade and other payables		83.9	50.0	68.4
Current income tax liabilities		29.0	28.3	28.7
Financial liabilities – borrowings	18	276.8	330.4	278.8
Retirement benefit obligations		2.9	7.9	7.5
Deferred tax liabilities	15	103.0	75.0	95.4
Total liabilities		2,708.2	2,924.0	2,510.4
Total liabilities and shareholders' equity		3,692.6	3,741.1	3,446.8

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2007

	Notes	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Cash generated from operations	19	53.7	(77.3)	(20.2)
Income taxes paid		(25.9)	(17.5)	(50.4)
Net cash generated from/(used in) operating activities		27.8	(94.8)	(70.6)
Cash flows from investing activities				
Interest received		48.4	53.3	97.5
Dividends received		5.1	2.7	4.5
Purchase of property, plant and equipment		(1.0)	(1.9)	(3.6)
Net cash generated from/(used in) investing activities		52.5	54.1	98.4
Cash flows from financing activities				
Proceeds from issue of ordinary shares		2.2	2.9	4.6
Proceeds from borrowings		-	227.7	227.7
Repayment of borrowings		-	(188.8)	(238.0)
Dividends paid to shareholders	11	(84.4)	(25.0)	(47.4)
Interest paid		(1.8)	(9.9)	(24.1)
Net cash (used in)/generated from financing activities		(84.0)	6.9	(77.2)
Net decrease in cash and cash equivalents		(3.7)	(33.8)	(49.4)
Cash and cash equivalents at beginning of period		16.5	65.6	65.6
Effect of rate changes on cash and cash equivalents		(0.1)	-	0.3
Cash and cash equivalents at end of period/year		12.7	31.8	16.5

1. Basis of preparation of Condensed Interim Financial Statements

The financial information contained in this document for the year ended 31 December 2006 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 December 2006 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The interim financial statements were approved by the Board on 29 August 2007.

2. Accounting policies

The interim financial statements have been prepared in accordance with the Listing Rules of the Financial Services Authority (FSA) and computed in accordance with International Financial Reporting Standards (IFRS).

The same accounting policies, presentation and methods of computation are followed in the interim financial statements as applied in the Group's latest annual audited financial statements.

Change in accounting policies

In the current financial year, the Group will adopt IFRS 7 'Financial instruments: Disclosures' for the first time. As IFRS 7 is a disclosure standard, there is no impact of that change in accounting policy on the interim financial statements. Full details of the change will be disclosed in our annual report for the year ending 31 December 2007.

3. Seasonality of interim operations

The Group derives insurance premium revenue from a diverse range of underwriting classes and geographical locations. Depending on the class and location of the risk, there may be a seasonal pattern to incidence of claims. A large proportion of the Group's premium revenue originates in North America (49% at 31 December 2006) where it may be exposed to large risk losses as a result of windstorms. The US hurricane season from May to November and the level of windstorm activity arising during this period may materially impact on the Group's claims experience during the second half of 2007.

The table below shows the Group's historical claims ratios for the 6 month periods to 30 June and 31 December.

	Claims Ratio		
	H1	H2	Full Year
2000	81%	87%	84%
2001	73%	101%	87%
2002	73%	53%	63%
2003	51%	51%	51%
2004	42%	58%	50%
2005	44%	70%	57%
2006	49%	33%	41%

4 Segmental reporting

The tables below show segmental information by business segment. Business segments are primary segments and represent the way in which the business is managed. The London market business segments comprise Aviation, Non-Marine, Marine and UK commercial business. Amlin Bermuda Limited writes reinsurance business, including reinsurance ceded by Syndicate 2001. Further information on the performance of each segment is provided in the statement accompanying this interim report.

Income and expenses by business segment Six months ended 30 June 2007	Aviation £m	Non-marine £m	Marine £m	UK Commercial £m	Total UK divisions £m	Amlin Bermuda Ltd £m	Intra group £m	Other technical £m	Total £m
Gross premium written									
Analysed by geographic segment									
UK	7.5	46.2	46.5	76.4	176.6	86.5	(73.3)	-	189.8
US	13.3	263.0	28.9	0.1	305.3	50.8	-	-	356.1
Europe	9.8	34.6	26.6	3.5	74.5	9.7	-	-	84.2
Worldwide	0.2	16.0	14.7	1.2	32.1	-	-	-	32.1
Other	6.0	78.0	28.5	7.8	120.3	22.7	-	-	143.0
Total	36.8	437.8	145.2	89.0	708.8	169.7	(73.3)	-	805.2
Gross premium earned	39.3	287.4	104.4	82.9	514.0	101.6	(42.8)	-	572.8
Reinsurance premium ceded	(15.4)	(51.3)	(19.4)	(11.1)	(97.2)	(0.1)	38.9	0.1	(58.3)
Net premium earned	23.9	236.1	85.0	71.8	416.8	101.5	(3.9)	0.1	514.5
Insurance claims and loss adjusting expenses	(17.5)	(89.7)	(61.9)	(50.8)	(219.9)	(40.1)	23.0	(0.4)	(237.4)
Reinsurance recoveries	8.6	8.4	13.9	8.1	39.0	-	(21.6)	0.2	17.6
Underwriting expenses	(9.8)	(77.3)	(32.7)	(16.8)	(136.6)	(12.5)	2.5	3.8	(142.8)
Profit attributable to underwriting	5.2	77.5	4.3	12.3	99.3	48.9	-	3.7	151.9
Investment return	-	-	-	-	45.3	20.0	-	-	65.3
Agency expenses (1)	(1.1)	(6.8)	(2.4)	(2.5)	(12.8)	-	12.8	-	-
Other non-underwriting expenses (2)	-	-	-	-	-	-	-	-	(22.4)
Financing costs (2)	-	-	-	-	-	-	-	-	(9.8)
Profit before taxation	-	-	-	-	-	-	-	-	185.0
Combined ratio	78%	67%	95%	83%	76%	52%	-	-	71%

(1) Agency expenses allocated to segments represent fees and commissions payable to Amlin Underwriting Limited.

(2) Other non-underwriting expenses and financing costs are incurred in support of the entire business of the Group and are not allocated to particular segments.

(3) Excludes insurance premium from the receipt of reinsurance to close (refer note 5)

Assets and liabilities by business segment At 30 June 2007	Aviation £m	Non- marine £m	Marine £m	UK Commercial £m	Total UK divisions £m	Amlin Bermuda Ltd £m	Intra group £m	Other technical £m	Total £m
<i>Assets</i>									
Assets attributable to business segments	265.9	1,128.4	444.4	543.4	2,382.1	900.9	(82.3)	9.4	3,210.1
Assets that cannot be allocated to business segments	-	-	-	-	482.5	-	-	-	482.5
Total Assets									3,692.6
<i>Liabilities</i>									
Liabilities attributable to business segments	259.9	982.0	439.3	526.8	2,208.0	251.2	(82.3)	7.8	2,384.7
Liabilities that cannot be allocated to business segments	-	-	-	-	323.5	-	-	-	323.5
Total liabilities									2,708.2
Total net assets									984.4

4. Segmental reporting (continued)

Income and expenses by business segment Six months ended 30 June 2006	Aviation £m	Non- marine £m	Marine £m	UK Commercial £m	Total UK divisions £m	Amlin Bermuda Ltd £m	Intra group £m	Other technical £m	Total £m
Gross premium written									
Analysed by geographic segment									
UK	9.6	43.5	49.7	78.4	181.2	91.6	(83.7)	-	189.1
US	16.0	284.7	35.0	0.1	335.8	50.8	-	-	386.6
Europe	8.9	33.6	28.3	3.6	74.4	3.2	-	-	77.6
Worldwide	0.3	15.2	16.1	0.8	32.4	-	-	-	32.4
Other	7.6	98.0	31.9	6.9	144.4	16.2	-	(0.1)	160.5
Total	42.4	475.0	161.0	89.8	768.2	161.8	(83.7)	(0.1)	846.2
Gross premium earned (3)	45.1	281.0	97.3	87.4	510.8	45.9	(23.0)	(0.1)	533.6
Reinsurance premium ceded	(15.3)	(34.3)	(13.8)	(8.4)	(71.8)	-	20.0	-	(51.8)
Net premium earned	29.8	246.7	83.5	79.0	439.0	45.9	(3.0)	(0.1)	481.8
Insurance claims and loss adjusting									
Expenses	(36.9)	(99.0)	(76.0)	(52.5)	(264.4)	(16.9)	10.2	(0.3)	(271.4)
Reinsurance recoveries	12.1	0.9	28.7	3.2	44.9	-	(8.0)	0.2	37.1
Underwriting expenses	(12.6)	(82.2)	(33.4)	(19.0)	(147.2)	(5.4)	0.8	6.1	(145.7)
Profit attributable to underwriting	(7.6)	66.4	2.8	10.7	72.3	23.6	-	5.9	101.8
Investment return	-	-	-	-	24.5	13.2	-	-	37.7
Agency expenses (1)	(1.1)	(5.9)	(1.5)	(1.9)	(10.4)	-	10.4	-	-
Other non-underwriting expenses (2)	-	-	-	-	-	-	-	-	(7.0)
Financing costs (2)	-	-	-	-	-	-	-	-	(12.4)
Profit before taxation									120.1
Combined ratio	126%	73%	97%	87%	84%	49%			79%

Assets and liabilities by business segment At 30 June 2006	Aviation £m	Non- marine £m	Marine £m	UK Commercial £m	Total UK divisions £m	Amlin Bermuda Ltd £m	Intra group £m	Other technical £m	Total £m
Assets									
Assets attributable to business segments	275.1	1,247.2	465.0	539.6	2,526.9	708.9	(135.9)	13.5	3,113.4
Assets that cannot be allocated to business segments					627.7				627.7
Total Assets									3,741.1
Liabilities									
Liabilities attributable to business segments	278.5	1,200.2	445.3	502.7	2,426.7	130.8	(135.9)	11.7	2,433.3
Liabilities that cannot be allocated to business segments					490.7				490.7
Total liabilities									2,924.0
Total net assets									817.1

4. Segmental reporting (continued)

Income and expenses by business segment Year ended 31 December 2006	Aviation £m	Non-marine £m	Marine £m	Commercial UK £m	Total UK divisions £m	Amlin Bermuda Ltd £m	Intra group £m	Other technical £m	Total £m
Gross premiums written									
Analysed by geographic segment									
UK	12.7	49.5	53.1	133.7	249.0	110.3	(100.8)	-	258.5
US	29.5	344.2	51.6	0.3	425.6	88.8	-	-	514.4
Europe	14.1	37.9	39.5	5.8	97.3	3.7	-	-	101.0
Worldwide	0.4	15.8	19.2	1.6	37.0	1.8	-	-	38.8
Other	19.0	107.2	47.5	8.6	182.3	18.9	-	(0.1)	201.1
Total	75.7	554.6	210.9	150.0	991.2	223.5	(100.8)	(0.1)	1,113.8
Gross premiums earned (3)	88.8	569.5	192.7	163.2	1,014.2	132.5	(59.3)	(0.1)	1,087.3
Reinsurance premiums ceded	(29.2)	(87.3)	(31.8)	(21.4)	(169.7)	-	56.3	-	(113.4)
Net premiums earned	59.6	482.2	160.9	141.8	844.5	132.5	(3.0)	(0.1)	973.9
Insurance claims and loss adjusting expenses	(48.9)	(179.8)	(111.0)	(103.0)	(442.7)	(47.5)	29.8	(0.3)	(460.7)
Reinsurance recoveries	19.6	7.7	41.2	20.6	89.1	-	(30.8)	0.2	58.5
Underwriting expenses	(24.0)	(162.4)	(67.6)	(37.8)	(291.8)	(16.0)	4.0	-	(303.8)
Profit attributable to underwriting	6.3	147.7	23.5	21.6	199.1	69.0		(0.2)	267.9
Investment Return	-	-	-	-	83.1	32.0	-	-	115.1
Personal expenses (1)	(2.6)	(14.3)	(3.3)	(4.5)	(24.7)	-	24.7	-	-
Other non-underwriting expenses (2)	-	-	-	-	-	-	-	-	(16.5)
Financing costs (2)	-	-	-	-	-	-	-	-	(23.8)
Profit before taxation									342.7
Combined ratio	89%	69%	85%	85%	76%	48%			72%

Assets and liabilities by business segment At 31 December 2006	Aviation £m	Non- marine £m	Marine £m	UK Commercial £m	Total UK divisions £m	Amlin Bermuda Ltd £m	Intra group £m	Other technical £m	Total £m
Assets									
Assets attributable to business segments	268.1	1,012.8	417.4	546.0	2,244.3	739.4	(99.6)	13.5	2,897.6
Assets that cannot be allocated to business segments					549.2				549.2
Total Assets									3,446.8
Liabilities									
Liabilities attributable to business segments	255.4	873.2	374.0	492.4	1,995.0	135.7	(99.6)	11.7	2,042.8
Liabilities that cannot be allocated to business segments					467.6				467.6
Total liabilities									2,510.4
Total net assets									936.4

5. Net earned premium

	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Insurance contracts premium			
Gross premium written	805.2	846.2	1,113.8
Change in unearned premium provision	(232.4)	(312.6)	(26.5)
Gross premium earned	572.8	533.6	1,087.3
Insurance premium from the receipt of reinsurance to close	-	78.8	78.8
Reinsurance premium ceded			
Reinsurance premium payable	(72.3)	(79.8)	(100.3)
Change in unearned reinsurance premium provision	14.0	28.0	(13.1)
	(58.3)	(51.8)	(113.4)
Net earned premium	514.5	560.6	1,052.7

The insurance premium from the receipt of reinsurance to close at 30 June 2006 and 31 December 2006 represents the premium received from the third party syndicate members on the 2003 year of account who sold the remainder of their capacity to Amlin for the following year of account. An identical amount is recorded as a movement in claims, representing the additional liabilities taken on by Amlin from the third party members. Overall these transactions had no impact on profit for the period.

6. Investment return

	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Investment income			
- dividend income	5.1	2.7	4.5
- interest income	48.4	51.1	67.7
Cash and cash equivalents interest income	2.2	2.2	26.5
	55.7	56.0	98.7
Net realised gains/(losses) on financial assets			
- equity securities	10.1	8.6	7.4
- debt securities	(5.4)	(14.2)	(0.3)
	4.7	(5.6)	7.1
Net fair value gains/(losses) on assets at fair value through income statement			
- property funds	1.7	-	-
- equity securities	12.0	(0.1)	10.3
- debt securities	(8.8)	(12.6)	(1.0)
	4.9	(12.7)	9.3
	65.3	37.7	115.1

7. Insurance claims and loss adjustment expenses

	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Gross			
Current year insurance claims and loss adjustment expenses	282.0	288.4	515.7
Reduced costs for prior period insurance claims	(44.6)	(17.0)	(55.0)
	237.4	271.4	460.7
Insurance claims and loss adjustment expenses relating to the receipt of reinsurance to close (Note 5)	-	78.8	78.8
Reinsurance			
Current year insurance claims and loss adjustment expenses recoverable from reinsurers	(21.3)	(28.1)	(44.7)
Reduced costs for prior period claims recoverable from reinsurers	3.7	(9.0)	(13.8)
	(17.6)	(37.1)	(58.5)
Total net insurance claims and loss adjustment expenses	219.8	313.1	481.0

8. Expenses for the acquisition of insurance contracts

	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Expenses for the acquisition of insurance contracts	144.6	162.0	203.4
Changes in deferred expenses for the acquisition of insurance contracts	(43.9)	(64.6)	(8.0)
	100.7	97.4	195.4

9. Other operating expenses

	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Foreign exchange losses on non-monetary assets and liabilities	5.1	19.7	27.9
Other foreign exchange losses/(gains)	0.2	(8.0)	(1.0)
	5.3	11.7	26.9
Administrative and other expenses	61.0	44.6	99.8
	66.3	56.3	126.7

10. Income tax expense

	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Current tax			
- UK corporation tax	24.5	28.3	57.0
- Prior period under provision	0.1	-	-
- Foreign tax	0.8	0.1	(0.1)
	25.4	28.4	56.9
Deferred tax			
- Current year movement in asset	3.0	4.0	4.8
- Charge resulting from reduction in UK tax rate	0.4	-	-
	3.4	4.0	4.8
- Current year movement in liabilities	10.1	(7.2)	13.2
- Prior period over provision	(0.3)	-	-
- Credit resulting from reduction in UK tax rate	(2.2)	-	-
	7.6	(7.2)	13.2
Total tax expense	36.4	25.2	74.9

In addition to the above £1.1 million (June 2006: £0.2million) has been credited directly to equity.

11. Dividends

The amounts recognised as distributions to equity holders are as follows:

	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Final dividend for the year ended:			
- 31 December 2006 of 7.8 pence per ordinary share	41.7		
- 31 December 2005 of 6.2 pence per ordinary share		25.0	25.0
Interim dividend for the year ended:			
- 31 December 2006 of 4.2 pence per ordinary share			22.4
Special dividend for the year ended:			
- 31 December 2006 of 8.0 pence per ordinary share	42.7		
	84.4	25.0	47.4

The interim dividend of 5.0p per ordinary share for 2007, amounting to £26.8 million, was approved by the Board on 29 August 2007 and has not been included as a liability as at 30 June 2007.

12. Earnings per share

Earnings per share are based on the profit attributable to shareholders and the weighted average number of shares in issue during the period. Shares held by the Employee Share Ownership Trust ('ESOT') are excluded from the weighted average number of shares as the ESOT waives the right to dividends in excess of 0.01p per each share ranking for an interim or final dividend.

Basic and diluted earnings per share are as follows:

	6 months 2007	6 months 2006	12 months 2006
Profit for the period/year attributable to equity holders	£148.6m	£94.9m	£267.5m
Weighted average number of shares in issue	533.4m	530.8m	531.8m
Dilutive shares	6.9m	7.5m	6.4m
Adjusted average number of shares in issue	540.3m	538.3m	538.2m
Basic earnings per share	27.9p	17.9p	50.4p
Diluted earnings per share	27.5p	17.7p	49.8p

Basic and tangible net assets per share are as follows:

	30 June 2007	30 June 2006	31 December 2006
Net assets	£984.1m	£817.1m	£936.1m
Adjustments for intangible assets	£(66.0m)	£(66.0m)	£(66.0m)
Tangible net assets	£918.1m	£751.1m	£870.1m
Number of shares in issue at end of period/year	536.0m	533.0m	534.0m
Adjustment for ESOT shares	(1.3m)	(0.8m)	(0.8m)
Basic number of shares after ESOT adjustment	534.7m	532.2m	533.2m
Net assets per share	184.0p	153.5p	175.6p
Tangible net assets per share	171.7p	141.1p	163.2p

13. Financial investments

	At valuation 30 June 2007 £m	At valuation 30 June 2006 £m	At valuation 31 December 2006 £m
Shares and other variable yield securities	263.1	171.0	248.3
Debt and other fixed income securities	1,555.9	1,214.8	1,599.6
Participation in investment pools	466.9	783.5	126.6
Deposits with credit institutions	12.5	2.5	294.2
Overseas deposits	52.2	59.1	55.9
Property funds	60.8	14.3	43.1
Other	1.8	1.8	-
	2,413.2	2,247.0	2,367.7
In Group owned companies	1,198.1	1,082.4	1,105.0
In Syndicate 2001	1,210.8	1,159.0	1,257.1
In non-aligned syndicates (refer note 14)	4.3	5.6	5.6
	2,413.2	2,247.0	2,367.7
Listed investments included in Group:			
Shares and other variable yield securities and property funds	323.9	171.0	291.4
Debt and other fixed income securities	1,555.9	171.2	1,596.7
	1,879.8	342.2	1,888.1

Overseas Deposits represent balances held with overseas regulators to permit underwriting in certain territories. Assets are managed by Lloyd's on a pooled basis.

All financial investments are classified as fair value, with all gains and losses, realised and unrealised, recorded through the income statement. Fixed maturity and equity securities are classified as trading assets as the Group buys with the intention to resell.

Using Standard & Poor's and Moody's as rating sources, the credit ratings of the Group's investments in debt and other fixed income securities is set out below:

Credit rating	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
AAA/Aaa	1,193.2	1,015.9	1,257.0
AA/Aa	125.7	79.6	78.6
A	99.3	89.1	151.5
BBB/Baa	58.0	25.0	57.2
	1,476.2	1,209.6	1,544.3
Non-aligned syndicates	4.3	5.2	5.3
Pooled debt funds for which rating not available	75.4 ³	-	50.0
	1,555.9	1,214.8	1,599.6

³ The weighted average credit rating for UK pooled debt (£49.8 million) is AAA-, for US pooled debt (£25.6 million) is AA+

14. Insurance contracts and reinsurance assets

	Claims reserves £m	Unearned premium reserves £m	Other insurance assets and liabilities £m	Total £m
Insurance liabilities				
At 1 January 2006	1,704.3	523.8	114.8	2,342.9
Movement in period	(77.1)	309.0	(61.6)	170.3
Exchange adjustments	(75.1)	-	(5.7)	(80.8)
At 30 June 2006	1,552.1	832.8	47.5	2,432.4
Movement in period	(79.7)	(281.3)	25.5	(335.5)
Exchange adjustments	(54.9)	(6.0)	(4.4)	(65.3)
At 31 December 2006	1,417.5	545.5	68.6	2,031.6
Movement in period	2.6	233.2	(32.1)	203.7
Exchange adjustments	(17.4)	(3.9)	(1.4)	(22.7)
At 30 June 2007	1,402.7	774.8	35.1	2,212.6

From 1994 to 1999 the Group participated on a number of Lloyd's syndicates other than those managed by the Group. From 2000 the Group ceased to underwrite directly on non-aligned syndicates. However, a number of syndicates remain "open" and Amlin's liabilities are still to be finalised. Provisions are made for potential future insurance claims. Included within the claims provisions in the table above are provisions in respect of "non-aligned syndicate participations" of £4.1 million (31 December 2006: £4.2 million).

The claims reserves are further analysed between notified outstanding claims and incurred but not reported claims below:

	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
Notified outstanding claims	784.0	960.2	843.4
Claims incurred but not reported	618.7	591.9	574.1
Insurance contracts claims reserve	1,402.7	1,552.1	1,417.5

	Claims reserves £m	Unearned premium reserves £m	Other insurance assets and liabilities £m	Total £m
Reinsurance assets				
At 1 January 2006	604.6	24.2	387.3	1,016.1
Movement in period	(125.4)	29.2	47.5	(48.7)
Exchange adjustments	(30.4)	-	(19.5)	(49.9)
At 30 June 2006	448.8	53.4	415.3	917.5
Movement in period	(73.3)	(15.7)	(102.0)	(191.0)
Exchange adjustments	(18.5)	-	(12.7)	(31.2)
At 31 December 2006	357.0	37.7	300.6	695.3
Movement in period	(44.3)	15.1	136.9	107.7
Exchange adjustments	(5.3)	-	(5.8)	(11.1)
At 30 June 2007	307.4	52.8	431.7	791.9

15. Deferred tax

The deferred tax asset is attributable to timing differences arising on the following:

	Provisions for losses £m	Other provisions £m	Capital losses £m	Pensions provisions £m	Other timing differences £m	Total £m
At 1 January 2007	1.1	5.7	5.4	2.0	6.7	20.9
Movement in period	(0.1)	(0.2)	(2.3)	(1.4)	0.6	(3.4)
Movement through equity in the period	-	-	-	-	(1.1)	(1.1)
At 30 June 2007	1.0	5.5	3.1	0.6	6.2	16.4
At 30 June 2006	1.2	6.0	4.4	2.0	6.5	20.1

The deferred tax liability is attributable to timing differences arising on the following:

	Underwriting results £m	Unrealised capital gains £m	Syndicate capacity £m	Overseas earnings £m	Total £m
At 1 January 2007	76.0	6.4	4.1	8.9	95.4
Movement in period	1.5	1.5	0.1	4.5	7.6
At 30 June 2007	77.5	7.9	4.2	13.4	103.0
At 30 June 2006	63.9	4.4	3.4	3.3	75.0

The underwriting results of the Group's participation on Syndicate 2001 are taxed when profits are distributed from the Syndicate in the year following the closure of that underwriting year. An underwriting year usually closes 3 years after its commencement, accordingly deferred tax is provided for profits attributable to each underwriting year prior to closure which are included in the annual accounting result. The provision is released only when the underwriting year result is distributed and taxed. As a result the deferred tax provisions contains amounts relating to the future tax liabilities arising on the 2004, 2005, 2006 and 2007 underwriting year results that have been accounted for in the Group's income statement to date.

16. Intangible assets

	Purchased syndicate participations £m	Goodwill £m	Total £m
Net book value			
At 30 June 2007, 30 June 2006 and 31 December 2006	63.2	2.8	66.0

17. Share capital

Authorised ordinary shares of 25p each	Number	£m
At 30 June and 31 December 2006	800,000,000	200.0
At 30 June 2007	800,000,000	200.0

Allotted, called up and fully paid	Number	£m
At 1 January 2006	530,113,127	132.5
Shares issued on exercise of options	2,928,361	0.8
At 30 June 2006	533,041,488	133.3
Shares issued on exercise of options	965,232	0.2
At 31 December 2006	534,006,720	133.5
Shares issued on exercise of options	2,014,756	0.5
At 30 June 2007	536,021,476	134.0

18. Financial liabilities – borrowings

	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
Bank loans falling due in less than one year	-	49.6	0.9
Bank loans falling due after more than one year	-	0.1	-
Subordinated bonds	276.8	280.7	277.9
	276.8	330.4	278.8

The Group's borrowings comprise three issues of subordinated debt and a debt facility arrangement with a consortium of banks.

Details of the subordinated bond issues are as follows:

Issue date	Principal amount	Reset date	Maturity date	Interest rate to reset date %	Interest rate from reset date to maturity date %
23 November 2004	\$50m	November 2014	November 2019	7.11	LIBOR + 3.48
15 March 2005	\$50m	March 2015	March 2020	7.28	LIBOR + 3.32
20 April 2006	£230m	December 2016	April 2026	6.50	LIBOR + 2.66

The bonds will be redeemed on the maturity dates at the principal amounts, together with accrued interest. The Company has the option to redeem the bonds in whole, subject to certain requirements, on the reset dates or any interest payment date thereafter at the principal amount plus accrued interest.

18. Financial liabilities – borrowings (continued)

On 13 November 2006 the Company entered into a debt facility with its banks which is available for three years from the signing date and provides an unsecured £200 million multicurrency revolving credit facility available by way of cash advances or sterling letters of credit (LOC). The facility is guaranteed by the Company's subsidiaries Amlin Corporate Services Limited and Amlin Investments Limited.

In December 2006 Amlin Bermuda Ltd entered into a \$300 million LOC and Revolving Credit Facility. The facility comprised a secured LOC facility for \$200 million for a three year term and an unsecured revolving credit facility for \$100 million for a term of 364 days, twice renewable. The LOC facility is secured by a registered charge over a portfolio of assets managed by Aberdeen Asset Management Limited with State Street Bank and Trust Company as custodian. As at 30 June 2007 \$10.8 million (31 December 2006: \$1.7 million) LOCs were issued.

19. Cash generated from operations

	6 months 2007 £m	6 months 2006 £m	12 months 2006 £m
Profit on ordinary activities before taxation	185.0	120.1	342.7
Adjustments for non-operating cash movements:			
Depreciation charge	1.3	1.4	3.2
Interest paid	9.8	9.9	24.1
Interest received	(50.6)	(53.3)	(97.5)
Dividends received	(5.1)	(2.7)	(4.5)
Net realised/unrealised (gains)/losses on investments	(9.6)	18.3	(16.4)
Net purchases of financial investment	(51.0)	(227.7)	(349.4)
(Increase)/decrease in loans and receivables	(111.3)	(151.8)	79.3
(Increase)/decrease in reinsurance contract assets	(96.7)	98.6	320.8
Increase/(decrease) in insurance contract liabilities	181.1	89.7	(311.1)
Increase in trade and other payables	6.7	24.6	1.3
Decrease in retirement benefits	(4.6)	(4.4)	(4.9)
Exchange gains	(1.3)	-	(11.6)
Other non-cash movements	-	-	3.8
Cash generated from operations	53.7	(77.3)	(20.2)

The Group classifies the cash flows for the purchase and disposal of financial assets in its operating cash flows, as the purchases are funded from the cash flows associated with the origination of insurance contracts or the capital required to support underwriting, net of the cash flows for payments of insurance claims. Therefore cash generated from operations is net of £51 million (30 June 2006: £227.7 million) being cash generated in the period that has been used to purchase financial investments.

Cash flows relating to participations on syndicates not managed by the Group are included only to the extent that cash is transferred between the Premium Trust Funds and the Group.

20. Contingent liabilities

The Group has entered into various deeds of covenant in respect of certain subsidiaries to meet each such subsidiary's obligations to Lloyd's. At 30 June 2007, the total guarantee given by the Group under these deeds of covenant (subject to limited exceptions) amounted to £382.1 million (31 December 2006: £382.1 million; 30 June 2006: £276.7m). The obligations under the deeds of covenant are secured by a fixed charge over investments of the same value at the relevant valuation date and a floating charge over all the investments and other assets of Amlin Investments Limited, in favour of Lloyd's. A floating charge granted to Lloyd's by the Company was released by Lloyd's in January 2007. Lloyd's has the right to retain the income on the charged investments, although it is not expected to exercise this right unless it considers there to be a risk that one or more of the covenants might need to be called and, if called, might not be honoured in full.

As liability under each deed of covenant is limited to a fixed monetary amount the enforcement by Lloyd's of any deed of covenant in the event of a default by a corporate member, where the total value of investments has fallen below the total of all amounts covenanted, may result in the appropriation of a share of the Group's Funds at Lloyd's that is greater than the proportion which that subsidiary's overall premium limit bears to the total overall premium limit of the Group's Lloyd's underwriting.

The secured LOC facility for Amlin Bermuda Ltd (see note 18) is secured by a registered charge over a portfolio of assets managed by Aberdeen Asset Management Limited with State Street Bank and Trust Company as custodian. As at 30 June 2007 \$10.8 million (31 December 2006: \$1.7 million) LOCs were issued.

21. Related party transactions

Reinsurance contracts between Syndicate 2001 and Amlin Bermuda Ltd (ABL)

Syndicate 2001 placed a number of reinsurance contracts with ABL, a wholly owned subsidiary of the Group, during 2006 and 2007.

At 30 June 2007, the reinsurance contracts placed with ABL are:

- eight proportional treaty reinsurance contracts for marine, direct property, special risks, specie, war, excess of loss treaty and miscellaneous classes of business; and
- a whole account quota share for both years ended 2006 and 2007.

ABL placed one excess of loss reinsurance contract with Syndicate 2001 during 2006.

All reinsurance contracts were agreed on an arms length basis with terms that are consistent with those negotiated with third parties. These reinsurance contracts are eliminated on consolidation of the Group's results and the effects on the income statements of such eliminations can be seen in note 4, segmental reporting, under the column "intra group".

The amount of gross written premium ceded to ABL during the period ended 30 June 2007 was £73.3 million (31 December 2006: £100.8 million) being £24.9 million (31 December 2006: £28.6 million) of specific variable cessions and £48.4 million (31 December 2006: £65.4 million) of Syndicate 2001 whole account quota share. ABL recorded a profit of £16.7 million on these reinsurance contracts for the same period (31 December 2006: £25.5 million).

At 30 June 2007, balances included within ABL with respect to Syndicate 2001 reinsurance contracts include:

	30 June 2007 £m	31 December 2006 £m
Insurance receivables	44.2	37.0
Insurance contracts		
- outstanding claims	(13.9)	(24.7)
- unearned premium	(29.9)	(39.0)
- creditors arising from insurance operations	(8.3)	(4.4)

In addition, cash amounting to £24.0 million (31 December 2006: £56.5 million) was paid by Syndicate 2001 to ABL in respect of these contracts.

22. Principal exchange rates

The principal exchange rates used in translating foreign currency assets, liabilities, income and expenditure in the production of these financial statements were:

	H1 2007 Average rate	At 30 June 2007	H1 2006 Average rate	At 30 June 2006	2006 Average rate	At 31 December 2006
US dollar	1.97	2.01	1.79	1.85	1.84	1.96
Canadian dollar	2.24	2.13	2.04	2.06	2.09	2.28
Euro	1.48	1.49	1.46	1.45	1.47	1.48

Independent Review Report to Amlin plc for the 6 months ended 30 June 2007

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and related notes 1 to 22. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Deloitte & Touche LLP

Chartered Accountants
London

29 August 2007

Notes: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Shareholder information

The additional information consisting of the shareholder information and directors and advisers has been prepared from the records of the Company. Whilst it does not form part of the interim statement, it should be read in conjunction with it and with the responsibilities section of the independent review report thereon.

Financial Calendar

2007

21 September	Record date for interim dividend
28 September	Last date for receipt of elections and cancellations re. dividend reinvestment plan for interim dividend
19 October	Payment of interim dividend
26 October	Dividend reinvestment plan shares credited on register
1 November	Dividend reinvestment plan share certificates posted

2008

March	Announcement of results for the year ending 31 December 2007
May	Payment of 2007 final dividend, subject to shareholder approval

Shareholders' dealings

The Company's stockbroker, Hoare Govett Limited, offers a low cost postal dealing service, which enables UK resident investors to buy or sell certificated holdings of the Company's shares in what may be a convenient manner. Basic commission is 1% of the transaction value, with a minimum charge of £15. Transactions are executed and settled by Pershing Securities Limited. Forms may be obtained from the Company Secretarial Department, Amlin plc, St Helen's, 1 Undershaft, London EC3A 8ND (Tel. 020 7746 1006) or direct from Hoare Govett Limited, 250 Bishopsgate, London EC2M 4AA (Tel 020 7678 8300). This service is not available to non-UK residents who may, however, contact Hoare Govett Limited for details of other services that may be available. Hoare Govett Limited and Pershing Securities Limited are each authorised and regulated by the Financial Services Authority.

Shareholder enquiries, register and website

Please call our Investor Relations Unit on 0207 746 1111, or, for enquiries concerning share registration, call our Registrar, Computershare Investor Services PLC, on 0870 703 6165.

Amlin's website is at www.amlin.com

DIRECTORS AND ADVISERS

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Nigel Buchanan+*
Brian Carpenter
Richard Davey*
Richard Hextall (Finance Director)
Tony Holt
Roger Joslin*
Ramanam Mylvaganam*
Charles Philipps (Chief Executive)
Sir Mark Wrightson Bt*

+ Senior independent non-executive

* non-executive

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Nigel Buchanan (Chairman)
Richard Davey
Roger Joslin
Ramanam Mylvaganam

Remuneration Committee

Ramanam Mylvaganam (Chairman)
Nigel Buchanan
Sir Mark Wrightson Bt

Nomination Committee

Roger Taylor (Chairman)
Nigel Buchanan
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Ramanam Mylvaganam
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