

CONTINUITY IN AN UNCERTAIN WORLD

AMLIN UNDERWRITING LIMITED SYNDICATE 2001 ANNUAL REPORT 2004

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SYNOPSIS OF RESULT AND FORECASTS

These tables summarise the result and forecasts of Syndicate 2001 at 31 December 2004.

RESULT FOR THE 2002 (2001) YEAR OF ACCOUNT	2002	2001
Capacity (£'000)	799,694	574,472
Published forecast at 31 December 2003 (31 December 2002) (mid-point)	17.0%	1.0%
Result at 31 December 2004 (31 December 2003)	21.7%	1.1%

The standard syndicate results in the underwriter's report, and in the 'summary of results', are shown after deduction of personal expenses and stated by reference to a member's 'illustrative share of £10,000'. The figures may differ marginally to members' actual results due to differing levels of profit commission charges and the fact that results are distributed or collected in Sterling and US dollars.

SUMMARY OF FORECASTS	2004 Account £'000	2003 Account £'000
Capacity	1,000,001	999,579
Open year balance before personal expenses at 31 December 2004	329,479	980,882
Estimated future liabilities	(231,820)	(778,448)
Estimated movement of non-underwriting items	29,841	28,430
Estimated profit before personal expenses	127,500	230,864
Estimated syndicate personal expenses	(42,500)	(45,945)
Estimated profit for the pure year	85,000	184,919
Forecast as a % of capacity	8.5%	18.5%
Upper forecast range	11.0%	21.0%
Lower forecast range	6.0%	16.0%

Assumptions

The forecast results for the 2003 and 2004 accounts have been made on the following bases and assumptions:

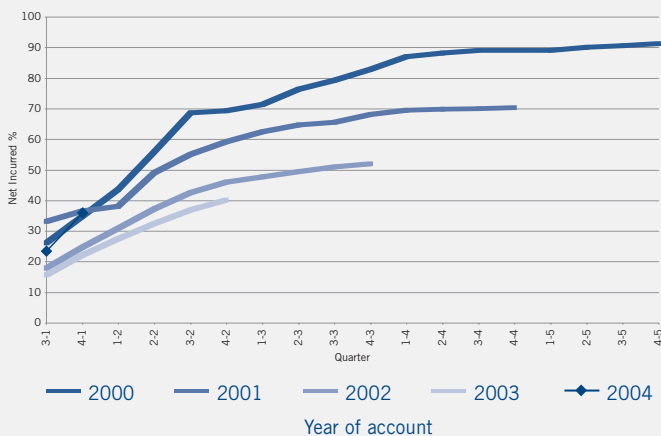
- the second and third year developments will be no worse than for previous years;
- the results will not be materially affected by improvements or deteriorations in reinsurance to close reserves received from the prior year of account;
- there will be no material reinsurance failures;
- syndicate expenses incurred in future calendar years to be charged to the 2003 and 2004 years of account will not exceed current budgets;
- no further personal expenses will be borne during 2005, except for profit commission if applicable;
- investment returns and cash flows will not vary significantly from those on which the forecast returns are based;
- US dollar, Canadian dollar and Euro exchange rates will not be materially different from 31 December 2004 rates of 1.92, 2.30 and 1.41 respectively; and
- there are no significant changes in regulatory or legislative policies which will affect the activities of the Syndicate.

CHIEF EXECUTIVE'S REPORT

ULTIMATE GROSS PREMIUM INCOME (AT 31 DECEMBER 2004 EXCHANGE RATES)

Year of account	Non-Marine and Reinsurance	UK Commercial	Marine	Aviation	Total
2002	319	151	96	82	648
2003	388	167	117	73	745
2004	424	163	124	82	793

SYNDICATE 2001 NET INCURRED CLAIMS¹ EXCLUDING WTC (AS AT 31 DECEMBER 2004)



¹ Paid and outstanding claims less reinsurance recoveries divided by signed premium income

DIVISIONAL CONTRIBUTIONS TO THE 2002 ACCOUNT UNDERWRITING BALANCE (£ MILLION)

Aviation	14	5
Marine	29	3
UK Commercial	33	
Non-Marine	-4	126
Syndicate 2001	203	4

■ Pure Year ■ Other – Prior Years

I am pleased to report that Amlin and Syndicate 2001 are in excellent shape and that this is reflected in the financial performance.

As trailed this time last year, we had high expectations for the 2002 year of account and its closure with a profit of £173.3 million, equivalent to 21.7% of capacity of £800 million, is a record for the syndicate when aggregating all the constituent former syndicates back to 1993. 2002 clearly benefited from significant rate increases, but it also experienced a relatively benign loss environment. Given the breadth and scale of Syndicate 2001, I believe this level of result, notwithstanding the excellent trading conditions, is a reflection of both our highly talented and disciplined underwriting leadership and teams and our efforts to manage all aspects of the business for profit. The net underwriting result was £206.7 million with all Divisions performing well and this is discussed in further detail in the Underwriting Director's report. Investment returns added £37.2 million, which with an active and focused approach to management of syndicate assets, were in excess of benchmark returns. Syndicate expenses, net of Lloyd's premium levy, of £35 million, were well controlled being only £1 million more than for the 2001 year of account.

For 2003 we increased the Syndicate capacity to £1 billion. Market conditions remained robust with the exception of the airline account which came under some pressure. The year has experienced a continuing low level of major losses with the net incurred claims ratio at 24 months, of 40%, being marginally better than for the 2002 year of account at the same stage. Our current forecast range is a profit of between 16% and 21% of capacity, and as usual, we would expect this to improve over the next 12 months with a normal level of claims development. This being the last year on which third party capacity has an involvement on the Syndicate it would be good to at least match the record profitability as a % of capacity achieved for the 2002 year of account.

For 2004 we maintained the level of capacity at £1 billion. This will be remembered by the insurance industry as a year of remarkably unusual windstorm activity in both the Atlantic and Pacific Oceans. Not since 1933 had three or more hurricanes each measuring greater than 3 on the Saffir-Simpson scale made landfall in the United States in one season. We have made a preliminary forecast for this year of a profit of between 6% and 11% of capacity, after estimated windstorm losses of US\$118.7 million. As this year is still at a very early stage in its development, we have again built in caution and would expect improvement as it matures.

While we are now in the phase of the cycle where we expect rates to soften, to date they are by no means sliding and we anticipate that 2005 will be another good underwriting year for Syndicate 2001. Encouragingly in Lloyd's there are signs of increased discipline although it is not universal. To prevent a recurrence of the damage done to Lloyd's reputation and the capital of so many backers of the market it is crucial that Lloyd's Franchise Performance directorate and capital providers enforce discipline and exercise constraint in a softening market. We firmly believe that, as pricing conditions weaken, the right response is to reduce capacity, as we have done, by 15% for 2005.

There is increasing momentum for change in the market with Lloyd's, the FSA and businesses such as Amlin determined to raise standards in the long term interests of the market. Amlin is at the forefront of a number of initiatives, such as the introduction of electronic claims repositories and Kinnect which will streamline process, improve service to brokers and clients and reduce the Syndicate's operational risk.

I would like to express my thanks to our underwriters, claims teams and all support staff across Amlin who have contributed to our excellent financial performance and who have helped to build and improve the platform on which that performance is possible.

C E L Philipps Chief Executive
7 March 2005

MANAGING AGENT'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

Information regarding directors

The current directors of Amlin Underwriting Limited are detailed below.

A M Davies	Non-executive Chairman
S C W Beale, ACII	Underwriter: Marine Division
B D Carpenter	Underwriter: UK Commercial Division
R G Dampier, FCII	Underwriter: Amlin Aviation Division
M C Hewett	General Manager, Marine Division
R A Hextall	Finance Director
A W Holt, ACII	Underwriting Director
J le T Illingworth	Managing Director, Business Intelligence and Monitoring
I Macnabb	Underwriting Monitoring Director
R Mylvaganam	Non-executive
C E L Philipps	Chief Executive
I R C Shackell	Compliance Director
A P Springett	General Manager, Non-Marine Division
R Lewy	Non-executive – resigned from the board on 14 July 2004

Details of the directors' participations on Syndicate 2001 are given on page 30.

Membership of the Syndicate

The capacities held by working members and other members are shown in the Syndicate Composition table on page 28. There are no preferential terms for working members.

During 2002, Amlin plc, on behalf of Amlin Corporate Member Limited, acquired the entire ongoing underwriting capacity of Syndicate 2001. Under the terms of the acquisition, external members received the right to participate in the 2003 year of account for 50% of their capacity before taking account of any capacity pre-emption. For 2004 onwards the Syndicate is wholly supported by Amlin Group companies.

Messrs B D Carpenter, A M Davies and I Macnabb participated on Syndicate 2001 for the 2002 year of account. All accepted the capacity offer made by Amlin plc and received the right to participate on the 2003 year of account only for 50% of their 2002 capacity with profit commission being waived. Details are provided in the table below.

Investment management

The agency invests Syndicate funds in bonds, including corporate bonds, and cash. The strategic asset management stance is driven by a policy of matching asset durations with the durations of the liabilities. These liability durations are actuarially calculated for each of the trading currencies, from which the strategic benchmarks are set. Typically our strategic position has been between two to three years average duration. Some scope is given to vary the actual duration of the funds around the benchmarks, depending on the expected outlook for the markets. The investment strategy is regularly reviewed to reflect the economic and business conditions. This may involve investing the funds in broader asset classes.

The strategic positioning of the assets is the responsibility of the managing agent and the Trustees of the Premium Trust Funds. They delegate the tactical asset allocation and day-to-day responsibility for investment issues to an Investment Management Executive (IME), which comprises the Chief Executive, Finance Director, Underwriting Director and the Chief Investment Officer. The IME also makes recommendations on strategic asset allocation.

Additionally an Investment Advisory Panel has been established. It includes external members Ian Harwood (Global Head of Economics and Strategy at Dresdner Kleinwort Wasserstein) and Richard Hughes (equity fund manager at M&G). Dominic Pearson (Vice President of institutional debt sales at Merrill Lynch) was appointed to the Panel in September 2004, replacing Richard Lewy who resigned from the panel in July 2004. Each member brings a different perspective on the capital markets. The Panel meets on a quarterly basis to review investment performance and asset allocation, which is then reported to the Board.

The management of the assets is outsourced to third party fund managers. Each manager is given a benchmark, against which performance is assessed, as well as strict investment guidelines that specify the categories of assets they can invest in and the concentration limits that apply to each asset class. The guidelines for the sterling and euro Premium Trust Funds (PTF) and the Lloyd's Dollar Trust Fund (LDTF) were revised during the year to give the managers a wider investment opportunity, giving them some scope to invest in BBB rated bonds and in non-base currency bonds, most of which have to be hedged back to the base currency. Managers have to report any breaches of these guidelines, should they occur. Internal compliance checks are carried out every month.

Director	2002 year of account participation £	No. of shares issued	Value of shares issued £	Cash consideration paid £	2003 year of account participation £
B D Carpenter	291,000	37,218	35,543	29,100	181,875
A M Davies	131,458	33,626	32,113	–	82,161
A M Davies (connected party)	109,159	27,922	26,666	–	68,222
I Macnabb	284,094	72,671	69,401	–	177,567

MANAGING AGENT'S REPORT CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

The performance and activity of the investment managers is monitored on a monthly basis, with more detailed reviews carried out on a quarterly basis. In addition the investment managers are required to present to the Investment Advisory Panel in rotation. During the year a thorough review of the investment managers was undertaken with the help of Watson Wyatt. Following this Western Asset Management was identified as more closely meeting our requirements for the LDTF and LATF. Therefore, they were appointed as manager of the two funds, on 1st October, replacing Credit Agricole Asset Management (CAAM). On the same day management of the Canadian dollar fund was passed from CAAM to Weiss, Peck & Greer. As a result the fund managers as at 31 December 2004 were as follows:

Sterling bonds	Alliance Capital and Insight Investment Management
Sterling cash	AIM Global and Barclays Global Investors
Euro bonds	Alliance Capital
Euro cash	AIM Global
US dollar bonds	Western Asset Management and Weiss, Peck & Greer
US dollar cash	Barclays Global Investors and Citigroup
Canadian dollar bonds	Weiss, Peck & Greer

The table below shows the investments at 31 December 2004 and the returns on funds for the year.

All portfolios, except US dollars, produced better returns than in 2003 due to improved bond market conditions. During the year US\$282 million dollars were converted into sterling on which they earned much higher returns. This, and other tactical asset allocations, added to overall returns, as did the outperformance of most of the managers against their benchmarks.

Syndicate borrowings

The Syndicate has a letter of credit banking facility for US\$70 million. This letter of credit is secured with a fixed charge on the Syndicate's sterling bond portfolio but has not been drawn at 31 December 2004. In addition, in order to support its US funding requirements, the Syndicate has also arranged unsecured letter of credit facilities of £6 million and US\$10.7 million (2003: £3 million and US\$18.5 million) in accordance with its reinsurance contracts.

Foreign currency exposure and distribution

The LDTF governs the US dollar funds in which the Syndicate currently trades. Part of the LDTF funds relate to 'non-situs' business and are subject to the UK solvency requirements only. There are separate funds for US situs business, over which the US regulators apply separate solvency requirements.

All US dollar business prior to July 1995 is governed by the Lloyd's American Trust Fund deed (LATF). The US regulator requires solvency at a member level and it is only where this test shows an overall surplus that LATF US dollar profits may be released to members. To accommodate these requirements the agency will distribute the LATF US dollar profit on the 2002 account, in US dollars, to the MSU. Members for the 2002 account are advised that a foreign exchange risk exists until the LATF US dollars being distributed are available for, and then actually sold by, each member.

The 2002 account result for a 'standard' £10,000 share is to be distributed as follows:

	£
Sterling	2,155
LATF\$ @ 1.92	12
Combined Sterling	2,167

The LDTF US dollar, Canadian dollar and Euro profits have been, or will be, converted into sterling, thereby increasing the amount to be distributed in sterling via the MSU. Distribution will be made via the MSU on the 30 June 2005.

The foreign currency policy continued to manage the risk of currency fluctuations between the time when profits/losses are crystallised and when they are distributed. Estimated profits/losses in foreign currencies are sold/bought progressively from the LDTF, Euro and Canadian dollar non-regulated funds over seven quarters from the fourth quarter of the year of account. The translated funds are then held in the sterling PTF. Cumulative sales to 31 December 2004 were as follows:

US dollar

Year of account	Total (millions)	Average rate
2004	11.1	1.89
2003	219.1	1.82
2002	198.1	1.69
31 December 2004		1.92

Euro

Year of account	Total (millions)	Average rate
2004	5.5	1.42
2003	25.6	1.49
2002	13.4	1.43
31 December 2004		1.42

Total Syndicate funds under management

	Funds at 31 December 2004 – '000						Return for year ended December 2004			
	£	US\$	CAN\$	Euro	Comb£	% of total	£	US\$	CAN\$	Euro
External Fund Managers	616,738	204,512	66,177	90,060	815,900	66.9%	5.3%	2.5%	4.7%	4.7%
External Fund Managers – situs funds	–	653,870	–	–	340,557	27.9%	–	2.1%	–	–
Lloyd's Managed Funds	21,507	46,213	11,515	–	50,583	4.1%	4.7%	1.3%	4.0%	–
Cash	3,630	12,785	7,235	632	13,882	1.1%	4.9%	1.1%	2.5%	2.1%
Total	641,876	917,380	84,927	90,692	1,220,922	100.0%	5.0%	2.1%	4.5%	4.6%
As at 31 December 2003	411,796	1,070,413	82,011	74,327	1,097,638	100.0%	3.3%	2.3%	3.9%	2.9%

The Syndicate did not undertake any stock lending during the period under review.

Canadian dollar

Year of account	Total (millions)	Average rate
2003	1.4	2.38
2002	15.9	2.38
31 December 2004		2.31

The favourable exchange rates achieved for the 2002 year of account increased syndicate profit, before profit commission, by £14.5 million more than if no action had been taken. In addition, an improved investment return was achieved through holding sterling rather than dollar assets.

Service companies and other shareholdings

The agency has received the necessary consents under paragraph 108 of the Underwriting Byelaw No.2 of 2003 in respect of the following wholly owned service companies (unless otherwise stated) and investments, each of whose results are included in the Syndicate.

Service companies

- Amlin Credit Limited acts as a binding authority coverholder, specialising in trade credit insurance. The binding authority is led by Syndicate 2001.
- Amlin Marine Services Limited provided underwriting agency services in respect of UK cargo, goods in transit and UK dinghies. The binding authority was placed with Syndicate 2001. On the 1 July 2004 the business of AMS was transferred for consideration of £171,266 equal to the net book value to Amlin Underwriting Services Limited, a subsidiary of St Margaret's Insurance Services Limited. This transfer was approved by Lloyd's
- Amlin Plus Limited (APL) was incorporated on 10 April 2003 and commenced trading on 1 August 2003. The Company is owned 60% by Amlin Underwriting Limited for the benefit of the members of Syndicate 2001 and 40% by a third party, Hydra House Limited. The company acts as a coverholder for equine insurance. A broker, Hamilton & Partners Limited, a wholly owned subsidiary of Hydra House Limited, places the majority of the business underwritten.
- Amlin Insurance Services Limited (formerly Drysdale Administration & Claims Services Limited), which provides claims adjusting and administration services to Syndicate 2001.
- Just Law Limited, which provides legal services for the Amlin Insurance Services division of Syndicate 2001.
- Serviceline (UK) Limited, which acts as an intermediary for motor and legal expenses business on behalf of Syndicate 2001.
- Amlin Underwriting Services Limited is a 100% owned subsidiary of St Margaret's Insurance Services Limited. On 13 May 2004 Amlin plc purchased the entire share capital of St Margaret's Insurance Services Limited (formerly SM Marine Holdings Limited) and its subsidiary Amlin Underwriting Services Limited (formerly St. Margaret's Insurances Limited). Its principal activity is broking and managing insurance for UK yacht owners. On the 1 July 2004 the business of Amlin Marine Services Limited was transferred to Amlin Underwriting Services Limited.

Other shareholdings

Amlin Underwriting Limited has shareholdings in the companies listed below for the benefit of the members of the Syndicate. Their associated costs are charged to the Syndicate as they arise and all income or profits accruing are credited to the Syndicate. The details are:

- Film Finance Incorporated ('FFI'). The agency holds a 7.34% shareholding. FFI is incorporated in the US and issues completion bonds for the US film industry;

- Transsiberian Reinsurance Corporation, Russia ('TRC'). The agency has a 1.5% shareholding; and
- CUISA Managing General Agency Corporation ('CUISA'). The agency has a 2.5% shareholding. CUISA is incorporated in Canada, and provides underwriting opportunities for the Syndicate.

On 27 January 2004, Amlin Underwriting Limited disposed of its 6.8% shareholding in ENAM Management Company Incorporated.

Syndicate tax computations

The Inland Revenue has agreed the tax computations for the 2001 year of account of Syndicate 2001. The computation for the 2002 year of account is due to be submitted on 1 September 2005.

The agency is currently preparing the information required under the General Insurance Reserves (Tax) Regulations 2001 made under s.107 Finance Act 2000 for relevant members (broadly those members who hold a participation of 4% or greater) of the Syndicate.

Syndicate Annual General Meeting

The Board of Amlin Underwriting Limited proposes to re-appoint Deloitte & Touche LLP as auditors to Syndicate 2001 for a period of one year with effect from 31 March 2005 and it is proposed not to hold an AGM for the Syndicate in 2005.

Notice is hereby given that any member wishing to object to either of these proposals should contact the Company Secretary, Amlin Underwriting Limited, 1 Undershaft, London EC3A 8ND. If no objections have been received by 30 April 2005 the proposals will be adopted.

Financial information for Amlin Underwriting Limited

The table below details certain key information, which has been extracted from the accounts of Amlin Underwriting Limited.

Amlin Underwriting Limited

	Audited 12 months 31.12.00	Audited 12 months 31.12.01	Audited 12 months 31.12.02	Audited 12 months 31.12.03	Audited 12 months 31.12.04
Accounts Extract	£'000	£'000	£'000	£'000	£'000
Gross capacity for year in which accounting period ends	537,178	574,472	799,694	999,560	1,000,001
Fee income	2,547	2,873	4,798	5,997	12,852
Operating expenses	2,291	2,978	3,520	13,940	15,577
Net profit commission	175	—	—	11,584	22,936
Other income net of related expenses	1,589	270	290	343	329
Profit before tax	2,020	165	1,568	12,838	20,540
Net assets	3,072	3,349	4,443	11,396	20,960

The information shown above does not constitute the Company's statutory accounts. Audited statutory accounts for the period shown have been delivered to the registrar. The Company's audit reports for all the financial periods have been unqualified.

Terms of business

For the 2002 year of account agency fees were increased to 0.6% of managed capacity and profit commission remained at 15% of the overall result of the Syndicate.

MANAGING AGENT'S REPORT CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

For the 2003 year of account agency fees remained at 0.6% of managed capacity. Profit commission remained at 15% of overall profit, except for external members of the Syndicate, for whom profit commission was waived under the terms of the capacity offer previously mentioned.

For the 2004 year of account onwards agency fees were increased to 2.5% of managed capacity. No profit commission is chargeable.

Members' agents fees on account

The Syndicate pays to members' agents an amount on account of their fees, whilst the members continue to have the managing agent's fees charged as a syndicate personal expense. These on account members' agent fee deductions are separately identified on the balance sheet.

Errors and omissions insurance

The agency has errors and omissions insurance which expires on 21 May 2005. Negotiations to renew the insurance will commence closer to the expiry date.

Reinsurance résumés

Reinsurance résumés for the Syndicate, as approved by the board of the agency, are available for inspection at the office of the agency in accordance with the standard managing agent's agreement.

Managing agent's operations

With the exception of certain data processing functions, the market claims and processing bureaux, payroll and investment management, all of the operations of the agency for the period under review were performed in house and none were sub-contracted. Data processing functions of the agency have been outsourced to Electronic Data Systems Limited. The agency operates all London Market businesses on a single underwriting system developed by ROOM Underwriting Systems Ltd.

Location of accounting records

Certain accounting records are located at Amlin House, Parkway, Chelmsford, Essex CM2 0NF. The remaining accounting records are located at the underwriting 'boxes' and at St Helen's, 1 Undershaft, London, EC3A 8ND.

This report was approved at a meeting of the Board of Directors of Amlin Underwriting Limited and signed on its behalf.



A M Davies Chairman
7 March 2005

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Syndicate Accounting Byelaw (No 18 of 1994) requires the managing agent to prepare an annual report for each Syndicate managed by it at 31 December each year.

As managing agent, Amlin Underwriting Limited must prepare the annual reports, personal accounts and Syndicate MAPA accounts in accordance with the Lloyd's Syndicate Accounting Rules, so as to give a true and fair view of the closed year result.

In preparing the annual reports, personal accounts and Syndicate MAPA accounts, Amlin Underwriting Limited is required to:

- select suitable accounting policies which are applied consistently and, where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the Syndicates affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and the reinsured members are members of the same Syndicate for different years of account, be equitable between them, having regard to the nature and amount of the liabilities reinsured;
- make judgments and estimates that are reasonable and prudent;
- take into account all income and charges relating to a closed year of account in the underwriting account prepared in respect of that year of account, without regard to the date of receipt or payment; and
- follow applicable UK accounting standards, subject to any material departures disclosed and explained in the annual report.

Amlin Underwriting Limited is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicates and which enable it to ensure that the annual reports comply with the Lloyd's Syndicate Accounting Rules. Amlin Underwriting Limited is also responsible for the system of internal control, safeguarding the assets of the Syndicates and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF SYNDICATE 2001

We have audited the annual report of Syndicate 2001, for the year ended 31 December 2004 which comprises the accounting policies, the statement of managing agent's responsibilities, the underwriting account, the balance sheet, the summary of results, and the related notes 1 to 16. The annual reports have been prepared under the accounting policies set out therein.

This report is made solely to the Syndicate's members in accordance with paragraph 14 of the Lloyd's Syndicate Accounting Byelaw. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate's members, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the managing agent and auditors

As described in the statement of managing agent's responsibilities, the managing agent is responsible for the preparation of the annual reports in accordance with the Lloyd's Syndicate Accounting Rules and applicable United Kingdom law and accounting standards.

Our responsibility is to audit the annual reports in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the annual reports give a true and fair view of the closed years of account and are properly prepared in accordance with the Lloyd's Syndicate Accounting Rules. We also report if, in our opinion, the managing agent's report or underwriters report are not consistent with the annual report, if the managing agent has not in respect of the Syndicate kept proper accounting records and established such systems and procedures as are necessary to enable it to comply with the Lloyd's Syndicate Accounting Rules for disclosure of interests, service companies and consortium underwriting, or if we have not received all the information and explanations we require for our audit.

We read the Chief Executive's report, the managing agent's report and the underwriter's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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 annual report. It also includes an assessment of the significant estimates and judgments made by the underwriter and managing agent in the preparation of the annual report and of whether the accounting policies are appropriate to the Syndicate'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 annual report is 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 annual report.

Opinion

In our opinion the annual report has been properly prepared in accordance with the Lloyd's Syndicate Accounting Rules and gives a true and fair view of the profit of the 2002 closed year of account.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
7 March 2005

UNDERWRITER'S REPORT

Overview

I am very pleased to be able to report on an exceptionally profitable 2002 underwriting year and strong prospects for 2003. Following several years of poor industry results due to reserve deterioration, inadequate pricing, investment losses and the impact of severe catastrophes, such as the 11th September terrorist attacks, the trading environment became very favourable from 2002 onwards. We were able to respond strongly to the improved trading conditions in a wide range of classes. Loss experience has been benign and our loss ratios are very low.

I am also encouraged by the prospects for the 2004 year of account in spite of an extraordinary series of catastrophe events affecting the industry since last August.

The business of the Syndicate

The Syndicate writes a composite account through four operating divisions:

Division	Business	Underwriter
Amlin Aviation	Aviation	Rod Dampier
Amlin Insurance Services	Motor and UK Insurance	Brian Carpenter
Amlin Marine	Marine and Bloodstock	Simon Beale
Amlin Non-marine	Non-marine Insurance and Reinsurance	Tony Holt

The breakdown of premium income for the years 2002 to 2004 and manner in which this business is accepted are shown on page 12.

Outwards Reinsurance Arrangements

Analysis of reinsurance premiums ceded is detailed on page 12. The underwriting divisions purchase specific protection up to the Syndicate's line size and whole account umbrella protection is bought to protect against major catastrophe events.

Proportional treaties are also used to protect certain classes and to supplement line size. For the 2002 and 2003 years of account, whole account Quota Share reinsurance treaties were in place which are qualifying for premium income capacity purposes. These arrangements are for premium capacity of a minimum of £50 million and a maximum of £100 million.

Syndicate 2001 has a number of long term trading relationships with reinsurers. There are no reinsurance policies where contractual payback of incurred losses can be charged to a year of account that did not benefit from the recovery. However, market forces may lead to a rise in reinsurance costs following a major loss to the programme.

The underwriting philosophy of the Group continues to be to write for gross profit and to use reinsurance for extreme frequency or severity of losses. We believe that this philosophy enhances the relationship we have with our reinsurance partners.

Underwriting performance

2002 and prior years of account

Syndicate 2001 had a capacity of £800 million for the 2002 year with a further £50 million provided by qualifying quota share reinsurance. The quota share facility had the feature of flexible capacity whereby the premium income limit could increase to £100 million. This increase has not been required and our income was £780 million at monitoring rates of exchange resulting in 91% utilisation net of quota share cession. The closing result is a profit of 21.7% of capacity.

We are pleased to report a modest release from reserves of £3.5 million which principally came from the marine and motor portfolios and is in line with our long held philosophy of setting a level of reserves which stand a better than even chance of producing a release. There was a deterioration from our US casualty portfolio emanating from the financial institutions, D&O and reinsurance books. Our income from US\$ D&O and financial institutions E&O business was small but our exposures have been taken very seriously in our reserving process. We have carefully examined our exposures to litigation arising from laddering, Enron, Worldcom and other activities of US investment banks and companies in the "bull market" years up to 2001. Our exposures are manageable in the context of the Syndicate as a whole. We have stress tested our reserves to consider what further deterioration may arise from US financial institutions liability coverage and are comfortable with the reserve position taken.

During 2004 the London market received a favourable verdict in the US District Court in Manhattan which found that our share of the Silverstein Properties contract was bound by the Wilprop wording, thus determining only one claim is payable under the policy for the 11th September terrorist attacks. This verdict, which could be appealed, supported our reserving stance. If the judgement were overturned, which we believe is unlikely, the net cost to Syndicate 2001 would be US\$28 million. There has been no material change to overall 11th September reserves other than a small release of case reserves and a reduction in IBNR.

The 2002 pure year underwriting loss ratios are the best in the history of the syndicate and its component parts combined going back to 1993. Almost all areas of the portfolio have benefited from high rating levels and low loss frequency and severity. We took the opportunity to expand our income strongly in all short tail areas of our account, most particularly in the property direct and reinsurance, war and energy areas. These increases were made without a significant change to our per risk line guide or catastrophe risk appetite.

Our airline book was highly profitable again for 2002 as there were no serious aviation accidents. Income from the airlines class increased dramatically after the 11th September losses and fell back slightly for 2002 as the terrorism surcharge was reduced. This, and strong results from the general aviation and airport classes, have made up for disappointing results from the space account (which was affected by the Astra 1k satellite loss) and the products liability area which had two major losses.

The marine division produced excellent returns from the war and energy accounts which were expanded. The specie and yacht results were also impressive. Bloodstock was impacted by the loss of a high value stallion in Japan but produced a small net profit. The hull account broke even having been affected by the Pride of America construction loss in Germany.

Our UK portfolio expanded strongly in 2002 particularly the professional indemnity, employers' liability and public liability areas all of which are showing very profitable results. The commercial motor account has an ultimate net loss ratio of 66% which is a superb result and the third year of good returns. Our small financial institutions account produced a small net profit after two very poor years caused by US investment bank E&O and D&O losses as discussed above.

The non-marine division has a current gross incurred loss ratio of 33.5% which reflects strong performance from all areas of the account. The catastrophe and risk XL books benefited from an absence of any major losses and the direct facultative and proportional property portfolios are excellent. The auto and property US binder accounts are highly

UNDERWRITER'S REPORT CONTINUED

ANALYSIS OF BUSINESS BY EC DIRECTIVE CATEGORIES	2002 Account		2003 Account		2004 Account	
	Gross £'000	Net £'000	Gross £'000	Net £'000	Gross £'000	Net £'000
Direct business analysed as:						
Accident & Health	11,436	10,176	12,450	11,437	4,763	4,448
Credit & suretyship	7,239	4,577	8,922	7,127	2,476	1,607
Fire & other damage to property	90,620	70,003	119,628	91,072	85,864	63,906
Legal expenses	1,401	1,324	699	664	151	151
Marine, aviation & transport	101,487	85,495	101,517	81,309	70,040	53,169
Miscellaneous financial loss	608	553	1,489	1,412	786	786
Motor other	106,277	94,160	100,023	90,496	75,681	73,207
Motor (third party liability)	24,707	23,601	19,698	18,694	15,881	15,265
Third party liability	152,779	110,962	172,571	137,159	106,141	93,991
	496,554	400,851	536,997	439,370	361,783	306,530
Reinsurance acceptances	204,588	134,114	229,161	151,213	194,967	130,559
	701,142	534,965	766,158	590,583	556,750	437,089

satisfactory and the accident and health book has improved significantly following a change in emphasis towards personal accident direct, XL and self funded medical expenses. Following several poor years I am particularly pleased to report on a greatly improved performance from our US casualty account where a very tough re-underwriting of the portfolio has taken place.

2003 year of account

Syndicate 2001 increased capacity to £1.0 billion with a further £50 million to £100 million from quota share reinsurance. Ultimate income is forecast at £851 million at monitoring rates net of quota share cession which is a reasonable utilisation of 85%. The amount of new business written in many parts of the portfolio was below our expectations but rating levels remained highly satisfactory. The 2003 year of account gross and net whole account loss ratios are even better than the 2002 year at the same stage of development. We forecast a profit of between 16% and 21%.

The aviation division will again produce a good profit with all areas of the account achieving satisfactory results. The income from the airline portfolio fell due to rate reductions but the loss ratios are again excellent at this stage. The division was able to continue to increase rates on the airport and product liability classes and the general aviation book is very profitable. Space will return to profit following a number of poor years leading to strong rate increases and limitation of in orbit policy periods. Again there are no material losses to report.

It is another very good year for the marine account with all areas in profit. The energy account is particularly encouraging although a material proportion of the portfolio is long term construction business and therefore still on risk. The bloodstock account was expanded through the creation of a new service company, Amlin Plus, and it should produce a small net profit in spite of the death of the Australian stallion Grand Lodge.

Although the motor income levels are slightly down for the UK commercial division, the liability portfolio continues to grow strongly and the performance of all areas of the account is strong. The motor book is again excellent and casualty lines have low loss ratios at this stage. The UK employers' and public liability portfolio is long tail occurrence form business but the loss ratios are better than ever before and we adopt a prudent case reserve philosophy. The small financial institutions account should be profitable following careful attention to avoid large US professional indemnity exposures. The non-marine division is also profitable across every line of

business. The binder accounts are impacted by the 2004 hurricane losses and there is some modest loss activity in the property direct and reinsurance areas including Hurricane Isobel and Californian bush fires, but this will not detract from another excellent year. Casualty business is also very encouraging at this early stage.

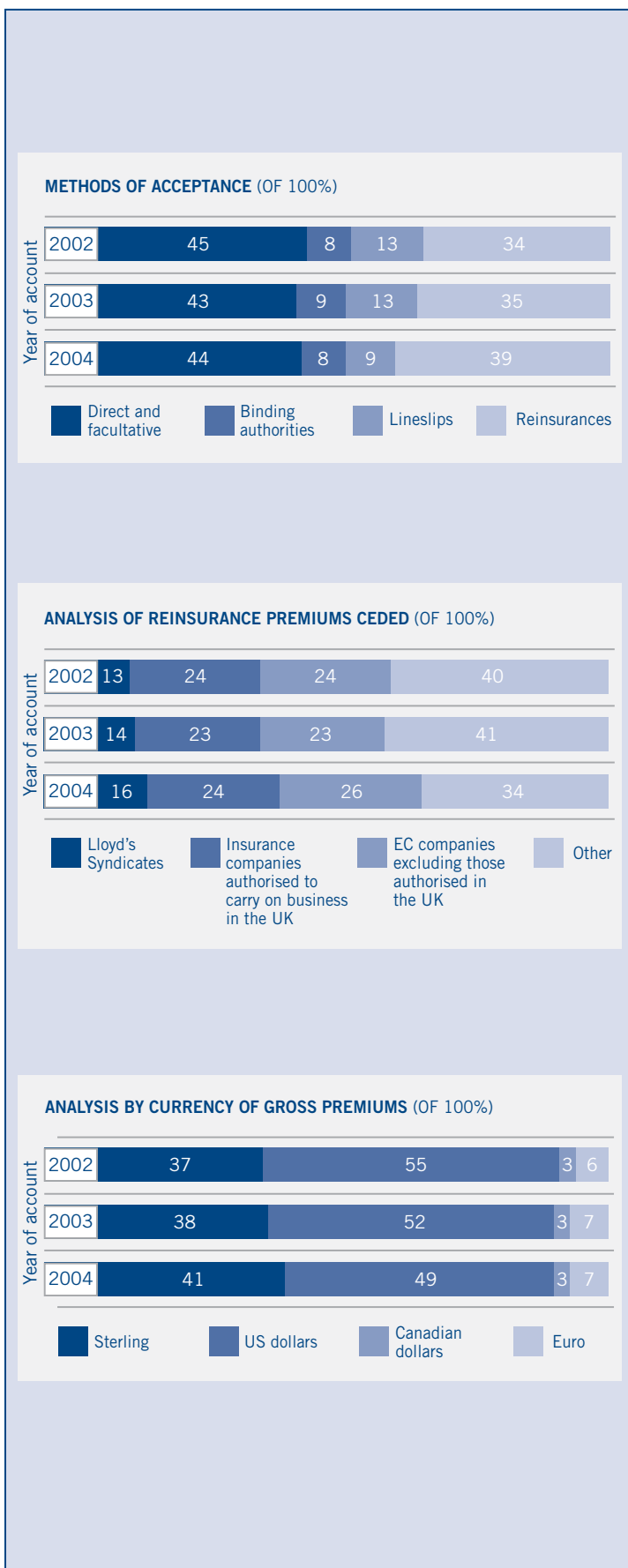
We expect to see incurred loss ratios over the next 12 months run off without a change in loss patterns, and this will enable further improvement to our forecast result. The 2003 year of account is the final year of non-aligned participation on the Syndicate.

2004 year of account

Syndicate capacity was maintained at £1.0 billion but the qualifying quota share was dropped for 2004. The market experienced a gradual overall decline in rating levels. The 2004 year will be remembered for the extraordinary sequence of non-marine catastrophe losses. The table below shows our gross and net forecast ultimate losses from these events.

Event	Gross loss US\$m	Net loss US\$m
Charley	65.7	27.5
Frances	90.4	34.8
Ivan	79.2	34.9
Jeanne	29.7	21.5
Windstorm subtotal	265.0	118.7
	£'m	£'m
Typhoon Songda	21.2	8.7

The classes most impacted by the Atlantic hurricane losses are the catastrophe reinsurance, proportional treaty and binder accounts. We have also received some claims from our Caribbean property book and marine energy portfolio from Hurricane Ivan damage in the Gulf of Mexico. Furthermore Typhoon Songda produced claims on our Japanese windstorm XL account. We currently have very few advices from the tragic earthquake and Tsunami which affected many Asian countries on 26 December but have established some specific IBNR for the loss. It is extremely gratifying that our property reinsurance programme has proved so resilient and that the diversity of our portfolio provides us with a number of classes still making good returns.



We believe that the reinsurance account will still make an overall gross and net profit and underlying performance of the non-marine account is still strong whilst the AIS and marine divisions are still trading in a profitable market. The airline portfolio is not renewed until late in the year, and therefore is on risk through 2005, but the other parts of the aviation account are encouraging at this stage.

We are confident that it will be another profitable year, although not of the levels attained by the 2002 and 2003 years of account and our current forecast is 8.5%.

2005 and the future

Capacity for Syndicate 2001 has been reduced by 15% to £850 million for 2005. We anticipate a slightly reduced level of gross premium to be written and a better level of utilisation. Our reinsurance programme has been renewed at a similar monetary cost.

While we are past the peak of the insurance pricing cycle, we anticipate 2005 being another good underwriting year. International catastrophe reinsurance is subject to growing competition and large property risks have also been under pressure. However rates are stable for large parts of our account and other areas impacted by catastrophe losses in 2004 are expected to see improving terms. We hope that the airline book does not succumb to further rate reductions. Our philosophy will continue to be to concentrate on gross profitability and be prepared to decline business which is inadequately rated. To this effect we continue to build upon the technical skills and capabilities of our underwriting teams.

The teams at Amlin have all worked exceptionally hard to produce these results and I commend our underwriters for their performance. I thank them and all Amlin staff for their loyalty and effort. Amlin has a very good working environment, an excellent underwriting culture together with a strong financial and operating platform, which leaves us well prepared for the challenges ahead.

A W Holt Underwriter
7 March 2005

2002 UNDERWRITING ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2002 at 24 months £'000	Change in calendar year £'000	2002 account at 36 months £'000	2001 account at 36 months £'000
Syndicate allocated capacity		799,694	0	799,694	574,472
Gross premiums written (net of brokerage)	13	699,073	2,069	701,142	554,622
Outward reinsurance premiums	13	(164,482)	(1,695)	(166,177)	(130,258)
Net premiums		534,591	374	534,965	424,364
Reinsurance to close premium received from earlier years of account		540,420	(23,453)	516,967	427,293
Gross claims paid	13	(157,442)	(207,266)	(364,708)	(541,798)
Reinsurers' share	13	12,536	59,435	71,971	255,607
Net claims		(144,906)	(147,831)	(292,737)	(286,191)
Reinsurance premium paid to close the 2002 year of account	2	0	(552,502)	(552,502)	(540,420)
Underwriting balance	3	930,105	(723,412)	206,693	25,046
Profit on exchange		8,055	6,475	14,529	2,225
Syndicate operating expenses	4,13	(43,536)	(3,830)	(47,366)	(42,376)
Balance on technical account		894,624	(720,768)	173,856	(15,105)
Investment income	5	16,347	31,701	48,048	35,824
Investment expenses and charges	5	(192)	(734)	(926)	(859)
Investment gains less losses	5	(3,765)	(6,208)	(9,883)	(4,997)
Balance on open year of account before syndicate personal expenses		907,104	(696,009)	211,095	14,863
Aggregate syndicate personal expenses	7	(14,794)	(23,048)	(37,842)	(8,617)
Balance on open year of account after syndicate personal expenses		892,310			
Result for the closed year of account after syndicate personal expenses				173,253	6,246

2003 UNDERWRITING ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2003 account at 12 months £'000	Change in calendar year £'000	2003 account at 24 months £'000	2002 account at 24 months £'000
Syndicate allocated capacity		999,579	(19)	999,560	799,694
Gross premiums written (net of brokerage)	13	597,937	168,221	766,158	699,073
Outward reinsurance premiums	13	(147,133)	(28,442)	(175,575)	(164,482)
Net premiums		450,804	139,779	590,583	534,591
Reinsurance to close premium received from earlier years of account	2		552,502	552,502	540,420
Gross claims paid	13	(41,301)	(123,335)	(164,639)	(157,442)
Reinsurers' share	13	5,115	21,664	26,759	12,536
Net claims		(36,186)	(101,691)	(137,877)	(144,906)
Underwriting balance		414,618	590,590	1,005,208	930,105
Profit on exchange		213	4,872	5,085	8,055
Syndicate operating expenses	4,13	(38,463)	(6,371)	(44,834)	(43,536)
Balance on technical account		376,368	589,091	965,459	894,624
Investment income	5	4,099	15,980	20,079	16,347
Investment expenses and charges	5	(65)	(327)	(392)	(192)
Investment gains less losses	5	(2,233)	(2,031)	(4,264)	(3,675)
Balance on open year of account before syndicate personal expenses		378,169	602,713	980,882	907,104
Aggregate syndicate personal expenses	7	(18,492)	0	(18,492)	(14,794)
Balance on open year of account after syndicate personal expenses		359,677		962,390	892,310

2004 UNDERWRITING ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 account at 12 months £'000	2003 account at 12 months £'000
Syndicate allocated capacity		1,000,001	999,579
Gross premiums written (net of brokerage)	13	556,750	597,937
Outward reinsurance premiums	13	(119,661)	(147,133)
Net premiums		437,089	450,804
Gross claims paid	13	(116,566)	(41,301)
Reinsurers' share	13	34,448	5,115
Net claims		(82,118)	(36,186)
Underwriting balance		354,971	414,618
Profit on exchange		67	213
Syndicate operating expenses	4,13	(27,937)	(38,463)
Balance on technical account		327,101	(376,368)
Investment income	5	3,403	4,099
Investment expenses and charges	5	0	(65)
Investment gains less losses	5	(1,025)	(2,233)
Balance on open year of account before syndicate personal expenses		329,479	378,169
Aggregate syndicate personal expenses	7	(42,500)	(18,492)
Balance on open year of account after syndicate personal expenses		286,979	359,677

BALANCE SHEET

AS AT 31 DECEMBER 2004

	Notes	2004 £'000	2003 £'000
Assets			
Financial investments	8	1,156,457	1,024,380
Debtors	9	189,680	176,278
<i>Other assets:</i>			
Cash at bank and in hand		13,882	26,478
Overseas deposits	10	50,583	46,780
Prepayments and accrued income		9,897	12,031
Total assets		1,420,499	1,285,947
Liabilities			
2004 (2003) open year of account balance after one year		286,979	359,677
Members' agent fees on account		0	(949)
		286,979	358,728
2003 (2002) open year of account balance after two years		962,390	892,310
Members' agent fees on account		(949)	(1,601)
Continuous solvency release		(15,586)	(35,964)
		945,855	854,745
2002 (2001) account result		173,253	6,246
Members' agent fees on account		(1,601)	(1,296)
Continuous solvency release		(62,178)	0
	11	109,474	4,950
Creditors	12	78,191	64,867
Accruals and deferred income		0	2,657
Total liabilities		1,420,499	1,285,947

This annual report was approved at a meeting of the Board of Directors of Amlin Underwriting Limited and by the underwriter on 7 March 2005.

A W Holt Underwriter

A M Davies Chairman

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1 Principal accounting policies

Basis of presentation

The accounts have been prepared in accordance with the Lloyd's Syndicate Accounting Rules, except that in one instance in each underwriting account there has been a departure (without any effect on the figures concerned) from the order of presentation for syndicate personal expenses as prescribed by the rules.

Underwriting transactions

Each underwriting account is normally kept open for three years before the underwriting result is determined. This allows account to be taken of claims incurred and adjustments of premiums arising after the end of the first year. The underwriting account is normally closed by reinsurance into the following year of account at this stage.

The balances on open accounts are subject to further transactions, which may be material in amount, up to their respective dates of closure, and no provision has been made for such transactions nor for the unsettled liabilities of these accounts. Adjustments have been made for known material reinsurance recoveries in respect of paid claims on open years of account.

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Commission and brokerage are charged to the same year of account to which the relevant policy is allocated.

Reinsurance premiums paid to purchase policies that provide excess of loss protection are usually charged to the year of account in which the protection commences. During the year ended 31 December 2001 additional reinsurance protection was purchased by Amlin Aviation to cover losses occurring during the 14 months commencing 1 November 2001. This reinsurance provided back-up cover to the 2000 and 2001 programmes, as well as for 2002 underwriting. Therefore a risk weighted charge has been made to the relevant years of account. Subsequent charges for Aviation have been made with reference to the risk exposed to the programme by year of account. Premiums for other reinsurances are charged to the same year as the risks being protected.

Gross claims are defined as those claim transactions settled up to the balance sheet date, and the internal and external claims settlement expenses allocated to those transactions.

Gross claims and reinsurance recoveries (less provision for doubtful debt) are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

Reinsurance to close

Each underwriting account is normally closed by reinsurance into the following open year of the Syndicate, which takes over all existing and future liabilities of the closing account, and all previous accounts reinsured therein, in return for a premium which is determined by the underwriter and approved by the agency.

Calculation of the premium for the reinsurance to close is based on all existing and future estimated outstanding liabilities (including related claims settlement costs) and assets which include an estimate for an amount for claims incurred but not reported, net of estimated reinsurance recoveries, relating to the closing year of account, and all years of account previously reinsured into it. Outstanding claims are estimates of future claims payments in respect of reported claims based on the latest information available including advices from claims assessors and lawyers. The incurred but not reported element is calculated initially by each of the Syndicate's divisions using statistical analysis of historical trends, balanced with interpretation of current underwriting trends and market and case loss information, in order to calculate the ultimate loss projection of the business on risk. Where the Syndicate leads business it has control over the agreement of claims and where it does not lead it relies on the lead underwriter to keep it informed of the latest developments.

These claims provisions are reviewed to ensure judgements made are reasonable and supportable. This review process includes comparison of technical claims provisions, on an underwriting year basis, with independent actuarial projections produced on a best estimate basis by our in-house actuarial team. This process is repeated each quarter with the actuarial assessment reviewed at the end of the financial year by an external, independent actuary.

In the calculation, or estimate, of reinsurance recoveries an assessment is made of the ability of reinsurers to meet their liabilities as they fall due, and where payment is doubtful an appropriate provision is made. Ultimate claims settlements net of reinsurance are estimated having regard to previous claims experience (including the use in certain cases of statistically based projections) and case by case review of notified losses.

Although the estimate of net outstanding liabilities was considered to be fair and reasonable, on the basis of the information available at the date of determining the reinsurances to close, the ultimate liabilities will vary as a result of subsequent information and events. Adjustments to the estimates of ultimate liabilities are reflected in underwriting accounts for the years which accept the reinsurances to close.

The reinsurance to close will normally be the same amount as the provision for future liabilities in the Lloyd's solvency return for the closing year. The latter is subject to independent actuarial review and must be at least equal to the independent actuaries' best estimate of the cost of settling the liabilities.

Foreign currencies

The Syndicate maintains four separate currency funds, namely Sterling, Euro, United States dollars, and Canadian dollars. Transactions, assets and liabilities in these additional currencies are translated into Sterling at the exchange rates ruling at the balance sheet date (US\$ 1.92, CAN\$ 2.30, Euro 1.41). The comparative figures are translated into sterling at the exchange rates ruling at 31 December 2003 (US\$ 1.79, CAN\$ 2.31, Euro 1.42).

Foreign currency transactions other than those mentioned above are converted into Sterling at the rate ruling at the transaction date and any differences arising are treated as an adjustment to the transaction concerned.

'Calendar year movements' shown in the underwriting accounts include exchange differences on retranslating brought forward cumulative information.

Profits and losses on United States dollars and Canadian dollars bought or sold to liquidate a closed year of account after 31 December are allocated to the year of account into which the liabilities of the closed year have been reinsured.

Investments

Investments are stated at market value at the balance sheet date. The cost of Syndicate investments held at the balance sheet date is shown in the notes to the accounts and is deemed to be the aggregate of the value of investments held at the last balance sheet date, and the cost of any new investments acquired during the year.

Overseas deposits

Overseas deposits are stated at the market value ruling at the balance sheet date.

Insurance debtors and creditors

In the normal course of business, settlement is required to be made with Lloyd's Central Accounting, the market settlement bureau, on the basis of the net balance due to or from insurance brokers in total rather than the amounts due to or from the individual parties which it represents.

The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Accordingly insurance debtors and creditors, as presented, comprise respectively the totals of all the Syndicate's individual outstanding debit and credit transactions before any offset. The resultant totals give no indication of future cashflows.

Investment return

The investment return comprises investment income, investment gains less losses, and is net of investment expenses and charges.

Where it can be specifically identified, the investment return is allocated to a particular year of account. All other investment returns in a calendar year are apportioned to the years of account in proportion to the average funds available for investment on each year of account.

Where the Syndicate has negative funds for a year of account an interest charge is levied to that year, by the other years of account. The interest charge is shown within Syndicate expenses.

Syndicate operating expenses

Where expenses are incurred by the managing agent, or on behalf of the managing agent, for the administration of the managed Syndicate, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed Syndicate are apportioned between the agency company and the Syndicate on the basis of work performed, resources used and the volume of business transacted.

In accordance with the Syndicate Accounting Byelaw (No 18 of 1994), all Syndicate operating expenses are allocated to the year of account for which they are incurred.

Taxation

No provision has been made in respect of UK income tax on trading income. It is the responsibility of members to settle their tax liabilities.

Overseas taxation comprises US Federal Income tax and Canadian Federal Income tax. The amounts charged to members are collected centrally through Lloyd's Members' Services Unit as part of the members' distribution process. The ultimate tax liability is the responsibility of each individual underwriting member.

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

2 Reinsurance premium to close the 2002 year of account

	2002 pure £'000	2001 and prior £'000	2002 account total £'000	2001 account total £'000
Gross notified outstanding claims	95,425	462,718	558,143	570,439
Reinsurance recoveries anticipated	(16,172)	(159,970)	(176,142)	(179,124)
Net notified outstanding claims	79,253	302,748	382,001	391,315
Provision for gross claims incurred but not reported	57,924	147,021	204,945	202,414
Reinsurance recoveries anticipated	(13,626)	(37,243)	(50,869)	(68,884)
Provision for net claims incurred but not reported	44,298	109,778	154,076	133,530
Claims handling provision	7,168	9,257	16,425	15,575
Reinsurance premium to close the 2002 and prior years of account	130,719	421,783	552,502	540,420

	2001 pure £'000	2000 and prior £'000	2001 account total £'000	2000 account total £'000
ANALYSIS OF THE 2001 ACCOUNT COMPARATIVE				
Gross notified outstanding claims	132,618	437,821	570,439	535,466
Reinsurance recoveries anticipated	(15,030)	(164,094)	(179,124)	(224,588)
Net notified outstanding claims	117,588	237,727	391,315	310,878
Provision for gross claims incurred but not reported	64,937	137,477	202,414	224,060
Reinsurance recoveries anticipated	(11,295)	(57,589)	(68,884)	(88,839)
Provision for net claims incurred but not reported	53,642	79,888	133,530	135,221
Claims handling provision	6,566	9,009	15,575	10,166
Reinsurance premium to close the 2001 and prior years of account at 31 December 2003	177,796	362,624	540,420	456,265

3 Underwriting balance

	2002 account £'000	2001 account £'000
Balance attributable to business allocated to the 2002 (2001) year of account	203,185	24,060
Surplus on the reinsurance to close the 2001 (2000) account	3,508	986
	206,693	25,046

4 Syndicate operating expenses

	2002 account at 24 months £'000	Change in calendar year £'000	2002 account at 36 months £'000	2001 account at 36 months £'000
Staff and related costs	13,514	2,750	16,264	16,621
Premises costs	2,323	175	2,498	3,044
Office running costs	1,318	176	1,494	1,216
Computer costs	4,837	304	5,141	4,842
Lloyd's overseas operating expenses	2,688	46	2,734	2,082
Lloyd's premium levy	12,932	(540)	12,392	8,072
Lloyd's processing costs	1,621	127	1,748	1,417
Auditor's remuneration	149	139	288	130
Other professional fees	1,003	76	1,079	1,332
Miscellaneous	2,739	391	3,130	2,502
Interest charges	1	4	5	13
Gross syndicate operating expenses	43,125	3,648	46,773	41,271
Expense credits	(345)	(2)	(347)	(213)
Service company losses	756	184	940	1,318
	43,536	3,830	47,366	42,376

	2003 account at 12 months £'000	Change in calendar year £'000	2003 account at 24 months £'000	2002 account at 24 months £'000
Staff and related costs	13,485	2,991	16,476	13,514
Premises costs	2,097	423	2,520	2,323
Office running costs	870	398	1,268	1,318
Computer costs	4,561	752	5,313	4,837
Lloyd's overseas operating expenses	1,404	3,074	4,478	2,688
Lloyd's premium levy	11,020	(1,571)	9,449	12,932
Lloyd's processing costs	1,241	409	1,650	1,621
Auditor's remuneration	88	26	114	149
Other professional fees	648	219	867	1,003
Miscellaneous	2,688	499	3,187	2,739
Interest charges	0	0	0	1
Gross syndicate operating expenses	38,102	7,219	45,321	43,125
Expense credits	(389)	(74)	(463)	(345)
Service company (profit)/losses	750	(774)	(24)	756
	38,463	6,371	44,834	43,536

	2004 account at 12 months £'000	2003 account at 12 months £'000
Staff and related costs	15,608	13,485
Premises costs	2,126	2,097
Office running costs	852	870
Computer costs	3,760	4,561
Lloyd's overseas operating expenses	1,939	1,404
Lloyd's premium levy	0	11,020
Lloyd's processing costs	713	1,241
Auditor's remuneration	36	88
Other professional fees	696	648
Miscellaneous	2,676	2,688
Gross syndicate operating expenses	28,406	38,102
Expense credits	(469)	(389)
Service company losses	0	750
	27,937	38,463

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

During the year ended 31 December 2004 the underwriter's gross remuneration, including pension contributions, charged to the Syndicate was £567,398 (2003: £438,473).

Income from service companies which relate to underwriting transactions are allocated to the underwriting balance. Service company losses are in respect of the operations of Amlin Credit Limited, the underlying results of which are not included in the accounts of the entity, instead, they are included in the syndicate results.

Gross syndicate operating expenses for the 2002 account, before Lloyd's premium levy, interest charges and claims handling adjustments are 18.9% greater than set out in the 2002 business plan. The principal variances relate to salaries and related costs, service company losses and credits against expenses. Salaries and related costs were significantly over budget due to additional pension payments, which are described in further detail below. There was no budget for service company losses in the business plan.

Included within the underwriting balance of the 2002, 2003 and 2004 years of account is £1.7 million (2002 account: £1.8 million), £1.1 million (2003 account: £1.0 million) and £0.9 million respectively, in respect of overriding commissions received.

Amlin Underwriting Limited participated in Group pension schemes for the employees of Amlin plc, its subsidiaries and Syndicate 2001. Full accounting disclosures are made in the report and accounts of Amlin Underwriting Limited. The schemes comprised of two closed funded defined benefit schemes, a defined contribution and personal pension schemes.

The expenditure relating to these schemes is charged in part to the Syndicate, and the Syndicate's share is charged as noted below. However, all balance sheet positions, such as fund valuations are for the Group's share of the whole scheme.

	2004 £m	2003 £m
Defined benefit schemes		
The Lloyd's Superannuation Fund	7.9	10.0
The Angerstein Underwriting Ltd scheme	0.1	0.1
	8.0	10.1
Defined contribution schemes	1.5	1.2
	9.5	11.3

a) The Lloyd's Superannuation Fund funded defined benefit scheme

The scheme is operated as part of the Lloyd's Superannuation Fund (the Fund). Historically the Fund has catered for a number of employers in the Lloyd's market. As a consequence of the consolidation in the market, employers closing final salary schemes and some companies failing, there are now only around eight employers with active members in the Fund. A large proportion of the liability of the Fund relates to employers no longer participating in the Fund. The assets of the Fund are pooled and the current active employers are responsible collectively for the funding of the Fund as a whole.

For the purposes of determining contributions to be paid, the Trustees have split the Fund into a number of notional sections. This is a notional split and has no legal force. Previously this notional split allowed for separate sections in respect of each employers' active

members and one combined section for non-employed members of all current and former employers.

With effect from 31 December 2002, the Trustees altered this notional split so that, from that date, the active employers contributing to the Fund, including the Amlin Group, have individual notional sections comprising the notionally allocated assets in respect of their active employees and their deferred pensioners and pensioners, and their corresponding liabilities. A separate notional fund is maintained for members whose former employers no longer contribute to the Fund (Orphan Schemes). Amlin is also liable for a proportion of the Orphan Scheme's liabilities.

Amlin can now more clearly identify its expected contribution requirement to the Fund. However, as the asset allocation is notional and at the discretion of the Trustee, it is not possible for Amlin to be certain of its overall surplus or deficit position at any time. For this reason, the scheme is classified as a multi-employer scheme for the purposes of Financial Reporting Standard No. 17 (FRS 17) – Retirement benefits.

The total charge for this scheme is analysed in the table below.

	2004 £m	2003 £m
Contributions relating to:		
2001 valuation deficit – Amlin scheme	1.9	2.0
2004 valuation deficit – Amlin scheme	1.1	–
2001 valuation deficit – Orphan scheme	–	6.6
2004 valuation deficit – Orphan scheme	3.5	–
Ongoing funding	1.4	1.4
	7.9	10.0

The funding position of the Fund is assessed every three years by an independent qualified actuary. Contributions are made at the funding rates recommended by the actuary, which vary across different sections of the Fund reflecting the notional sections then adopted, and typically include adjustments to amortise any funding surplus or shortfall over a period.

The latest actuarial assessment of the scheme, at 31 March 2004, used the projected unit actuarial method and was based on the assumptions as set out below.

	Amlin section % pa	Orphans section % pa
Pre retirement		
– Inflation	2.8	2.8
– Investment return	6.3	5.9
Post retirement		
– Inflation	3.0	3.0
– Investment return	5.4	4.7
Increases to pensions in payment		
– LPI	3.0	3.0
– LPI (minimum 3%)	3.2	3.2
– Discretionary increases	0.0	0.0
General pay escalation	4.5	4.5
Asset split		
– Equities	50%	20%
– Bonds	50%	80%

The assessment showed that the assets relating to the Amlin section of the Fund were £107.2 million, being £6.2 million less than the amount required to fund members' accrued liabilities on the assumptions adopted, resulting in a shortfall of 6%. To rectify this shortfall, Amlin has agreed with the Trustee that it will make six annual payments to the Fund of £1.2 million, of which the Syndicate will be charged with £1.1 million. The first installment was paid in December 2004 and subsequent payments fall due each 31 March, commencing on 31 March 2005.

In addition, Amlin has agreed to pay contributions to the notional orphans' section to rectify a share of the funding shortfall revealed in the actuarial investigation at 31 March 2004 of £17 million based on the assumptions described above. (The assets notionally allocated to this section of £181 million were 91% of the amount expected to be required to provide the benefits of this section.) The Syndicate's share of this shortfall is currently estimated to be £12.8 million. On 31 December 2004, a payment of £3.5 million was made in order to reduce this deficit. Three subsequent annual payments of £3.5 million are falling due each 31 March, commencing on 31 March 2005.

Contributions will also be paid to provide for the cost of benefit accrual after the date of the investigation. The rate of contribution agreed with the Trustee is 30% paid by the employer plus member contributions at the rate of 5% of pensionable earnings. These contributions will be backdated to take effect from 1 April 2004.

In 2004, funding rates and charges to the profit and loss account were at 30.2% of pensionable salaries as recommended by the 2001 valuation, and totalled £1.4 million (2003: £1.4 million).

b) The Angerstein Underwriting Ltd funded defined benefit scheme SSAP 24 disclosures

The scheme consists of a closed funded defined benefit scheme for certain past employees of Angerstein Underwriting Limited. Contributions to the scheme are determined by an independent qualified actuary, based upon triennial valuations, using the attained age actuarial method. A valuation at 1 July 2004 was carried out, and the market value of the scheme assets was £1.2 million representing 59% of the benefits accrued to the members.

The Syndicate's contributions to this scheme in respect of the year ended 31 December 2004 were £0.1 million (2003: £0.1 million), and the agreed contribution rate for future years is 36% of pensionable salaries. An accrual of £0.5 million was made at 31 December 2003 and 31 December 2004 to rectify the deficit of £0.8 million at the end of 2004. A 2% per annum differential between investment returns and salary increases is assumed.

c) The defined contribution scheme

Between 1998 and 31 August 2004, all new employees were invited to join the Amlin Group Money Purchase Scheme (AGMPS), which was part of the Lloyd's superannuation fund. Contributions made by the Group varied by age, and by the level of contribution that employees voluntarily make to the scheme. Employer contributions ranged from 4% to 21% and were fully expensed to the profit and loss account when due and payable. With effect from 1 September 2004, the scheme was replaced with a new stakeholder defined contribution scheme. Contributions to the old scheme ceased with effect from 31 August 2004 and the Lloyd's superannuation fund decided to wind up the scheme and secure pension rights via a transfer to Section 32A policies with Merrill Lynch, who was the investment manager for the AGMPS. All staff have been given the option to retain benefits with Merrill Lynch or alternately transfer their fund value to another approved arrangement, including the ARIS.

d) The stakeholder defined contribution scheme

With effect from 1 September 2004, the Amlin Retirement Investment Scheme (ARIS) replaced the AGMPS. The ARIS is a stakeholder arrangement, which provides staff with greater choice and flexibility on contributions and investments, improved security of benefits, much better information and administrative support, and improved portability. The employer contributions paid by Amlin have not changed as a result of these new arrangements, nor has the level of lump sum life assurance benefits. Winterthur Life has been chosen as the stakeholder provider, following a rigorous selection process and review of the stakeholder market.

The total contributions for the year ended 31 December 2004 to the AGMPS and ARIS schemes are shown in the table on page 20.

e) Other arrangements

Other pension arrangements include an occupational money purchase scheme which provides death in service protection for all employees. Regular contributions, expressed as a percentage of employees' earnings, are paid into this scheme and are allocated to accounts in the names of the individual members, which are independent of the Group's finances. The contributions are charged against profits in the period in which they are payable. There were no outstanding contributions at 31 December 2004 (2003: £ nil).

Motor insurance bureau levy

Motor syndicates (and other direct UK motor underwriters) are required by statute to pay a levy to the Motor Insurance Bureau (MIB). The purpose of the MIB is to compensate third parties who have suffered a loss as a result of a motor accident with an uninsured motorist. These claims are then recovered from the UK motor market, by means of a levy which is apportioned on the basis of the amount and type of motor business written. In accordance with market practice the levy has been included as a paid claim within these accounts.

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

5 Investment return

	2002 account at 24 months £'000	Change in calendar year £'000	2002 account at 36 months £'000	2001 account at 36 months £'000
Investment income receivable	15,312	31,607	46,919	33,524
Accrued income	1,035	94	1,129	2,300
Investment income	16,347	31,701	48,048	35,824
Investment gains less losses	(3,675)	(6,208)	(9,883)	(4,997)
Gross investment return	12,672	25,493	38,165	30,827
Less: investment expenses and charges	(192)	(734)	(926)	(859)
	12,480	24,759	37,239	29,968

	2003 account at 12 months £'000	Change in calendar year £'000	2003 account at 24 months £'000	2002 account at 24 months £'000
Investment income receivable	3,384	15,383	18,767	15,312
Accrued income	715	597	1,312	1,035
Investment income	4,099	15,980	20,079	16,347
Investment gains less losses	(2,233)	(2,031)	(4,264)	(3,675)
Gross investment return	1,866	13,949	15,815	12,672
Less: investment expenses and charges	(65)	(327)	(392)	(192)
	1,801	13,622	15,423	12,480

	2004 account at 12 months £'000	2003 account at 12 months £'000
Investment income receivable	3,176	3,384
Accrued income	227	715
Investment income	3,403	4,099
Investment gains less losses	(1,025)	(2,233)
Gross investment return	2,378	1,866
Less: investment expenses and charges	-	(65)
	2,378	1,801

6 Calendar year investment yield

	2004 £'000	2003 £'000
Average syndicate funds available for investment during the year	1,112,000	916,919
Aggregate gross investment return for the year	40,759	22,451
Gross calendar year investment yield:		
Sterling	4.9%	3.3%
Euro	4.6%	2.9%
U.S. dollars	2.1%	2.3%
Canadian dollars	4.6%	3.9%
Combined	3.7%	2.7%

The average amount of syndicate funds available for investment has been calculated as the monthly average balance of investments and overseas deposits. The yield percentages exclude immaterial sources of income and inter year interest.

7 Syndicate personal expenses

	2002 account at 24 months £'000	Change in calendar year £'000	2002 account at 36 months £'000	2001 account at 36 months £'000
Lloyd's subscriptions and guarantee fees	9,996	0	9,996	5,745
Agent's fees	4,798	0	4,798	2,872
Profit commission	0	23,048	23,048	0
	14,794	23,048	37,842	8,617

	2003 account at 12 months £'000	Change in calendar year £'000	2003 account at 24 months £'000	2002 account at 24 months £'000
Lloyd's subscriptions and guarantee fees	12,495	0	12,495	9,996
Agent's fees	5,997	0	5,997	4,798
	18,492	0	18,492	14,794

	2004 account at 12 months £'000	2003 account at 12 months £'000
Lloyd's subscriptions and guarantee fees	17,500	12,495
Agent's fees	25,000	5,997
	42,500	18,492

Individual members' personal expenses are charged as incurred. The amounts due from members' in respect of US and Canadian Federal Income Tax have been excluded from syndicate personal expenses as these amounts have not arisen specifically from the activities of the syndicate. These amounts are shown in debtors and will be collected from members directly.

8 Financial investments

	2004 cost £'000	2004 market value £'000	2003 cost £'000	2003 market value £'000
Debt securities and other fixed income securities	771,901	766,857	866,341	859,896
Participation in investment pools	336,930	336,930	158,690	158,690
Deposits with credit institutions	48,100	48,698	0	0
Letters of credit collateral	3,972	3,972	5,798	5,794
	1,160,903	1,156,457	1,030,829	1,024,380

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

9 Debtors

	2004 £'000	2003 £'000
Brokers' balances:		
Lloyd's Central Accounting balance:		
Arising out of direct insurance operations	12,107	15,060
Arising out of reinsurance operations	48,048	55,301
	60,155	70,361
Accruals:		
Arising out of reinsurance operations	54,897	44,048
Other amounts due from brokers:		
Arising out of direct insurance operations	45,224	43,140
Arising out of reinsurance operations	12,348	8,857
	57,572	51,997
Taxation: income tax deducted at source	0	141
Overseas taxation	5,143	1,557
Amounts due from managing agent	2,687	0
Other debtors	9,226	8,174
	189,680	176,278
Due after 12 months	326	1,652
Debtors are stated net of provisions for bad and doubtful debts as shown below:		
Arising out of reinsurance operations	11,215	9,054

10 Overseas deposits

	2004 £'000	2003 £'000
	Country	
Australian Joint Asset Trust Funds	Australia	477
Australian Trust Fund	Australia	9,255
Canadian Margin Fund	Canada	7,310
Japanese Statutory Deposit	Japan	352
South African Trust Fund	South Africa	2,708
Illinois Reserve	USA	8,442
Joint Asset Trust Fund	USA	9,284
Kentucky Trust Fund	USA	6,250
Additional Securities Limited Loan	Various	2,702
	50,583	46,780

11 Balance on closed year of account

	2004 £'000	2003 £'000
2002 (2001) year of account profit before personal expenses		
Sterling Trust Fund	166,523	(920)
Lloyd's American Trust Fund (\$1,889,733 2001: \$1,691,619)	984	945
Lloyd's Dollar Trust Fund (\$76,897,641 2001: \$15,664,446)	40,051	8,751
Canadian Dollar Trust Fund (\$4,408,745 2001: \$11,095,497)	1,917	4,803
Euro Trust Fund (€2,284,863 2001: €1,822,713)	1,620	1,284
	211,095	14,863
Transfers to members' premium trust funds		
Members' agents fees	(1,601)	(1,296)
Other personal expenses	(37,842)	(8,617)
Continuous solvency release	(62,178)	0
Total withdrawals	(101,621)	(9,913)
2002 (2001) year of account balance after personal expenses and transfers to members' premium trust funds	109,474	4,950

Members' agents fees represent the amounts due by members to their agents in accordance with the separate agency agreements. These amounts do not appear on the Summary of Results on page 29.

2002 (2001) RESULT DISTRIBUTED/(COLLECTED) IN	Currency	Currency
Sterling	108,490	(4,746)
Lloyd's American Trust fund dollars	1,890	1,692
Lloyd's Dollar Trust fund dollars	0	15,664
Total in sterling at £1 = \$1.92 (2001: \$1.79)	109,474	4,950

12 Creditors

	2004 £'000	2003 £'000
Brokers' balances:		
Lloyd's Central Accounting balance:		
Arising out of direct insurance operations	964	705
Arising out of reinsurance operations	8,793	8,187
	9,757	8,892
Accruals:		
Arising out of reinsurance operations	9,825	20,256
Other amounts due to brokers:		
Arising out of direct insurance operations	26,270	20,520
Arising out of reinsurance operations	6,155	10,085
	32,425	30,605
Amounts due to managing agent	0	1,735
Profit commission payable	23,048	0
Other creditors	3,136	3,379
	78,191	64,867
Due after 12 months	253	10

Included within the balance due to other brokers, in respect of reinsurance operations, is £nil (2003: £2.4 million) in respect of advance payments from reinsurers to provide security for future claims.

NOTES TO THE ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

13 Segmental information

	Fire & other property damage £'000	Marine aviation & transport £'000	Motor third party liability £'000	Motor other £'000	Third party liability £'000	Other direct £'000	Reinsurance acceptances £'000	Total £'000
2002 account at 36 months								
– risks located in the UK	11,323	20,879	21,245	86,986	47,953	9,848	27,218	225,452
– risks located in other EC countries	4,170	12,895	330	3,647	14,272	293	10,729	46,336
– risks located in other countries	75,127	67,713	3,132	15,644	90,554	10,543	166,641	429,354
Gross premiums	90,620	101,487	24,707	106,277	152,779	20,684	204,588	701,142
Gross claims paid	(31,084)	(62,335)	(19,899)	(70,238)	(95,432)	(18,544)	(67,716)	(364,708)
Gross operating expenses	(6,207)	(7,957)	(1,671)	(7,157)	(10,087)	(1,331)	(12,956)	(47,366)
Reinsurance balance	(10,064)	(6,093)	(632)	(5,372)	(11,830)	1,130	(61,345)	(94,206)
Average rate of commission	20%	21%	12%	13%	17%	28%	17%	18%
2003 account at 24 months								
– risks located in the UK	12,526	22,402	18,922	77,065	73,251	11,361	31,917	247,444
– risks located in other EC countries	8,094	14,807	227	2,507	14,221	394	18,806	59,056
– risks located in other countries	99,008	64,308	549	20,451	85,099	11,805	178,438	459,658
Gross premiums	119,628	101,517	19,698	100,023	172,571	23,560	229,161	766,158
Gross claims paid	(36,548)	(32,042)	(6,373)	(36,793)	(6,327)	(11,253)	(38,480)	(164,636)
Gross operating expenses	(6,742)	(6,672)	(1,217)	(5,983)	(10,751)	(1,258)	(12,211)	(44,834)
Reinsurance balance	(19,820)	(16,723)	(1,002)	(7,684)	(34,224)	(2,374)	(66,989)	(148,816)
Average rate of commission	21%	22%	9%	14%	18%	26%	18%	18%
2004 account at 12 months								
– risks located in the UK	9,851	17,637	15,422	61,919	58,598	3,011	24,297	190,735
– risks located in other EC countries	8,090	10,695	330	1,598	7,924	255	15,244	44,136
– risks located in other countries	67,923	41,708	129	12,164	39,619	4,910	155,426	321,879
Gross premiums	85,864	70,040	15,881	75,681	106,141	8,176	194,967	556,750
Gross claims paid	(9,509)	(6,368)	(1,885)	(10,634)	(279)	(1,456)	(86,435)	(116,566)
Gross operating expenses	(3,960)	(5,378)	(788)	(3,638)	(5,982)	(351)	(7,840)	(27,937)
Reinsurance balance	(19,630)	(16,565)	(616)	(2,473)	(12,126)	(1,162)	(32,641)	(85,213)
Average rate of commission	18%	21%	9%	12%	20%	29%	16%	17%

Gross premiums signed have been analysed by reference to the situs of risk and EC Directive category based on risk code. Gross operating expenses have been allocated to categories in proportion to their respective gross premium incomes. The reinsurance balance comprises reinsurance recoveries received less outward reinsurance premiums paid and has been allocated to EC directive categories by reference to risk code. This balance includes reinsurance accruals but excludes any premiums paid or received as a reinsurance to close. Gross claims have also been analysed by EC directive category based on risk code.

14 Consortium underwriting

The table below shows the consortia that Syndicate 2001 participated in for each year of account.

Consortium Name	Lead syndicate	Description	Percentage of Syndicate gross premium		
			2002 account	2003 account	2004 account
Aviation War Consortium (9205)	510	Aviation War	0.12%	–	–
Excess Workers Compensation (9217)	435	Casualty	0.02%	0.04%	0.03%
Excess Workers Compensation (9218)	435	Casualty	0.02%	0.04%	0.03%
FTC Consortium (9186)	2001	Commercial Auto	0.65%	1.41%	–
FTC Consortium (II) (9234)	2001	Commercial Auto	–	–	0.87%
Gerling Sports Consortium (9097)	1206	Personal Accident	0.05%	0.06%	0.04%
Lloyd's Railroad Protective Consortium (9065)	1245	Casualty	0.02%	0.01%	0.01%
Marham Space Consortium (9200)	2987	Space	0.24%	–	–
The Brit Space Consortium (9222)	2987	Space	–	0.30%	0.59%

Written agreement was given prior to commencement of each of the above consortia in respect of the basis of commissions, fees and remuneration. Risk are allocated between the Syndicate and other consortium members on a proportional basis to the written line. Other than in relation to the affairs of the consortium, no other income was received by the managing agent or any underwriter employed by it, from members of the consortium.

15 Service company transactions

Details of the service companies which operate within the Syndicate are given in the managing agent's report. The whole share capital of these companies is held by Amlin plc and its subsidiaries and, with the exception of Amlin Underwriting Services Ltd, is held in trust for the members of the Syndicate. The results of all of the companies are included in that of the Syndicate. No fees are paid by these companies to any of the directors of Amlin Underwriting Limited. In calendar year 2004, premium income signed through these service companies where it represents greater than 1% of gross premium, is as follows:

	2004 account
Amlin Marine Services Limited	1.00%
Amlin Credit Limited	1.00%
Amlin Underwriting Services Limited	1.00%

In addition Amlin Plus Limited, which is owned 60% by Amlin Underwriting Limited, placed £12,852,484 (2003: £5,467,973) of premium for the 2004 and 2003 account during 2004 and earned brokerage commission totalling £2,564,243 (2003: £962,472).

Serviceline (UK) Limited, AIS Limited (formerly Drysdale Administration & Claims Services Limited) and Just Law Limited provide claims handling and administration services to the Syndicate and other insurers. The nature and the amount of the sums received from these companies by the Syndicate in the calendar year 2004 are as follows:

	2002 account £'000	2003 account £'000	2004 account £'000
Serviceline (UK) Limited Premium over-rider	0	0	434
AIS Limited Claims handling	374	418	79
Just Law Limited Legal fees	1,257	695	106
Total	1,631	1,113	619

16 Disclosure of interests

Apart from the capacity offer, detailed in the managing agent's report, there have been no transactions entered into by the agency on behalf of the Syndicate in which it, or any of its executives, had a material interest.

SYNDICATE COMPOSITION AND PERFORMANCE

	2002 account £'000	2003 account £'000	2004 account £'000	2005 account £'000
Syndicate allocated capacity	799,694	999,560	1,000,001	850,000
Composition	%	%	%	%
Working Names employed by the agent	0.05	0.02	–	–
Other working Names	0.85	0.45	–	–
External Names	9.62	5.42	–	–
Members' agent pooling arrangement	8.82	3.88	–	–
Amlin Corporate capital	72.32	86.18	100.00	100.00
Corporate capital	7.51	3.59	–	–
Scottish Limited partnerships	0.83	0.46	–	–
	100.00	100.00	100.00	100.00
Number of Members	1,574	1,538	6	2
Composition	%	%	%	%
Working Names employed by the agent	0.13	0.07	–	–
Other working Names	5.84	5.59	–	–
External Names	69.25	70.87	–	–
Members' agent pooling arrangement	0.76	0.78	–	–
Amlin Corporate capital	0.38	0.39	100.00	100.00
Corporate capital	20.21	19.24	–	–
Scottish Limited partnerships	3.43	3.06	–	–
	100.00	100.00	100.00	100.00
	1999 account £'000	2000 account £'000	2001 account £'000	2002 account £'000
SYNDICATE PERFORMANCE				
Result	(8,938)	(11,374)	6,246	173,253
Composition				
Working Names employed by the agent	(8)	(8)	4	87
Other working Names	(175)	(180)	65	1,473
External Names	(1,580)	(1,533)	646	16,667
Members' agent pooling arrangement	(1,562)	(1,564)	497	15,281
Amlin Group companies	(3,144)	(6,349)	4,350	125,296
Corporate capital	(2,215)	(1,402)	550	13,011
Scottish Limited partnerships	(254)	(338)	134	1,438
	(8,938)	(11,374)	6,246	173,253

SUMMARY OF RESULTS

	1997 account £'000	1998 account £'000	1999 account £'000	2000 account £'000	2001 account £'000	2002 account £'000
Syndicate allocated capacity (£'000)	528,619	528,697	452,971	423,325	574,472	799,694
Number of members	2,480	2,179	1,999	1,721	1,625	1,574
Aggregate net premiums (£'000)	210,639	213,905	255,987	317,163	424,364	534,965
Results for a member with an illustrative share of £10,000:	£	£	£	£	£	£
Gross premiums	5,807	5,708	7,476	9,371	9,654	8,768
Net premiums	3,985	4,046	5,651	7,492	7,387	6,690
Reinsurance to close premium received	5,194	5,343	6,398	6,470	7,438	6,465
Net claims	(3,743)	(4,330)	(5,600)	(5,629)	(4,982)	(3,661)
Reinsurance to close premium paid	(5,032)	(5,388)	(6,421)	(8,407)	(9,407)	(6,909)
Underwriting result	404	(329)	28	(74)	436	2,585
Profit/(loss) on exchange	26	(3)	(57)	5	39	182
Syndicate operating expenses	(533)	(627)	(670)	(697)	(738)	(592)
Balance on technical account	(103)	(959)	(699)	(766)	(263)	2,175
Investment return	499	608	686	672	522	465
Profit before syndicate personal expenses and profit commission	396	(351)	(13)	(94)	259	2,640
Illustrative syndicate personal expenses	(175)	(200)	(185)	(175)	(150)	(185)
Illustrative profit commission	(34)	-	-	-	-	(288)
Profit/(loss) after syndicate personal expenses and profit commission	187	(551)	(198)	(269)	109	2,167
	%	%	%	%	%	%
Capacity utilised	58.1	57.1	74.8	93.7	96.5	87.7
Net capacity utilised	39.9	40.5	56.5	74.9	73.9	66.9
Balance on technical account to gross premiums	(1.8)	(16.8)	(9.3)	(8.2)	(2.7)	24.8

Notes to the summary of results

- 1 The summary of results has been prepared from the audited accounts of the Syndicate.
- 2 Personal expenses have been stated at the normal amount incurred by traditional Names and Members' Agent pooling arrangement participants writing the illustrative share.
- 3 Illustrative profit commission is based on a name who participated on syndicate 2001 only and had deficit brought forward from syndicate 2001 only and had no refund of member special contributions applied against the commissionable balance.

EXECUTIVE PARTICIPATIONS IN SYNDICATE 2001: 2002 TO 2004 YEARS OF ACCOUNT

	2002 £'000	2003 £'000	2004 £'000
B D Carpenter	291	182	–
A M Davies *	241	150	–
I Macnabb **	284	178	–

* includes spouse's participations

** participation via SLP

S C W Beale, R G Dampier, M C Hewett, R A Hextall, A W Holt, J le T Illingworth, R J Lewy, R Mylvaganam, C E L Philipps, I R C Shackell and A P Springett were not underwriting members of Syndicate 2001 during the period under review.

Directorships in insurance entities at 31 December 2004

All executives' insurance directorships are within the Amlin Group companies, other than as follows:

Name of company/partnership	Nature of business	Ultimate parent company
C E L Philipps Lloyd's Market Association	Professional Organisation	Not applicable

Current Directors: Shareholdings at 31 December 2004 in Amlin plc

	Ordinary shares	Shares under option
A M Davies	320,327	–
S C W Beale	175,458	349,487
B D Carpenter*	561,463	658,439
R G Dampier	–	292,835
M C Hewett	301,883	578,451
R A Hextall*	50,665	747,322
A W Holt*	2,522,518	589,383
J le T Illingworth*	84,292	804,572
I Macnabb *	701,907	297,392
R Mylvaganam*	3,285	–
C E L Philipps*	103,823	1,484,968
I R C Shackell	–	258,286
A P Springett	30,067	354,140

* Indicates directors who are also directors of Amlin plc and / or an affiliated corporate member of Lloyd's.

The above includes spouses' shareholdings and trusts.

ADVISERS

Advisers

Auditors

Syndicates and Amlin plc
Deloitte & Touche LLP
London

Amlin Underwriting Limited
KPMG Audit plc
London

Corporate Solicitors

Linklaters
1 Silk Street
London EC2Y 8HQ

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

Investment Managers

AIM Global
Alliance Capital Limited
Barclays Global Investors
Citigroup Asset Management
Insight Investment Management Limited
Weiss Peck & Greer LLC
Western Asset Management

NOTES

AMLIN UNDERWRITING LIMITED

ST HELEN'S, 1 UNDERSHAFT, LONDON EC3A 8ND
TELEPHONE 020 7746 1000
FAX 020 7746 1696
WWW.AMLIN.COM