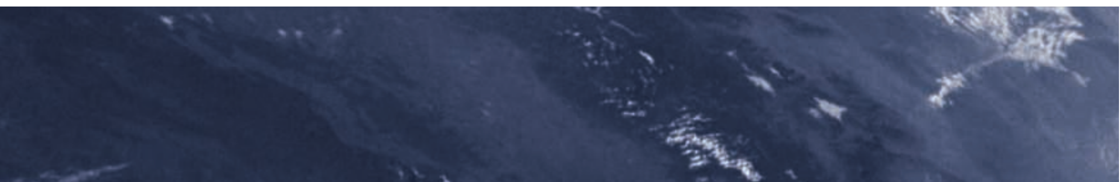
Amlin plc Interim Report 2008

Continuity in an uncertain world



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Amlin is a leading independent insurer operating in the London and Bermuda markets. We specialise in providing insurance cover to commercial enterprises and provide reinsurance protection to other insurance companies around the world.

We have a diverse portfolio of risk and employ specialist underwriters with expertise in over 30 different business classes. Our insurance operations are organised into five businesses:

Non-marine
Marine
Aviation
UK Commercial
Amlin Bermuda

We continually seek to improve our offering to brokers and clients and are at the forefront of significant change in the London market.

Amlin continues to deliver strong underwriting returns

Annualised first half return on equity of 20.6% (H1 2007: 31.8%), above our long term target of 15%

Profit before tax of £137.3 million (H1 2007: £185.0 million)

Underwriting contribution remains strong at £148.7 million (H1 2007: £151.9 million), with record first half combined ratio of 67% (H1 2007: 71%)

Lower first half investment return of 0.7% (H1 2007: 2.6%) including unrealised gains and losses. Contribution from investments down 65.5% to £22.5 million (H1 2007: £65.3 million)

Interim dividend increased 20.0% to 6.0p per share (H1 2007: 5.0p per share)

Increased investment in UK Commercial marketing and distribution

Financial highlights	**6 months 2008 £m**	6 months 2007 £m	12 months 2007 £m
Gross premium written	**715.5**	805.2	1,044.7
Net premium written	**633.0**	732.9	938.3
Net earned premium	**445.7**	514.5	972.3
Profit before tax	**137.3**	185.0	445.0
Profit after tax	**108.1**	148.6	352.8
Return on equity	**10.3%**	15.9%	37.8%
Net assets	**1,097.7**	984.4	1,052.3
Net tangible assets	**1,029.3**	918.4	983.3
Per share amounts			
Earnings	**22.8p**	28.9p[2]	68.8p[2]
Dividend under IFRS[1]	**10.0p**	7.8p	12.8p
Special dividend under IFRS[1]	**–**	8.0p	8.0p
Dividend (paid, declared and proposed in respect of the period/year)	**6.0p**	5.0p	15.0p
Capital return via B shares	**–**	–	22.4p
Net assets	**232.6p**	184.0p	220.7p
Net tangible assets	**218.1p**	171.7p	206.2p
Group operating ratios			
Claims ratio	**40%**	43%	36%
Expense ratio	**27%**	28%	27%
Combined ratio	**67%**	71%	63%
Syndicate 2001 combined ratio	**73%**	76%	69%
Amlin Bermuda Ltd combined ratio	**50%**	52%	46%

1 all per share dividends are the actual dividends paid or proposed for each share in issue at the time.
2 restated as set out in Note 12 to the Interim Financial Statements.

Key Indicators

Performance indicators

Gross premium written
(Excluding premium revenue from the receipt of reinsurance to close) £m

2004	945.6
2005 H1	675.8
2005	993.5
2006 H1	846.2
2006	1,113.8
2007 H1	805.2
2007	1,044.7
2008 H1	715.5

Net earned premium
(Excluding premium revenue from the receipt of reinsurance to close) £m

2004	722.4
2005 H1	395.5
2005	822.1
2006 H1	481.8
2006	973.9
2007 H1	514.5
2007	972.3
2008 H1	445.7

Combined ratio
% Claims Expenses

	Claims	Expenses
2004	50	32
2005 H1	44	25
2005	57	25
2006 H1	49	30
2006	41	31
2007 H1	43	28
2007	36	27
2008 H1	40	27

Return on equity
%

2004	21.0
2005 H1	22.1
2005	29.6
2006 H1	12.1
2006	34.0
2007 H1	15.9
2007	37.8
2008 H1	10.3

Dividend (declared basis)
Pence

2004	8.0	
2005 H1	4.0	
2005	10.2	
2006 H1	4.2	
2006	12.0	8.0*
2007 H1	5.0	
2007	15.0	
2008 H1	6.0	

*Special dividend

Net assets per share
Pence

2004	114.9
2005 H1	135.2
2005	148.7
2006 H1	153.5
2006	175.6
2007 H1	184.0
2007	220.7
2008 H1	232.6

Net unearned premium reserve
£m

2004	492.4
2005 H1	653.3
2005	499.6
2006 H1	779.4
2006	507.8
2007 H1	722.0
2007	474.3
2008 H1	662.4

Senior underwriter turnover (voluntary)
%

2004	4.3
2005 H1	2.3
2005	4.6
2006 H1	0.00
2006	4.3
2007 H1	8.3
2007	8.3
2008 H1	4.2

Amlin's financial performance in the first half of 2008 has again been robust with profit before tax of £137.3 million (H1 2007: £185.0 million) and a return on equity of 10.3% (annualised 20.6%; H1 2007: 15.9%, annualised 31.8%). The underwriting return was excellent with a contribution in line with the previous half year. However, unsurprisingly, a very challenging investment environment led to significantly lower investment returns, resulting in an overall reduction in first half profits.

Overview of the results

Profit before tax of £137.3 million was 25.8% below that of the prior half year (H1 2007: £185.0 million).

Even though earned premium was lower than in the first half of 2007 and the industry experienced some of the largest first half catastrophe losses in several years, our underwriting contribution was modestly improved at £149.5 million (H1 2007: £146.6 million), after removing the negative effect of £6.1 million movement in the foreign exchange translation of net non-monetary liabilities. Our UK operations produced an underwriting return of £89.8 million (H1 2007: £97.7 million) and Amlin Bermuda's contribution grew to £59.7 million (H1 2007: £48.9 million).

Gross premium written was £715.5 million, 11.1% less than in the prior half year, reflecting the continued effect of average renewal rate reductions of 8.5% and our strategy of declining business where low margins make it unattractive. In our UK operations, where rating pressure has been greatest in US direct property and energy insurance, income reduced by 15.9% to £595.9 million. Conversely, while rates have declined for catastrophe reinsurance, they remain attractive, and Amlin Bermuda increased its direct income by 23.9% to $236.0 million, assisted by the improvement in Financial Strength Rating awarded by AM Best in 2007.

Gross earned premium decreased 12.5% to £501.2 million (H1 2007: £572.8 million) reflecting the reductions in gross premium written in 2007 and 2008. Net earned premium decreased by 13.4% to £445.7 million (H1 2007: £514.5 million).

The Group combined ratio improved to a record 67% (H1 2007: 71%) due to a 3% improvement in the claims ratio to 40% and a 1% improvement in the expense ratio to 27%. Whilst the first six months of 2008 have seen increased levels of catastrophe losses and individual large risk losses, Amlin's exposure to these events has been modest. Run off profits from our reserves have again been substantial amounting to £59.9 million for the period (H1 2007: £40.9 million).

Concerns over the economic environment, associated credit related losses and latterly inflation have resulted in exceptionally volatile investment markets. Not surprisingly, the contribution from investments was lower at £22.5 million (H1 2007: £65.3 million).

Earnings per share decreased 21.1% to 22.8p (H1 2007: 28.9p), less than the reduction in pre and post tax profits, benefiting from our return of capital to shareholders through the B share issue and the associated share consolidation which was completed in January 2008.

Dividend and capital management

The Board has declared an interim dividend of 6.0 pence per share (H1 2007: 5.0 pence per share) an increase of 20.0%. Part of this increase recognises the enhanced per share dividend paying capacity which resulted from the B share issue and associated share consolidation. The dividend will be paid on 10 October 2008 to shareholders on the register at the close of business on 12 September 2008. A dividend reinvestment plan, details of which may be obtained from the Company's registrar or from the Company's website, is available to shareholders in respect of this dividend.

We have described our commitment to active capital management in past reports. This was clearly demonstrated in 2007 via the £42.7 million special dividend and the £120.4 million B shares issue and has continued in 2008. In our AGM statement, we noted that we had commenced a share buy-back programme. In the period from 1 January 2008 to the date of this report we have purchased shares to the value of £27.6 million (10.8 million shares at an average price of 256.1p per share). The buy back programme remains ongoing and we will continue to review the appropriate level of capital for the Group with the intention of managing our capital to enhance returns on equity.

We also expect to be able to continue to steadily grow our dividend and deliver attractive income returns to our shareholders.

Underwriting conditions and premium income

In the first six months, the average renewal rate reduction for the Group was 8.5% with renewal retention at 85.1%. We continue to be weighted towards business which remains well or adequately priced considering the exceptionally strong rates which prevailed in 2006 and 2007 following the devastating hurricane seasons of 2004 and 2005.

Catastrophe reinsurance, which is written in Bermuda and in our Non-marine division, represented 32.7% of gross premium written in the first half. This market has demonstrated some rating discipline such that rates in these classes, while off from their peak, remained well priced in the US, particularly in capacity constrained zones. Internationally, rates were also acceptable for the most part, holding up best where recent losses have been experienced. In contrast, large property insurance and energy insurance, which together represented 9.8% of first half premium and are also catastrophe exposed, have become increasingly competitive and we have been reducing our exposures accordingly.

Our Aviation and UK Commercial businesses, which together accounted for 15.2% of first half premium, have continued to trade in relatively poor conditions. While the rate of decline of aviation pricing has slowed, the market remains competitive. Within the UK commercial market, motor rates have recently started increasing albeit by less than the rate of claims inflation, and liability rates, particularly for professional indemnity insurance, are continuing to weaken.

Other classes of business, representing 42.3% of first half premium, have remained reasonably well priced with marine hull rates, in particular, showing signs of turning positively.

Outwards reinsurance

Reinsurance expenditure in the period as a proportion of gross premium written increased from 9.0% to 11.5% relative to the prior half year. The uplift reflects the purchase of additional cover, in particular retrocessional cover protecting our Non-marine reinsurance account but also for our Marine catastrophe exposures.

Claims

The Group claims ratio improved on the prior half year to 40% (H1 2007: 43%).

The first half of 2008 has witnessed some notable catastrophe losses and an increase in the number of individual large risk losses. Estimates of overall first half

Table 1: Average renewal and retention rates

	Gross premium written		Average renewal rate change	Average renewal retention ratio
Six months 2008	**H1 2008**	**H1 2007**		
	£m	**£m**	**%**	**%**
Amlin Bermuda (direct only)	119.6	96.4	(11.3)	95.6
Aviation	31.2	36.8	(2.9)	84.2
Marine	140.2	145.2	(5.1)	82.3
Non-marine	347.2	437.8	(10.7)	85.0
UK Commercial	77.3	89.0	(2.9)	76.6
Total / average	715.5	805.2	(8.5)	85.1

Our rating indices (Table 2) illustrate the pricing trends for a number of major classes.

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

Class	2000	2001	2002	2003	2004	2005	2006	2007	2008
US catastrophe reinsurance	100	115	146	150	143	144	185	188	168
International catastrophe reinsurance	100	120	157	161	145	131	138	131	120
Property risk XL	100	122	189	191	170	146	170	144	126
Property insurance	100	125	171	163	143	136	165	143	111
US casualty	100	123	172	217	234	239	237	223	201
Marine hull	100	115	148	171	183	189	191	192	191
Offshore energy	100	140	172	189	170	175	262	243	204
War	100	250	288	244	220	206	191	175	158
Fleet motor	100	121	136	143	141	137	135	134	134
UK employers' liability	100	115	144	158	159	144	135	120	112
UK professional indemnity	100	110	149	178	181	165	154	141	130
Airline hull and liabilities	100	301	283	235	216	201	158	122	119

catastrophe losses, before the start of the Atlantic hurricane season, reached $50 billion with insured losses of $13 billion, above the average for the last 10 years.

Table 3 sets out the principal catastrophe losses in the period.

Amlin's estimated exposure to these catastrophe and large individual risk losses is modest reflecting in part our relatively small line size. Our largest net catastrophe losses for the period are conservatively estimated to be $10 million each for the US mid-west floods and the US mid-south tornados ("Super Tuesday").

Claims development has continued to be better than expected. With our prudent reserving policy, better than expected claims development leads to healthy profits being recognised following re-evaluation of reserving requirements. Run off profits from reserves amounted to £59.9 million (H1 2007: £40.9 million) in the period.

Our reserving policy remains unchanged. The margin of net claims reserves for the 2007 and prior underwriting years, that we hold above the in-house actuarial best estimate level, was at least £150 million at 30 June 2008 (H1 2007: at least £150 million above for 2006 and prior underwriting years).

Table 3: 2008 catastrophe losses[4]

		Estimated Losses	
	Date	Economic $m	Insured $m
China winter damage	Jan/Feb 08	10,000	1,600
Australian mine floods	Jan 08	1,000	n/a
US mid-south tornados ("Super Tuesday")	Feb 08	n/a	955
European windstorm Emma	March 08	n/a	2,000
Atlanta tornado	March 08	n/a	340
Sichuan earthquake	May 08	20,000	1,000
US mid-west floods	June 08	10,000	n/a

3 This table is completed by our underwriters and covers their views of rate movements from year to year. These views are supported by actual recorded renewal rate movements on the underwriting system. Subjective judgement is used to account for subtle changes in exposure or terms and conditions. Claims inflation is not systematically taken into account in the calculation of these rate movements and therefore, particularly in relation to long tail business, some of the benefit of rate increases has been eroded. 2008 rate levels are for the six month period to 30 June 2008.

4 This table includes the maximum estimated losses published by either RMS, AIR, Munich Re or Merrill Lynch. 'n/a' indicates that an economic or insured loss is not available because it has not been published.

Segmental commentary

Table 4: Divisional combined ratios

	Non-marine	Marine	UK Commercial	Aviation	Amlin Bermuda	Intra group	Total
Gross premium written (£m)	347.2	140.2	77.3	31.2	192.8	(73.2)	715.5
Net premium earned (£m)	177.3	75.9	55.8	17.4	119.9	(0.6)	445.7
Release from reserves (£m)	20.7	9.3	17.8	2.2	9.9	–	59.9
Combined ratios							
Claims ratio	35%	42%	46%	73%	38%		40%
Expense ratio	31%	37%	27%	41%	12%		27%
Combined ratio H1 2008	**66%**	**79%**	**73%**	**114%**	**50%**		**67%**
Combined ratio H1 2007	67%	95%	83%	78%	52%		71%

Non-marine (40% of net earned premium in the period)
Rates within Non-marine have come under further pressure, with renewal rates down 10.7%, but we believe that prospective margins remain healthy. US catastrophe reinsurance has witnessed reductions of 10.4%. The international catastrophe account has experienced an average rate of reduction of 8.8%, but there remain attractive areas, particularly where there have been recent losses, such as the UK and Australia. Within the balance of the book, US large property is suffering from significant competition and we are contracting this business. Other specialty classes are experiencing lesser pressure.

Gross premium written was £347.2 million in the period, down 20.7% on the prior year. The decrease was principally due to reduced rates within our catastrophe reinsurance accounts and a combination of lower rates and the declinature of less attractive business in insurance classes, as our underwriters have focused on maintaining margins, as far as possible, in a softening market.

Net earned premium has reduced year on year by 24.9%. The combined ratio of 66% (H1 2007: 67%) is a strong result. The claims ratio was 35% (H1 2007: 34%) reflecting the low level of claims incurred by Amlin in a period of above average catastrophe losses, with a positive impact from reserve releases of £20.7 million compared with £19.1 million in the first half of last year. The expense ratio improved to 31% (H1 2007: 33%), due to a 3% favourable swing in the non-monetary foreign exchange adjustment.

Marine (17% of net earned premium in the period)
Overall the renewal rate reduction experienced by the division was 5.1%. However, experience by class has varied markedly. Our energy account witnessed an average rate reduction of 16.0%, driven by competition from new entrants. War rates also softened by 9.4%. Other classes such as cargo, hull and yacht experienced either no or only modest rate reductions and we have taken selected opportunities to expand these accounts, thereby offsetting the impact of the reducing income from other classes. Gross premium written, at £140.2 million, was therefore similar to the first half of last year (H1 2007: £145.2 million).

Net earned premium was 10.7% lower at £75.9 million (H1 2007: £85.0 million), driven by increased reinsurance purchased. The division's combined ratio improved to 79% (H1 2007: 95%). The claims ratio fell to 42% (H1 2007: 57%), following positive developments on a number of hurricane related claims with total run off profits from reserves being £9.3 million (H1 2007: strengthening of £4.0 million). The expense ratio improved modestly to 37% (H1 2007: 38%).

UK Commercial (12% of net earned premium in the period)
Overall, rating levels have remained poor within our UK Commercial division. Rates for fleet and other motor classes were flat with some signs of improvement more recently, whereas liability classes have experienced an average rate reduction of 7.1%. Our underwriters have continued to demonstrate excellent underwriting

discipline focusing on risk selection and underwriting profitability. Overall, gross premium written was 13.1% lower than in the first half of 2007.

Net earned premium reduced by 22.3%, again through increased reinsurance costs, predominantly cessions to Amlin Bermuda. In the context of an extremely challenging market environment a combined ratio of 73% (H1 2007: 83%) is another excellent result. The claims ratio was 46% (H1 2007: 59%), with run off profits from reserves of £17.8 million (H1 2007: £16.0 million). The higher expense ratio of 27% (H1 2007: 24%) reflects a fairly static operating expense base against reduced net earned premium.

Aviation (4% of net earned premium in the period)
The aviation market has remained challenging. However, for the few airline accounts which renew in the first half of the year, renewal rates were better than expected. Gross premium written remained low at £31.2 million (H1 2007: £36.8 million).

Net earned premium has fallen year on year by 27.2% and this has had a significant impact on the combined ratio which has deteriorated to 114% (H1 2007: 78%). Underlying claim costs have remained on a par with the first half of last year, but a reduced reserve release of £2.2 million (H1 2007: £5.8 million) and a reduced premium base resulted in a claims ratio of 73% (H1 2007: 37%). Despite a reduced expense cost, this also results in an unchanged expense ratio at 41% (H1 2007: 41%).

Amlin Bermuda (27% of net earned premium in the period)
Amlin Bermuda wrote £192.8 million, or $381.7 million, of gross premium in the period (H1 2007: £169.7 million or $334.9 million), including quota share and other reinsurances of Syndicate 2001. Direct business written in Bermuda amounted to £119.6 million, or $236.0 million (H1 2007: £96.4 million or $190.5 million). Growth has been achieved following the expansion of our underwriting team and the AM Best rating upgrade to 'A' in October 2007, which differentiates Amlin Bermuda from many recent start ups.

Net earned premium increased by 18.1% to £119.9 million reflecting two full years of trading. The combined ratio of 50% (H1 2007: 52%) is excellent with the claims ratio improving by 2% to 38% compared with H1 2007. Run off profits from reserves were £9.9 million (H1 2007: £4.0 million). The expense ratio is unchanged at 12% reflecting the high operational gearing of reinsurance business written in Bermuda and the low cost of writing the reinsurances of Syndicate 2001.

Investment return

The overall investment return was 0.7% for the period to 30 June 2008 and, with average assets at £2.6 billion (H1 2007: 2.6% and £2.4 billion), investments contributed £22.5 million to the half year results (H1 2007: £65.3 million).

The advent of the "credit crunch" last summer and the consequent change in market sentiment has kept volatility levels elevated in 2008. In these challenging investment markets all asset classes produced lower returns than during the first half of 2007. The best performing asset class was cash which recorded a return of 2.2%. Our defensive investment stance meant that the average cash weighting was just over 30% during the period, compared with 18% in the prior year.

Table 5: H1 2008 investment mix and returns

	Average balance in H1					
	Policyholders' assets £m	Capital £m	Total £m	Total %	Investment return %	Benchmark return %
Cash and cash equivalents	416.3	366.8	783.1	30.3	2.2	2.1
Debt securities	931.6	532.0	1,463.6	56.6	0.9	1.4
Equities	–	259.1	259.1	10.0	(7.0)	(10.7)
Property	–	79.8	79.8	3.1	0.1	3.4
	1,347.9	1,237.7	2,585.6	100.0	0.7	0.7

The table above includes the affect of equity and interest rate hedges which improved the return on equities by 1.1% and debt securities by 0.1%.

The average bond weighting of 56.6% produced a return of 0.9%. US credit spreads continued to widen in the first half of the year, which reduced our US bond returns. Due to the short duration and high credit quality of the non-government bonds held, this credit underperformance is expected to be reversed as these bonds move towards maturity. In the UK, the Bank of England reduced interest rates twice in the period. However, inflation concerns, caused by rising commodity prices, led to higher bond yields, and therefore capital losses on UK bonds.

The duration of our liabilities is just over three years, and our bond benchmarks bore the brunt of the reassessment of the outlook for interest rates during the second quarter. Active tactical bond allocation helped to mitigate some of the negative impact of this movement on our investment returns, adding approximately 0.3% to returns.

The average asset allocation to equities of 10.0% and to property of 3.1% produced returns of (7.0)% and 0.1% respectively. The impact of weaker equity markets was mitigated by fund manager outperformance, together with the hedges that we had put in place that added approximately 0.3% to overall performance.

Expenses

Total expenses, including finance costs, were £155.1 million, a decrease of 12.3% on the prior half year (H1 2007: £176.8 million).

Business acquisition costs of £90.6 million (H1 2007: £100.7 million) represented 18.1% of gross earned premium, broadly similar to the prior half year (H1 2007: 17.6%).

Operating expenses reduced by £11.7 million year on year, £9.9 million of which is due to a favourable swing in foreign exchange movements.

Taxation

The effective rate of tax for the period is 21.3% (H1 2007: 19.7%). It is below the UK rate of tax primarily due to Amlin Bermuda, which operates locally with no corporation tax. We continue to believe that Amlin Bermuda meets the requirements to be exempt from controlled foreign company status in the UK and no current tax is provided on its profits. However, deferred tax is provided to take account of tax that will become payable on distribution of profits from Amlin Bermuda. We have again assumed that one third of Amlin Bermuda profits have been deemed taxable for these purposes. The total deferred tax provision in respect of this expected future distribution is £24.8 million (H1 2007: £13.4 million).

Balance sheet strength

The Group's balance sheet remains strong. Our debt to total capital ratio is 20.2% (31 December 2007: 20.9%) and net of free cash, the ratio falls to nil (31 December 2007: nil). The long term nature of our debt and the existence of meaningful uncalled facilities add to the robustness and flexibility of the balance sheet, giving us the wherewithal to react swiftly to a market turning event.

Outstanding reinsurance claims now stand at £258.0 million, down from a peak of £604.6 million at the end of 2005, when receivables following Katrina, Rita and Wilma were high. Importantly, the credit quality of reinsurance debt is strong.

On the investment front our asset allocations are relatively defensive. As the tables below show, the bond portfolio remains conservative, with high levels of government and government agency bonds, and overall the credit quality is high. Sub prime and Alt A bond exposures remain modest with a total of £50.9 million and £10.3 million held respectively across all portfolios (being just 2.0% and 0.4% respectively of our total exposure). The credit quality of these securities also remains high.

Equity markets were weak during the first half of the year, but equity hedges provided some downside protection. Currently, hedges cover approximately 19% of our equity exposure.

In August 2007, we implemented a policy at Group level to hedge up to 50% of the net dollar asset exposure to the Group of Amlin Bermuda. With effect from 7 March 2008, the Group followed the hedge accounting rules of IAS 39 *Financial Instruments: Recognition and Measurement* such that all fair value gains and losses on derivatives that are designated as hedging instruments were taken to reserves to match the underlying movement in the valuation of the net investment in Amlin Bermuda. At 30 June 2008 a gain of £0.1 million had been taken to reserves in respect of these hedges. A gain of £0.4 million was taken to profit and loss for the period to 6 March 2008.

Table 6: Debt security by type

	At 30 Jun 2008		At 31 Dec 2007	
	£m	%	£m	%
Government securities	689.4	46.6	840.7	53.3
Government agencies	19.3	1.3	20.6	1.3
Supranational	33.9	2.3	46.6	3.0
Asset backed securities	123.5	8.4	80.7	5.1
Mortgage backed securities	131.2	8.9	149.4	9.4
Corporate bonds*	257.5	17.4	265.5	16.8
Pooled vehicles	224.2	15.1	174.7	11.1
	1,479.0	100.0	1,578.2	100.0

The table above excludes £10.4 million of insurance linked securities and £2.6 million of non-aligned syndicate investments (31 December 2007: nil and £3.8 million). *includes £54.9 million of government guaranteed corporate bonds (31 December 2007: £61.5 million).

Table 7: Credit rating of asset and mortgage backed debt securities and corporate bonds at 30 June 2008
Using Standard & Poor's as rating sources, the credit ratings of the Group's asset and mortgage backed securities are:

Credit rating	AAA	AA	A	BBB
Mortgage backed securities	100.0%	–	–	–
Asset backed securities	83.7%	15.3%	–	1.0%
– Sub-prime	64.8%	33.2%	–	2.0%
– Alt A	98.7%	–	–	1.3%
Corporate bonds	37.0%	28.6%	21.4%	13.0%

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could impact upon the Group's performance over the remaining six months of the financial year and cause actual results to differ materially from expected and historical results. The Board considers that the risks and uncertainties disclosed in the latest Annual Report and Accounts continue to reflect the principal risks and uncertainties of the Group over the remaining six months of the financial year, except where specifically mentioned in this half yearly financial report. Amlin categorises risk closely to that laid out by the FSA. The risk categories are as follows:

- underwriting risk;
- credit risk;
- market risk;
- liquidity risk;
- operational risk; and
- strategic risk.

Underwriting risk

Our largest modelled loss at 1 July 2008 was a European windstorm affecting both the UK and several continental countries, which represented 32% of net tangible assets at 30 June 2008. This is in line with our largest modelled loss at 1 January 2008 of £316 million (32% of net tangible assets at 31 December 2007), but lower than our largest modelled loss at 1 January 2007 of £364 million (42% of net tangible assets at 31 December 2006), both of which were for similar European windstorm events. It should be recognised that these are extreme events. All single zone events which we model are expected to incur losses materially less than these, in most cases less than £240 million.

Related parties

Related party transactions are disclosed in note 21 to the Interim Financial Statements.

Business development

As we noted last year, we do not believe that organic growth through competition on price is appropriate in a market where underwriting margins are falling. Aggressive underwriting in this environment will accelerate margin reduction across the whole portfolio as new business is usually won through price competition. However, in this environment, we will continue to build the long term potential of the Group.

In our 2007 Annual Report we noted three key trends in distribution channels through which our products are offered: regional insurance hubs have begun to gain strength which potentially affects our global specialty products; consolidation of distribution in the UK has disturbed traditional channels; and convergence in capital markets and reinsurance is becoming more evident.

In response to the first challenge we are continuing to place effort into improving our distribution and operational capabilities and to delivering first class client service. This will reinforce our client proposition and improve our long term growth potential. Our Singapore office opened in the second half of 2007 and has already provided evidence of the opportunities of a fast growing market. We have also recently announced plans to establish a representative office in Chicago. Amlin Illinois, Inc. will work within the existing Lloyd's infrastructure, utilising the Lloyd's licence to write admitted business which may not otherwise reach the London market. We believe that appropriately structured Lloyd's platforms provide efficient means of gaining broader access to specialist business in local markets, whilst maintaining fungibility of capital.

In response to distribution changes in the UK market and with the prospect of an upturn in UK commercial markets coming closer, we have increased our investment in our marketing capability, and have selectively increased our alignment with UK brokers. In July and August we made strategic investments in two independent UK brokers, Miles Smith plc and T L Dallas Ltd, which we hope will allow us to develop existing longstanding business relationships and thus expand and enhance the product range available to their clients. On 1 August, we also announced the acquisition of the renewal rights to approximately £20 million of general commercial motor fleet insurance from HCC Underwriting Agency Limited, which will be integrated into the UK Commercial division.

Recent developments in the Insurance Linked Securities (ILS) market will, we believe, present opportunities for us to use capital markets for risk management strategies, or to use our expertise to package risk for others. On 6 May, the Group announced its intention to form a new investment management joint venture. It is intended that the new venture, named Leadenhall Capital Partners LLP, which is subject to FSA authorisation, will manage funds focused on traded insurance risk. Amlin will provide $50 million of seed capital to this fund, giving it access to risks underwritten in the ILS market. In support of this initiative, the Group has already invested $20.6 million in catastrophe bonds which can be transferred to the new fund at launch to give it an accelerated start.

We will continue to consider acquisitions that might help strategically to build the diversity of our business. With our catastrophe book having grown following the successful start-up and growth of Amlin Bermuda we will look for opportunities to balance this growth with additional non-catastrophe exposed business.

Outlook

With a positive start to the year and substantial net unearned premium reserves at 30 June 2008 of £662.4 million (H1 2007: £722.0m), largely comprised of premiums which have been written at good rates, another strong return on equity is in prospect for 2008. As usual, our final 2008 underwriting profit will be a product of the extent of second half major loss event activity.

This year, there is greater than usual uncertainty affecting investment markets. Our portfolio is positioned defensively with only 8.1% allocated to equities, of which 23.5% is hedged. Also 31.0% of funds is currently held in cash of which 53.3% is in sterling.

Looking beyond 2008, we expect competition to intensify in many of our Marine and Non-marine classes, including reinsurance. In a more challenging environment we are unlikely to deliver the returns on equity of recent years, which have averaged 29.1% since and including 2003. However, with disciplined underwriting and good capital management, we believe that we can continue, with normal loss experience, to deliver very satisfactory returns. There are a number of factors which are expected to positively influence future returns, including:

- a possible improvement in the rating of UK commercial business, where we have increased our marketing capability and, as discussed above, made recent strategic investments in two UK retail brokers and acquired the renewal rights to an additional £20 million of fleet motor premium. We will increase our weighting further in this business when it is right to do so;
- a possible return of greater discipline in the airline insurance market in the light of industry losses over the last eighteenth months;
- signs that more disciplined underwriting will lead to more stable or even improved pricing in some classes, for example marine hull; and
- the stronger Financial Strength Ratings that Syndicate 2001 and Amlin Bermuda now have relative to respectively Lloyd's as a whole and the majority of new companies started in 2005, which should assist in making Amlin a preferred carrier.

The increased divergence in cyclical patterns between business classes that has existed since the 2005 hurricane season means that there is a good likelihood that increased returns in our UK Commercial and Aviation businesses will replace some of the reduction in returns in other areas as they become more competitive. Notwithstanding an expectation of a tougher underwriting climate we are confident that we will continue to trade successfully while building the longer term potential of the Group.

Condensed Consolidated Income Statement
For the six months ended 30 June 2008

	Notes	**6 months 2008 £m**	6 months 2007 £m	12 months 2007 £m
Gross premium earned	4,5	**501.2**	572.8	1,088.0
Reinsurance premium ceded	4,5	**(55.5)**	(58.3)	(115.7)
Net earned premium revenue	5	**445.7**	514.5	972.3
Investment return	6	**22.5**	65.3	157.0
Other operating income		**1.6**	1.8	2.8
Total income		**469.8**	581.6	1,132.1
Insurance claims and claims settlement expenses	4,7	**(198.3)**	(237.4)	(380.1)
Insurance claims and claims settlement expenses recoverable from reinsurers	4,7	**20.9**	17.6	25.9
Net insurance claims	7	**(177.4)**	(219.8)	(354.2)
Expenses for the acquisition of insurance contracts	8	**(90.6)**	(100.7)	(196.0)
Other operating expenses	9	**(54.6)**	(66.3)	(116.9)
Total expenses		**(145.2)**	(167.0)	(312.9)
Results of operating activities		**147.2**	194.8	465.0
Finance costs		**(9.9)**	(9.8)	(20.0)
Profit before tax		**137.3**	185.0	445.0
Tax	10	**(29.2)**	(36.4)	(92.2)
Total recognised profit for the period/year		**108.1**	148.6	352.8
Attributable to:				
Equity holders of the Parent Company		**108.1**	148.6	352.7
Minority interests		**–**	–	0.1
		108.1	148.6	352.8

Earnings per share from continuing operations attributable to equity holders of the Parent Company

			As restated	**As restated**
Basic	12	**22.8p**	28.9p	68.8p
Diluted	12	**22.5p**	28.6p	68.0p

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2008 and 2007

	Notes	Share capital £m	Share premium £m	Other reserves £m	Treasury shares £m	Minority interest £m	Retained earnings £m	Total £m
At 1 January 2008		134.4	230.8	(30.2)	(2.1)	0.4	719.0	1,052.3
Net purchase of treasury shares	17	–	–	–	(14.1)	–	–	(14.1)
Net purchase of employee share ownership trust shares		–	–	–	(0.4)	–	–	(0.4)
Currency translation differences on overseas operations		–	–	(0.3)	–	–	–	(0.3)
Gains on revaluation of hedge instruments		–	–	0.1	–	–	–	0.1
Deferred tax	15	–	–	(0.3)	–	–	–	(0.3)
Profit for the financial period		–	–	–	–	–	108.1	108.1
Total recognised income for the period		–	–	(0.5)	(14.5)	–	108.1	93.1
Employee share option schemes:								
– share based payment reserve		–	–	(0.9)	–	–	–	(0.9)
– proceeds from shares issued		0.2	0.7	–	–	–	–	0.9
Dividends paid	11	–	–	–	–	(0.2)	(47.5)	(47.7)
Return of capital	17	–	–	117.8	–	–	(117.8)	–
		0.2	0.7	116.9	–	(0.2)	(165.3)	(47.7)
At 30 June 2008		**134.6**	**231.5**	**86.2**	**(16.6)**	**0.2**	**661.8**	**1,097.7**

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

Condensed Consolidated Statement of Changes in Equity
For the twelve months ended 31 December 2007

	Notes	Share capital £m	Share premium £m	Other reserves £m	Treasury shares £m	Minority interest £m	Retained earnings £m	Total £m
At 1 January 2007		133.5	347.6	(21.8)	(0.6)	0.3	477.4	936.4
Net purchase of employee share ownership trust shares		–	–	–	(1.5)	–	–	(1.5)
Gains on revaluation of employee share ownership trust recognised directly in equity		–	–	(0.1)	–	–	–	(0.1)
Currency translation differences on overseas operations		–	–	(8.2)	–	–	–	(8.2)
Gain on defined benefit scheme		–	–	–	–	–	–	–
Deferred tax		–	–	(1.3)	–	–	–	(1.3)
Profit for the financial year		–	–	–	–	0.1	352.7	352.8
Total recognised income for the year		–	–	(9.6)	(1.5)	0.1	352.7	341.7
Employee share option schemes:								
– share based payment reserve		–	–	1.2	–	–	–	1.2
– proceeds from shares issued		0.9	3.6	–	–	–	–	4.5
Dividends paid	11	–	–	–	–	–	(111.1)	(111.1)
Return of capital		–	(120.4)	–	–	–	–	(120.4)
		0.9	(116.8)	1.2	–	–	(111.1)	(225.8)
At 31 December 2007		134.4	230.8	(30.2)	(2.1)	0.4	719.0	1,052.3

Condensed Consolidated Balance Sheet
At 30 June 2008

Assets	Notes	**30 June 2008 £m**	30 June 2007 £m	31 December 2007 £m
Cash and cash equivalents		**16.5**	12.7	11.6
Financial investments at fair value through income	13	**2,565.8**	2,413.2	2,638.9
Reinsurance assets				
– reinsurers share of outstanding claims	14	**258.0**	307.4	270.2
– reinsurers share of unearned premium	14	**54.5**	52.8	27.5
– debtors arising from reinsurance operations	14	**412.4**	431.7	319.2
Loans and receivables, including insurance receivables				
– insurance receivables		**273.0**	296.7	183.1
– loans and receivables		**51.0**	82.8	36.8
Current income tax assets		**8.9**	7.1	4.0
Deferred tax assets	15	**10.4**	16.4	13.4
Property and equipment		**6.1**	5.8	5.8
Intangible assets	16	**68.4**	66.0	69.0
Total assets		**3,725.0**	3,692.6	3,579.5
Equity				
Share capital	17	**134.6**	134.0	134.4
Share premium		**231.5**	349.3	230.8
Other reserves		**86.2**	(38.7)	(30.2)
Treasury shares		**(16.6)**	(2.1)	(2.1)
Retained earnings		**661.8**	541.6	719.0
Equity attributable to equity holders of the parent		**1,097.5**	984.1	1,051.9
Minority interest		**0.2**	0.3	0.4
Total equity and reserves		**1,097.7**	984.4	1,052.3
Liabilities				
Insurance contracts				
– outstanding claims	14	**1,342.8**	1,402.7	1,350.2
– unearned premium	14	**716.9**	774.8	501.8
– creditors arising from insurance operations	14	**43.9**	35.1	34.0
Trade and other payables		**87.7**	83.9	207.1
Current income tax liabilities		**18.4**	29.0	25.7
Borrowings	18	**277.6**	276.8	277.5
Retirement benefit obligations		**1.6**	2.9	2.8
Deferred tax liabilities	15	**138.4**	103.0	128.1
Total liabilities		**2,627.3**	2,708.2	2,527.2
Total equity, reserves and liabilities		**3,725.0**	3,692.6	3,579.5

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2008

	Notes	**6 months 2008 £m**	6 months 2007 £m	12 months 2007 £m
Cash generated from operations	19	**152.7**	53.7	70.5
Income taxes paid		**(28.0)**	(25.9)	(53.8)
Net cash flows from operations		**124.7**	27.8	16.7
Cash flows from investing activities				
Interest received		**56.9**	48.4	99.0
Dividends received		**5.6**	5.1	12.5
Acquisition of subsidiary, net of cash acquired		**–**	–	(3.3)
Purchase of property, plant and equipment		**(1.3)**	(1.0)	(2.7)
Net cash from investing activities		**61.2**	52.5	105.5
Cash flows used in financing activities				
Proceeds from issue of ordinary shares		**0.9**	2.2	4.5
Dividends paid to shareholders	11	**(47.5)**	(84.4)	(111.1)
Return of capital	17	**(117.8)**	–	–
Repayment of borrowings		**(0.1)**	–	–
Interest paid		**(1.8)**	(1.8)	(19.1)
Minority interest payments		**(0.2)**	–	–
Purchase of treasury and ESOT shares		**(14.5)**	–	(1.5)
Net cash flows used in financing activities		**(181.0)**	(84.0)	(127.2)
Net decrease in cash and cash equivalents		**4.9**	(3.7)	(5.0)
Cash and cash equivalents at beginning of period/year		**11.6**	16.5	16.5
Effect of rate changes on cash and cash equivalents		**–**	(0.1)	0.1
Cash and cash equivalents at end of period/year		**16.5**	12.7	11.6

1. Basis of preparation of Interim Financial Statements

The financial information contained in this document for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 December 2007 has been delivered to the Registrar of Companies.

The auditors' report on these accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The interim financial statements were approved by the Board on 20 August 2008.

2. Accounting policies

The annual financial statements of Amlin plc are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

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

In the current financial year, the Group designated certain foreign currency derivatives as hedges of net investments in foreign operations.

3. Seasonality of interim operations

The Group derives insurance premium revenue from a diverse range of underwriting classes and geographical locations. Depending on the class and location of the risk, there may be a seasonal pattern to incidence of claims. A large proportion of the Group's premium revenue originates in North America (41% for the period ended 30 June 2008) where it may be exposed to large risk losses as a result of windstorms. The US hurricane season runs from May to November and the level of windstorm activity arising during this period may materially impact on the Group's claims experience during the second half of 2008. As an example, the hurricane seasons in 2004 and 2005, and the Group's losses from these events, resulted in a significant movement in the Group's claims ratio between 30 June and 31 December.

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

	Claims ratio		
	H1	**H2**	**Full Year**
2003	50%	51%	50%
2004	42%	58%	50%
2005	44%	70%	57%
2006	49%	33%	41%
2007	43%	29%	36%

Gross premium written comprise premium on insurance contacts incepting during the period. Inception dates are historically weighted more heavily towards the first half of the year. The table below shows the Group's gross premium written for the 6 month periods to 30 June and 31 December.

	Gross premium written		
	H1	**H2**	**Full Year**
	£m	**£m**	**£m**
2003	664.9	272.5	937.4
2004	709.7	235.9	945.6
2005	675.8	317.7	993.5
2006	846.2	267.6	1,113.8
2007	805.2	239.5	1,044.7

4. Segmental reporting

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

Income and expenses by business segment Six months ended 30 June 2008	Aviation £m	Non-marine £m	Marine £m	UK Commercial £m	**Total UK divisions £m**	Amlin Bermuda £m	Intra group items £m	Other technical £m	**Total £m**
Gross premium written									
Analysed by geographic segment									
UK	6.3	37.8	44.4	67.1	**155.6**	89.2	(73.6)	0.4	**171.6**
US	10.7	194.7	22.9	–	**228.3**	65.0	–	–	**293.3**
Europe	8.3	26.5	24.4	2.2	**61.4**	12.8	–	–	**74.2**
Worldwide	0.3	15.3	19.5	0.5	**35.6**	–	–	–	**35.6**
Other	5.6	72.9	29.0	7.5	**115.0**	25.8	–	–	**140.8**
Total	**31.2**	**347.2**	**140.2**	**77.3**	**595.9**	**192.8**	**(73.6)**	**0.4**	**715.5**
Gross premium earned	28.8	230.0	99.8	67.7	**426.3**	120.0	(46.0)	0.9	**501.2**
Reinsurance premium ceded	(11.4)	(52.7)	(23.9)	(11.9)	**(99.9)**	(0.1)	44.5	–	**(55.5)**
Net premium earned	17.4	177.3	75.9	55.8	**326.4**	119.9	(1.5)	0.9	**445.7**
Insurance claims and claims settlement expenses	(19.0)	(86.3)	(37.8)	(35.9)	**(179.0)**	(45.7)	26.8	(0.4)	**(198.3)**
Reinsurance recoveries	6.3	25.0	6.1	10.4	**47.8**	–	(27.0)	0.1	**20.9**
Underwriting expenses	(7.2)	(55.8)	(28.1)	(15.4)	**(106.5)**	(14.5)	1.7	(0.3)	**(119.6)**
Profit/(loss) attributable to underwriting	**(2.5)**	**60.2**	**16.1**	**14.9**	**88.7**	**59.7**	**–**	**0.3**	**148.7**
Investment return					**22.9**	(0.4)			**22.5**
Other operating income					**1.6**				**1.6**
Agency expenses (1)	(1.0)	(7.6)	(2.3)	(2.0)	**(12.9)**		12.9		**–**
Other non-underwriting expenses (2)									**(25.6)**
Finance costs (2)									**(9.9)**
Profit before taxation									**137.3**
Combined ratio	114%	66%	79%	73%	**73%**	50%			**67%**

Included within the UK gross premium written of Amlin Bermuda Ltd is premium ceded from Syndicate 2001 amounting to £73.6 million on reinsurance contracts undertaken at commercial rates.

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

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

4. Segmental reporting (continued)

Assets and liabilities by business segment At 30 June 2008	Aviation £m	Non-marine £m	Marine £m	UK Commercial £m	**Total UK divisions £m**	Amlin Bermuda £m	Intra group items £m	Other technical £m	**Total £m**
Assets									
Assets attributable to business segments	253.9	938.5	405.5	522.1	**2,120.0**	1,112.0	(70.7)	10.0	**3,171.3**
Assets not allocated between business segments					**553.7**				**553.7**
Total assets									**3,725.0**
Liabilities									
Liabilities attributable to business segments	255.6	874.6	391.3	502.9	**2,024.4**	313.8	(70.7)	9.2	**2,276.7**
Liabilities not allocated between business segments					**350.6**				**350.6**
Total liabilities									**2,627.3**
Total net assets									**1,097.7**

The net assets of Amlin Bermuda Ltd are located in Bermuda and the US. The majority of the other assets of the Group are located in the UK, the US and Canada. The corresponding liabilities are also concentrated in these countries, but given the nature of the Group's business some of the liabilities will be located elsewhere in the world.

Income and expenses by business segment Six months ended 30 June 2007	Aviation £m	Non-marine £m	Marine £m	UK Commercial £m	**Total UK divisions £m**	Amlin Bermuda £m	Intra group items £m	Other technical £m	**Total £m**
Gross premium written									
Analysed by geographic segment									
UK	7.5	46.2	46.5	76.4	**176.6**	86.5	(73.3)	–	**189.8**
US	13.3	263.0	28.9	0.1	**305.3**	50.8	–	–	**356.1**
Europe	9.8	34.6	26.6	3.5	**74.5**	9.7	–	–	**84.2**
Worldwide	0.2	16.0	14.7	1.2	**32.1**	–	–	–	**32.1**
Other	6.0	78.0	28.5	7.8	**120.3**	22.7	–	–	**143.0**
Total	**36.8**	**437.8**	**145.2**	**89.0**	**708.8**	**169.7**	**(73.3)**	**–**	**805.2**
Gross premium earned	39.3	287.4	104.4	82.9	**514.0**	101.6	(42.8)	–	**572.8**
Reinsurance premium ceded	(15.4)	(51.3)	(19.4)	(11.1)	**(97.2)**	(0.1)	38.9	0.1	**(58.3)**
Net premium earned	23.9	236.1	85.0	71.8	**416.8**	101.5	(3.9)	0.1	**514.5**
Insurance claims and claims settlement expenses	(17.5)	(89.7)	(61.9)	(50.8)	**(219.9)**	(40.1)	23.0	(0.4)	**(237.4)**
Reinsurance recoveries	8.6	8.4	13.9	8.1	**39.0**	–	(21.6)	0.2	**17.6**
Underwriting expenses	(9.8)	(77.3)	(32.7)	(16.8)	**(136.6)**	(12.5)	2.5	3.8	**(142.8)**
Profit attributable to underwriting	**5.2**	**77.5**	**4.3**	**12.3**	**99.3**	**48.9**	**–**	**3.7**	**151.9**
Investment return					**45.3**	20.0	–	–	**65.3**
Other operating income					**1.8**	–			**1.8**
Agency expenses (1)	(1.1)	(6.8)	(2.4)	(2.5)	**(12.8)**	–	12.8	–	**–**
Other non-underwriting expenses (2)									**(24.2)**
Financing costs (2)									**(9.8)**
Profit before taxation									**185.0**
Combined ratio	78%	67%	95%	83%	**76%**	52%			**71%**

Included within the UK gross premium written of Amlin Bermuda Ltd is premium ceded from Syndicate 2001 amounting to £73.3 million on reinsurance contracts undertaken at commercial rates.

(1) Agency expenses allocated to segments represent fees and commissions payable to Amlin Underwriting Limited.
(2) Other non-underwriting expenses and financing costs are incurred in support of the entire business of the Group and are not allocated to particular segments.

4. Segmental reporting (continued)

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

Income and expenses by business segment Year ended 31 December 2007	Aviation £m	Non-marine £m	Marine £m	UK Commercial £m	**Total UK divisions £m**	Amlin Bermuda £m	Intra group items £m	Other technical £m	**Total £m**
Gross premium written									
Analysed by geographic segment									
UK	11.1	49.4	50.1	134.0	**244.6**	105.1	(90.3)	1.6	**261.0**
US	21.3	300.0	41.8	0.1	**363.2**	90.2	–	–	**453.4**
Europe	13.6	39.3	34.7	4.9	**92.5**	8.3	–	–	**100.8**
Worldwide	0.4	17.3	21.3	1.3	**40.3**	–	–	–	**40.3**
Other	17.2	94.6	39.3	8.9	**160.0**	29.2	–	–	**189.2**
Total	**63.6**	**500.6**	**187.2**	**149.2**	**900.6**	**232.8**	**(90.3)**	**1.6**	**1,044.7**
Gross premium earned	71.3	534.0	198.0	151.3	**954.6**	216.2	(84.3)	1.5	**1,088.0**
Reinsurance premium ceded	(24.3)	(107.8)	(40.9)	(21.0)	**(194.0)**	–	78.3	–	**(115.7)**
Net premiums earned	47.0	426.2	157.1	130.3	**760.6**	216.2	(6.0)	1.5	**972.3**
Insurance claims and claims settlement expenses	(34.0)	(148.7)	(83.6)	(84.8)	**(351.1)**	(73.6)	45.2	(0.6)	**(380.1)**
Reinsurance recoveries	19.4	31.0	15.8	4.8	**71.0**	–	(45.2)	0.1	**25.9**
Underwriting expenses	(17.2)	(133.2)	(59.3)	(31.4)	**(241.1)**	(26.4)	6.0	(1.6)	**(263.1)**
Profit attributable to underwriting	**15.2**	**175.3**	**30.0**	**18.9**	**239.4**	**116.2**	**–**	**(0.6)**	**355.0**
Investment return					**114.1**	42.9			**157.0**
Other operating income					**2.8**				**2.8**
Agency expenses (1)	(2.1)	(15.3)	(4.4)	(4.1)	**(25.9)**		25.9		**–**
Other non-underwriting expenses (2)									**(49.8)**
Finance costs (2)									**(20.0)**
Profit before taxation									**445.0**
Combined ratio	68%	59%	81%	85%	**69%**	46%			**63%**

Included within the UK gross premium written of Amlin Bermuda Ltd is premium ceded from Syndicate 2001 amounting to £90.3 million on reinsurance contracts undertaken at commercial rates.

(1) Agency expenses allocated to segments represent fees and commissions payable to Amlin Underwriting Limited.
(2) Other non-underwriting expenses and financing costs are incurred in support of the entire business of the Group and are not allocated to particular segments.

4. Segmental reporting (continued)

Assets and liabilities by business segment At 31 December 2007	Aviation £m	Non-marine £m	Marine £m	UK Commercial £m	**Total UK divisions £m**	Amlin Bermuda £m	Intra group items £m	Other technical £m	**Total £m**
Assets									
Assets attributable to business segments	272.8	934.7	382.5	534.5	**2,124.5**	959.4	(34.8)	10.9	**3,060.0**
Assets not allocated between business segments					**519.5**				**519.5**
Total assets									**3,579.5**
Liabilities									
Liabilities attributable to business segments	251.3	729.2	346.5	493.4	**1,820.4**	217.7	(34.8)	9.8	**2,013.1**
Liabilities not allocated between business segments					**514.1**				**514.1**
Total liabilities									**2,527.2**
Total net assets									**1,052.3**

5. Net earned premium

	6 months 2008 £m	6 months 2007 £m	12 months 2007 £m
Insurance contracts premium			
Gross premium written	**715.5**	805.2	1,044.7
Change in unearned premium provision	**(214.3)**	(232.4)	43.3
Gross premium earned	**501.2**	572.8	1,088.0
Reinsurance premium ceded			
Reinsurance premium payable	**(82.5)**	(72.3)	(106.4)
Change in unearned reinsurance premium provision	**27.0**	14.0	(9.3)
	(55.5)	(58.3)	(115.7)
Net earned premium	**445.7**	514.5	972.3

6. Investment return

	6 months 2008 £m	6 months 2007 £m	12 months 2007 £m
Investment income			
– dividend income	**5.6**	5.1	12.5
– interest income	**27.7**	48.4	77.8
Cash and cash equivalents interest income	**21.4**	2.2	25 .1
	54.7	55.7	115.4
Net realised gains/(losses) on assets held for trading			
– equity securities	**1.3**	10.1	21.6
– debt securities	**13.3**	(5.4)	(1.5)
– property funds	**0.3**	–	(0.1)
– derivative instruments	**6.8**	–	–
	21.7	4.7	20.0
Net fair value (losses)/gains on assets held for trading			
– equity securities	**(30.8)**	12.0	(7.1)
– debt securities	**(24.2)**	(8.8)	30.2
– property funds	**(0.6)**	1.7	(0.1)
– derivative instruments	**1.7**	–	(1.4)
	(53.9)	4.9	21.6
	22.5	65.3	157.0

7. Insurance claims and claims settlement expenses

	6 months 2008 £m	6 months 2007 £m	12 months 2007 £m
Gross			
Current year insurance claims and claims settlement expenses	**261.0**	282.0	502.7
Reduced costs for prior period insurance claims	**(62.7)**	(44.6)	(122.6)
	198.3	237.4	380.1
Reinsurance			
Current year insurance claims and claims settlement expenses recoverable from reinsurers	**(23.7)**	(21.3)	(39.5)
Reduced costs for prior period claims recoverable from reinsurers	**2.8**	3.7	13.6
	(20.9)	(17.6)	(25.9)
Total net insurance claims and claims settlement expenses	**177.4**	219.8	354.2

8. Expenses for the acquisition of insurance contracts

	6 months 2008 £m	6 months 2007 £m	12 months 2007 £m
Expenses for the acquisition of insurance contracts	**132.1**	144.6	187.0
Changes in deferred expenses for the acquisition of insurance contracts	**(41.5)**	(43.9)	9.0
	90.6	100.7	196.0

9. Other operating expenses

	6 months 2008 £m	6 months 2007 £m	12 months 2007 £m
Foreign exchange (gains)/losses on non-monetary assets and liabilities	**(0.9)**	5.1	(14.7)
Other foreign exchange (gains)/losses	**(3.8)**	0.2	6.7
	(4.7)	5.3	(8.0)
Administrative and other expenses	**59.3**	61.0	124.9
	54.6	66.3	116.9

10. Tax

	6 months 2008 £m	6 months 2007 £m	12 months 2007 £m
Current tax			
– UK corporation tax	**15.0**	24.5	52.6
– Prior period under provision	**0.4**	0.1	–
– Foreign tax suffered	**4.9**	4.9	4.1
– Double tax relief	**(4.1)**	(4.1)	(3.2)
	16.2	25.4	53.5
Deferred tax – current year			
Movement in assets	**2.7**	3.0	5.5
Movement in liabilities	**10.3**	10.1	35.5
	13.0	13.1	41.0
Deferred tax – prior year			
Movement in assets	**–**	–	0.2
Movement in liabilities	**–**	(0.3)	(0.8)
	–	(0.3)	(0.6)
Deferred tax – change in tax rate			
Movement in assets	**–**	0.4	0.5
Movement in liabilities	**–**	(2.2)	(2.2)
	–	(1.8)	(1.7)
Taxes on income	**29.2**	36.4	92.2

11. Dividends

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

	6 months 2008 £m	6 months 2007 £m	12 months 2007 £m
Final dividend for the year ended:			
– 31 December 2006 of 7.8 pence per ordinary share	**–**	41.7	41.7
– 31 December 2007 of 10.0 pence per ordinary share	**47.5**	–	–
Interim dividend for the year ended:			
– 31 December 2007 of 5.0 pence per ordinary share	**–**	–	26.7
Special dividend for the year ended:			
– 31 December 2006 of 8.0 pence per ordinary share	**–**	42.7	42.7
	47.5	84.4	111.1

The interim dividend of 6.0p per ordinary share for 2008, amounting to £28.0 million, was approved by the Board on 20 August 2008 and has not been included as a liability as at 30 June 2008.

12. Earnings per share

Earnings per share are based on the profit attributable to shareholders and the weighted average number of shares in issue during the period. Shares held in Treasury or by the Employee Share Ownership Trust (ESOT) are excluded from the weighted average number of shares.

Basic and diluted earnings per share are as follows:

	6 months 2008	As restated* 6 months 2007	As restated* 12 months 2007
Profit for the period/year attributable to equity holders of the Parent Company	**£108.1m**	£148.6m	£352.7m
Weighted average number of shares in issue	**475.0m**	513.3m	512.7m
Dilutive shares	**5.9m**	6.9m	6.1m
Adjusted average number of shares in issue	**480.9m**	520.2m	518.8m
Basic earnings per share	**22.8p**	28.9p	68.8p
Diluted earnings per share	**22.5p**	28.6p	68.0p

Basic and tangible net assets per share are as follows:

	30 June 2008	30 June 2007	31 December 2007
Net assets	**£1,097.5m**	£984.1m	£1,052.3m
Adjustments for intangible assets	**£(68.4m)**	£(66.0m)	£(69.0m)
Tangible net assets	**£1,029.1m**	£918.1m	£983.3m
Number of shares in issue at end of period/year	**478.6m**	536.0m	478.0m
Adjustment for Treasury and ESOT shares	**(6.7m)**	(1.3m)	(1.1m)
Basic number of shares after Treasury and ESOT adjustment	**471.9m**	534.7m	476.9m
Net assets per share	**232.6p**	184.0p	220.7p
Tangible net assets per share	**218.1p**	171.7p	206.2p

*The weighted average number of shares in issue has been restated to reflect those shares deemed to have been consolidated without a return of capital as part of the share consolidation which took place in December 2007.

13. Financial investments

	At valuation 30 June 2008 £m	At valuation 30 June 2007 £m	At valuation 31 December 2007 £m
Shares and other variable yield securities	**207.6**	263.1	232.1
Debt and other fixed income securities	**1,424.8**	1,555.9	1,506.7
Participation in investment pools	**783.7**	466.9	748.0
Deposits with credit institutions	**8.4**	12.5	17.9
Overseas deposits	**58.4**	52.2	60.2
Property	**81.5**	60.8	75.4
Derivative instruments	**1.4**	1.8	(1.4)
	2,565.8	2,413.2	2,638.9
In Group owned companies	**1,213.6**	1,198.1	1,061.0
In Syndicate 2001	**1,348.4**	1,210.8	1,573.6
In non-aligned syndicate participations (see note 14)	**3.8**	4.3	4.3
	2,565.8	2,413.2	2,638.9
Listed investments included in Group:			
Shares and other variable yield securities	**207.6**	263.1	232.1
Debt and other fixed income securities	**1,424.8**	1,555.9	1,506.7
	1,632.4	1,819.0	1,738.8

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

Participation in investment pools includes units held in money market funds. Deposits with credit institutions include cash held by fund managers and LOC collateral. Overseas deposits represent balances held with overseas regulators to permit underwriting in certain territories. These assets are managed by Lloyd's on a pooled basis.

Using Standard & Poor's and Moody's as rating sources, the credit ratings of the Group's investments in debt and other fixed income securities and the debt held in overseas deposits is set out below. The assets in the table below include accrued income and net unsettled trades of debt securities which are shown separately as loans and receivables in the balance sheet.

Credit rating	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
AAA/Aaa	**1,068.8**	1,241.9	1,240.6
AA/Aa	**93.3**	135.6	59.8
A	**58.0**	106.9	57.9
BBB/Baa	**35.6**	59.2	45.2
BB	**7.2**	–	–
B	**2.3**	–	–
	1,265.2	1,543.6	1,403.5
Non-aligned syndicates	**2.6**	4.3	3.8
Pooled debt funds for which overall rating not available	**224.2**	75.4	174.7
	1,492.0	1,623.3	1,582.0

The weighted average credit rating for pooled debt (£224.2 million) is AA. The B, BB and £0.9 million of BBB rated securities respresent the Group's holdings in Insurance Linked Securities.

13. Financial investments (continued)

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

Credit rating	AAA	AA	A	BBB
Mortgage backed securities	100.0%	–	–	–
Asset backed securities	83.7%	15.3%	–	1.0%
– Sub-prime	64.8%	33.2%	–	2.0%
– Alt A	98.8%	–	–	1.3%
Corporate bonds	37.0%	28.6%	21.4%	13.0%

14. Insurance contracts and reinsurance assets

	Claims reserves £m	Unearned premium reserves £m	Other insurance assets and liabilities £m	Total £m
Insurance liabilities				
At 1 January 2007	1,417.5	545.5	68.6	2,031.6
Movement in period	2.6	233.2	(32.1)	203.7
Exchange adjustments	(17.4)	(3.9)	(1.4)	(22.7)
At 30 June 2007	1,402.7	774.8	35.1	2,212.6
Movement in period	(73.5)	(275.6)	(3.6)	(352.7)
Exchange adjustments	21.0	2.6	2.5	26.1
At 31 December 2007	1,350.2	501.8	34.0	1,886.0
Movement in period	(6.7)	214.3	10.0	217.6
Exchange adjustments	(0.7)	0.8	(0.1)	–
At 30 June 2008	**1,342.8**	**716.9**	**43.9**	**2,103.6**

From 1994 to 1999 the Group participated on a number of Lloyd's syndicates other than those managed by the Group. From 2000 the Group ceased to underwrite directly on non-aligned syndicates. However, a number of syndicates remain "open" and Amlin's liabilities are still to be finalised. Provisions are made for potential future insurance claims. Included within the claims provisions in the table above are provisions in respect of "non-aligned syndicate participations" of £3.9 million (31 December 2007: £3.9 million).

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

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Notified outstanding claims	**797.0**	784.0	800.3
Claims incurred but not reported	**545.8**	618.7	549.9
Insurance contracts claims reserves	**1,342.8**	1,402.7	1,350.2

14. Insurance contracts and reinsurance assets (continued)

	Claims reserves £m	Unearned premium reserves £m	Other insurance assets and liabilities £m	Total £m
Reinsurance assets				
At 1 January 2007	357.0	37.7	300.6	695.3
Movement in period	(44.3)	15.1	136.9	107.7
Exchange adjustments	(5.3)	–	(5.8)	(11.1)
At 30 June 2007	307.4	52.8	431.7	791.9
Movement in period	(45.1)	(25.3)	(115.6)	(186.0)
Exchange adjustments	7.9	–	3.1	11.0
At 31 December 2007	270.2	27.5	319.2	616.9
Movement in period	(11.7)	27.0	93.4	108.7
Exchange adjustments	(0.5)	–	(0.2)	(0.7)
At 30 June 2008	**258.0**	**54.5**	**412.4**	**724.9**

15. Deferred tax

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

	Provisions for losses £m	Other provisions £m	Capital losses £m	Pensions provisions £m	Other temporary differences £m	Total £m
At 1 January 2008	1.0	5.2	–	0.8	6.4	13.4
Movements in period						
- Income statement	–	(0.8)	–	(0.3)	(1.6)	(2.7)
- Equity	–	–	–	–	(0.3)	(0.3)
At 30 June 2008	**1.0**	**4.4**	**–**	**0.5**	**4.5**	**10.4**
At 30 June 2007	1.0	5.5	3.1	0.6	6.2	16.4

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

	Underwriting results £m	Unrealised capital gains £m	Syndicate capacity £m	Overseas earnings £m	Other temporary differences £m	Total £m
At 1 January 2008	102.9	0.1	4.5	20.3	0.3	128.1
Movements in period						
- Income statement	5.1	0.3	0.4	4.5	–	10.3
At 30 June 2008	**108.0**	**0.4**	**4.9**	**24.8**	**0.3**	**138.4**
At 30 June 2007	77.5	7.9	4.2	13.4	–	103.0

The underwriting results of the Group's participation on Syndicate 2001 are taxed when profits are distributed from the Syndicate in the year following the closure of that underwriting year. An underwriting year usually closes three years after its commencement. Accordingly deferred tax is provided for profits attributable to each underwriting year prior to closure which are included in the annual accounting result. The provision is released only when the underwriting year result is distributed and taxed. As a result the deferred tax provisions contains amounts relating to the future tax liabilities arising on the 2005, 2006, 2007 and 2008 underwriting year results that have been accounted for in the Group's income statement to date.

16. Intangible assets

	Syndicate participations £m	Goodwill £m	Other intangibles £m	Total £m
Net book value				
At 30 June 2007	63.2	2.8	–	66.0
Acquisitions	–	–	3.8	3.8
Amortisation	–	–	(0.8)	(0.8)
At 31 December 2007	63.2	2.8	3.0	69.0
Amortisation	–	–	(0.6)	(0.6)
At 30 June 2008	**63.2**	**2.8**	**2.4**	**68.4**

Syndicate participations represent the ongoing rights, acquired in Lloyd's auctions, to trade on Syndicate 2001 within the Lloyd's insurance market. Other intangibles relate to the costs of acquiring rights to customer contractual relationships. The additions in 2007 comprise the Group's acquisition of the customer relationships of Cedar Insurance Group Limited.

17. Share capital

Authorised ordinary shares	Number	£m
At 1 January 2007 and 30 June 2007 authorised ordinary shares of 25p each	800,000,000	200.0
Reduction of authorised ordinary shares	(88,888,889)	–
Cancelled ordinary shares	(7)	–
At 31 December 2007 authorised ordinary shares of 28.125p	711,111,104	200.0
At 30 June 2008 authorised ordinary shares of 28.125p	**711,111,104**	**200.0**

Authorised redeemable non-cumulative preference shares (B shares)	Number	£m
At 1 January 2007 and 30 June 2007 authorised B shares	–	–
Authorised B shares	544,642,000	122.0
At 31 December 2007 authorised B shares of 22.4p each	544,642,000	122.0
At 30 June 2008 authorised B shares of 22.4p each	**544,642,000**	**122.0**

Allotted, called up and fully paid ordinary shares	Number	£m
At 1 January 2007, allotted ordinary shares at 25p	534,006,720	133.5
Shares issued	2,014,756	0.5
At 30 June 2007 allotted ordinary shares at 25p	536,021,476	134.0
Shares issued	1,681,010	0.4
Reduction of issued ordinary shares	(59,718,291)	–
At 31 December allotted ordinary shares of 28.125p	477,984,195	134.4
Shares issued	589,244	0.2
At 30 June 2008 allotted ordinary shares of 28.125p	**478,573,439**	**134.6**

The Company acquired 5,410,000 shares in the Company through purchases on the London Stock Exchange during the period. The total amount paid including expenses was £14.1 million, which was deducted from shareholders' equity.

17. Share capital (continued)

Issued redeemable non-cumulative preference shares ('B shares')	Number	£m
At 1 January 2007 and 30 June 2007 issued B shares of 22.4p each	–	–
Issued B shares	537,464,619	120.4
At 31 December 2007 issued B shares of 22.4p each	537,464,619	120.4
B shares redemption	(526,085,201)	(117.8)
At 30 June 2008 issued B shares of 22.4p each	**11,379,418**	**2.6**

On 14 November 2007, the Group announced its intention to return approximately £120 million of capital to shareholders by way of a B share issue combined with a consolidation of Amlin's existing shares on the basis of 8 new ordinary shares for 9 existing ones. This was subsequently approved by the shareholders at an Extraordinary General Meeting held on 12 December 2007.

B shares were issued on 17 December 2007 to existing shareholders on the basis of one B share for each ordinary share held on 14 December 2007. Each B share enabled the shareholder to redeem the share at 22.4 pence per share at various dates in the future up to August 2009 or alternatively to receive a B share initial dividend in January 2008 of 22.4 pence per share. Following such dividend receipt, the relevant B shares were converted into deferred shares which were themselves redeemed on 14 January 2008 for a total redemption value of one penny in all.

In total 526.1 million B shares were redeemed on 14 January 2008 at a value of £117.8 million. The amount outstanding to be returned to the remaining B shareholders at 30 June 2008 is recognised as a liability in the Trade and other payables line of the Balance Sheet.

18. Financial liabilities – borrowings

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Bank loans	–	–	0.1
Subordinated bonds	**277.6**	276.8	277.4
	277.6	276.8	277.5

The Group's borrowings comprise three issues of subordinated debt.

Details of the subordinated bond issues are as follows:

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

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

18. Financial liabilities – borrowings (continued)

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

In December 2006 Amlin Bermuda Ltd entered into a $300 million LOC and Revolving Credit Facility. The facility comprised a secured LOC facility for $200 million for a three year term and an unsecured revolving credit facility for $100 million for a term of 364 days, twice renewable, which has been renewed once in December 2007. The secured LOC facility is secured by a registered charge over a portfolio of assets managed by Aberdeen Asset Management Limited with State Street Bank and Trust Company as custodian. As at 30 June 2008 $30.5 million (31 December 2007: $28.7 million) LOCs were issued.

19. Cash generated from operations

	6 months 2008 £m	6 months 2007 £m	12 months 2007 £m
Profit on ordinary activities before taxation	**137.3**	185.0	445.0
Adjustments for non-operating cash movements:			
Depreciation charge	**1.0**	1.3	3.0
Amortisation charge	**0.6**	–	0.8
Finance costs	**9.9**	9.8	20.0
Interest income	**(49.1)**	(50.6)	(102.9)
Dividend income	**(5.6)**	(5.1)	(12.5)
Net realised/unrealised losses/(gains) on investments	**32.2**	(9.6)	(41.6)
Movement in operating assets and liabilities:			
Net sales/(purchases) of financial investments	**46.2**	(51.0)	(232.1)
(Increase)/decrease in loans and receivables	**(95.4)**	(111.3)	51.9
(Increase)/decrease in reinsurance contract assets	**(107.9)**	(96.7)	69.2
Increase/(decrease) in insurance contract liabilities	**217.6**	181.1	(136.4)
(Decrease)/increase in trade and other payables	**(31.1)**	6.7	16.2
Decrease in retirement benefits	**(1.1)**	(4.6)	(4.7)
Exchange gains on long-term borrowings	**–**	(1.3)	(0.8)
Decrease in other reserves	**(1.7)**	–	–
Other non-cash movements	**(0.2)**	–	(4.6)
Cash generated from operations	**152.7**	53.7	70.5

The Group classifies the cash flows for the purchase and disposal of financial assets in its operating cash flows, as the purchases and sales originate from the cash flows associated with the origination of insurance contracts, cash flows for payments of insurance claims or the capital required to support underwriting. Therefore cash generated from operations includes £46.2 million of sales proceeds from financial investments (31 December 2007: £232.1 million net purchases; 30 June 2007: £51 million net purchases).

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

20. Contingent liabilities
The Group entered into various deeds of covenant in respect of certain subsidiaries to meet each such subsidiary's obligations to Lloyd's. At 30 June 2008, the total guarantee given by the Group under these deeds of covenant (subject to limited exceptions) amounted to £16.7 million (31 December 2007: £16.7 million; 30 June 2007: £382.1 million). On 1 July 2008, the deeds of covenant were released as all investments were transferred to corporate member personal reserve funds which are managed by Lloyd's.

The obligations under the deeds of covenant were secured by a fixed charge over investments of the same value at the relevant valuation date and a floating charge over all the investments and other assets of Amlin Investments Limited, in favour of Lloyd's. Lloyd's had the right to retain the income on the charged investments.

21. Related party transactions
Reinsurance contracts between Syndicate 2001 and Amlin Bermuda Ltd (ABL)

Syndicate 2001 places a number of reinsurance contracts with ABL, a wholly owned subsidiary of the Group.

In the period ended 30 June 2008, the reinsurance contracts placed by Syndicate 2001 with ABL are:

– nine proportional treaty reinsurance contracts for marine, direct property, special risks, specie, war, excess of loss treaty, combined hull, cargo and liability and miscellaneous classes of business;

– a whole account quota share for the 2008 underwriting year; and

– one excess of loss reinsurance contract for aviation.

In the period ended 30 June 2008, ABL placed one excess of loss reinsurance contract with Syndicate 2001.

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

The amount of gross written premium ceded to ABL during the period ended 30 June 2008 was £73.6 million (31 December 2007: £90.3 million; 30 June 2007: £73.3 million) being £26.2 million (31 December 2007: £35.7 million; 30 June 2007: £24.9 million) of specific variable cessions and £47.4 million (31 December 2007: £54.6 million; 30 June 2007: £48.4 million) of Syndicate 2001 whole account quota share. ABL recorded a profit of £15.5 million on these reinsurance contracts for the same period (31 December 2007: £32.3 million; 30 June 2007: £16.7 million).

At 30 June 2008 balances included within ABL with respect to Syndicate 2001 reinsurance contracts include:

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Insurance receivables	**74.1**	44.2	38.5
Insurance contracts			
- outstanding claims	**(65.2)**	(13.9)	(50.8)
- unearned premium	**(71.8)**	(29.9)	(44.4)
- creditors arising from insurance operations	**(12.7)**	(8.3)	(11.3)

In addition, cash amounting to £23.6 million (30 June 2007: £24.0 million; 31 December 2007: £71.2 million) was paid by Syndicate 2001 to ABL in respect of these contracts.

22. Principal exchange rates

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

	H1 2008 Average rate	**At 30 June 2008**	H1 2007 Average rate	At 30 June 2007	2007 Average rate	At 31 December 2007
US dollar	**1.98**	**1.99**	1.97	2.01	2.00	1.99
Canadian dollar	**1.99**	**2.03**	2.24	2.13	2.15	1.96
Euro	**1.29**	**1.27**	1.48	1.49	1.46	1.36

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting";

(b) the interim management statement includes a fair view of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management statement includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and charges therein).

By order of the Board

Charles Philipps
Chief Executive
20 August 2008

Richard Hextall
Finance Director

Independent Review Report to Amlin plc for the six months ended 30 June 2008

Independent Review Report to Amlin Plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the condensed consolidated income statement, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 22. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditor
20 August 2008
London, United Kingdom

Shareholder information

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

Financial Calendar
2008

10 October	Payment of 2008 interim dividend

2009

2 March	Expected announcement of results for the year ending 31 December 2008
13 May	Annual General Meeting
19 May	Payment of 2008 final dividend, subject to shareholder approval

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

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

Amlin's website is at www.amlin.com

Directors and Advisors

Directors
Roger Taylor (Chairman)*
Charles Philipps (Chief Executive)
Nigel Buchanan*
Brian Carpenter
Richard Davey*
Marty Feinstein*
Richard Hextall (Finance Director)
Tony Holt
Ramanam Mylvaganam*
Sir Mark Wrightson Bt*

* Non-executive

Audit Committee
Nigel Buchanan (Chairman)
Richard Davey
Marty Feinstein
Ramanam Mylvaganam

Remuneration Committee
Ramanam Mylvaganam (Chairman)
Nigel Buchanan
Sir Mark Wrightson Bt

Nomination Committee
Roger Taylor (Chairman)
Nigel Buchanan
Richard Davey
Ramanam Mylvaganam
Charles Philipps

Secretary
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