



Interim Results for the six months ended 30 June 2010

Highlights

- Gross written premium up 56.4% to £1,486.2 million (H1 2009: £950.1 million)
- High industry catastrophe losses relative to benign claims environment of 2009
- Profit before tax of £107.6 million (H1 2009: £177.1 million)
- Annualised first half return on equity of 10.6% (H1 2009: 27.4%)
- Combined ratio of 88% (H1 2009: 73%) with an underwriting contribution of £100.1 million (H1 2009: £135.3 million)
- Integration of Amlin Corporate Insurance N.V. progressing in line with plan, with return on investment of 18.8% since acquisition
- Investment return of 1.7% (H1 2009: 1.6%) generating an investment contribution of £78.7 million (H1 2009: £53.1 million)
- Earnings per share of 17.1p (H1 2009: 35.2p)
- Interim dividend increased 10.8% to 7.2p per share (H1 2009: 6.5p per share)
- Net tangible assets per share increased 2.2% to 295.9 pence (YE 2009: 289.6 pence)

Charles Philipps, Chief Executive, commented as follows:

“These results, after significant first half catastrophe losses, again demonstrate the robustness of our business model. We are well positioned to take advantage of future growth opportunities.”

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	6 months 2010 £m	6 months 2009 £m	12 months 2009 £m
Financial highlights			
Gross written premium	1,486.2	950.1	1,543.9
Net written premium	1,286.8	810.1	1,322.6
Net earned premium	862.5	510.3	1,317.3
Underwriting contribution	100.1	135.3	365.8
Investment contribution	78.7	53.1	207.5
Other costs ¹	71.2	11.3	64.2
Profit before tax	107.6	177.1	509.1
Net assets	1,635.4	1,297.3	1,593.1
Net tangible assets	1,462.7	1,192.7	1,430.3
Per share amounts (in pence)			
Earnings	17.1	35.2	94.1
Dividend under IFRS ²	13.5	11.0	17.5
Dividend (paid, declared and proposed in respect of the period/year) ²	7.2	6.5	20.0
Net assets	330.8	263.1	322.6
Net tangible assets	295.9	241.9	289.6
Group operating ratios			
Return on equity	5.3%	13.7%	37.0%
Claims ratio	63%	39%	43%
Expense ratio	25%	34%	29%
Combined ratio	88%	73%	72%
Syndicate 2001 combined ratio	85%	85%	74%
Amlin Bermuda combined ratio	83%	53%	56%
Amlin Corporate Insurance combined ratio	100%	-	96%

Source: Amlin

¹ Includes non-underwriting foreign exchange losses of £17.6 million (H1 2009: gain of £23.3 million; YE 2009: gain of £32.7 million) and £11.2 million of ACI separation and integration costs (H1 2009: nil, YE 2009: £11.2 million).

² All per share dividends are the actual dividends for each share in issue at the time.

Claims ratio is net claims incurred divided by net earned premium for the period / year. Expense ratio is underwriting expense incurred divided by net earned premium. The expense ratio does not include expenses that have not been attributed to underwriting or finance costs. Combined ratio is the total of the claims and expense ratios.

Interim Results Statement

The robust nature of the Amlin business model undoubtedly stands out against the challenging backdrop of the first six months of 2010. While the first half of the year saw record catastrophe losses, downward rating pressures and volatile investment markets, Amlin delivered a profit before tax of £107.6 million (H1 2009: £177.1 million) and a return on equity of 5.3% (annualised 10.6%; H1 2009: 13.7%, annualised 27.4%). It is in exactly this type of environment that we expect our focus on gross underwriting performance, the quality and diversity of our portfolio and our well proven management to prove advantageous.

Overview of the results

Profit before tax was £107.6 million, a decrease of 39.2% on the prior half year (H1 2009: £177.1 million). Profit after tax was down 49.4% to £84.5 million (H1 2009: £167.0 million), with an increase in the effective tax rate to 21.5% (H1 2009: 5.7%), as Amlin Bermuda was relatively less profitable due to the Chilean earthquake, a lower investment return and sterling asset gains in the prior year.

Underwriting conditions in the period were less benign than in 2009, with downward pressure on rates across a number of key markets and a significant increase in loss activity, including the Chilean earthquake in February, the largest insured catastrophe event outside the United States for many years. Given the increased claims activity, the overall underwriting contribution for the period was very creditable.

Gross written premium was £1.5 billion, an increase of 56.4% on the prior half year (H1 2009: £950.1 million). At constant rates of exchange, written premium increased by 58.3% (H1 2009: £939.1 million). Amlin Corporate Insurance ('ACI'), which was acquired on 22 July 2009, added £425.1 million or €488.6 million of written premium. Gross written premium for Amlin UK binder business was uplifted by £42.6 million following improvements in estimates of business written under binding authorities. This change is due to the timing of income recognition and does not materially impact profit in the period. The underlying increase in written premium, excluding ACI, was £79.4 million, from the addition of new business across Amlin London, Amlin UK and Amlin Bermuda, offset by an average rate reduction of 1.7% across the portfolio.

These factors also helped to increase net earned premium by 69.0% to £862.5 million (H1 2009: £510.3 million).

Underwriting contributed £100.1 million (H1 2009: £135.3 million) to the pre-tax result. Net ultimate losses for major catastrophe related claims were \$190 million relative to \$57 million in the first half of 2009. Syndicate 2001 and Amlin Bermuda delivered £60.6 million (H1 2009: £52.8 million) and £38.1 million or \$58.2 million (H1 2009: £85.3 million or \$127.9 million) respectively, with a loss of £0.8 million or €1.0 million from ACI.

The Group combined ratio was 88% (H1 2009: 73%). The claims ratio was 63% (H1 2009: 39%), reflecting the inclusion of ACI (impact of 3%) and an increase in both catastrophe losses (including the Chilean earthquake impact of 13%) and a number of large individual risk losses in the period.

Releases from reserves amounted to £70.0 million (H1 2009: £71.9 million), of which ACI contributed £18.0 million or €20.7 million. A positive swing on foreign exchange of £50.0 million helped improve the expense ratio to 25% (H1 2009: 34%).

Financial markets continued to be volatile but the contribution from investments was up 48.2% at £78.7 million (H1 2009: £53.1 million), reflecting an investment return of 1.7% (H1 2009: 1.6%) on increased average funds under management of £4.1 billion (H1 2009: £2.9 billion), due primarily to the acquisition of ACI.

As described in more detail on page 13 the strengthening of the US dollar against sterling helped generate a net foreign exchange gain to the income statement of £3.8 million (H1 2009: £5.3 million loss) and a net increase of £27.8 million (H1 2009: £93.1 million decrease) in reserves.

Earnings per share decreased 51.4% to 17.1 pence (H1 2009: 35.2 pence).

Dividend

The Board has declared an interim dividend of 7.2 pence per share (H1 2009: 6.5 pence per share), an increase of 10.8%. The dividend will be paid on 7 October 2010 to shareholders on the register at the close of business on 10 September 2010.

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.

Integration of ACI

The integration of ACI into the Group has continued as anticipated.

The combined ratio of 100% achieved by ACI during the first half of 2010 is higher than the level that we intend this business to trade at under Amlin ownership. However, it is in line with our expectations for the period and reflects the consequences of growth into softening market conditions during 2008 and 2009 prior to acquisition, together with competitive market conditions in Continental European insurance markets.

On the business performance side, the re-underwriting of the marine portfolio has made further progress. The steps taken in Rotterdam, which was the main focus of attention in 2009 and so far in 2010, should benefit the portfolio in time, with some improvement already evident. The much smaller Antwerp portfolio continues to disappoint and is the subject of further detailed analysis. The property and liability portfolio continue to perform satisfactorily.

The investment portfolio was brought within the Group's Investment framework at the start of 2010 and performance during the period was good with a return of 2.3% delivered on the company's investments.

From an operational perspective, the two areas of focus have been moving ACI onto the Group underwriting system, which is scheduled to be complete in mid 2011, and separating ACI from the operations of its former sister companies within the Fortis Group. The replacement of legacy systems is progressing steadily, although it has required significant investment of time in the first half of 2010 from both the Group and ACI teams.

Progress has also been made in implementing key aspects of Amlin's financial and risk management practices and ACI has been brought into the Group's Solvency II programme. Work has also progressed to bring underwriting incentives within ACI more in line with the profit-focused structures which are well established within Amlin.

As noted in our Annual Report, we have also recently reviewed the operation of our French businesses and decided to combine the small ACI operation, which commenced trading in 2008, with Anglo French Underwriters. The combined entity now trades as Amlin France, under the leadership of François Martinache. The merger will create opportunities for increased market penetration and operational efficiencies as it grows from an anticipated 2010 combined premium income of more than €50 million.

Underwriting conditions and premium income

Overall pricing remains steady, with the average renewal rate falling by 1.7% (H1 2009: increase of 4.9%), but there is considerable variance in experience by class. The renewal retention ratio remained at a healthy 87.3% (H1 2009: 86.1%).

Catastrophe reinsurance business has, as anticipated, experienced downward rating pressure. The rate of decrease was greatest for the US catastrophe account. However, pricing for this business remains only marginally below the peak levels attained in 2007. International catastrophe reinsurance rates fell by 1.2%, although rate increases were achieved in territories that experienced loss activity in 2009.

Outside catastrophe reinsurance lines, the rating environment was stable. Our London marine business was broadly flat, despite pressure on energy rates in the first part of the year prior to the Deepwater Horizon loss. Classes such as US and European property and casualty insurance, still trade towards the bottom of their pricing cycles with low margin potential. The fleet motor line within our UK commercial business continued to slowly improve but other areas remain competitive.

Table 1: Average renewal and retention rates

	H1 2010 £m	Gross written premium H1 2009 £m	Average renewal rate change %	Average renewal retention ratio %
Amlin London	667.0	643.5	(3.1)	87.1
Reinsurance	301.7	318.0	(4.1)	93.2
Property and Casualty	155.5	139.8	(2.0)	82.1
Marine	167.8	156.4	(0.7)	78.5
Aviation	42.0	29.3	(2.6)	86.4
Amlin UK	153.6	91.7	0.9	79.7
Amlin France	20.6	20.9	n/a	75.7
Amlin Bermuda (direct only)	219.9	194.0	(2.0)	92.3
Amlin Corporate Insurance	425.1	-	n/a ³	n/a ³
Total/average	1,486.2	950.1	(1.7)	87.3

Source: Amlin

³ Data for average renewal rates not currently available for Amlin France and ACI. Data for business retention rate not currently available for ACI.

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)⁴

Class	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
US catastrophe reinsurance	100	115	146	150	143	144	185	188	167	185	178
International catastrophe reinsurance	100	120	157	161	145	131	138	131	119	124	122
Property reinsurance	100	122	189	191	170	146	170	144	126	127	117
Property	100	125	171	163	143	136	165	143	133	142	141
US casualty	100	123	172	217	234	239	237	223	203	199	199
Marine hull	100	115	148	171	183	189	191	192	192	205	209
Energy	100	140	172	189	170	175	262	243	209	256	242
War	100	250	288	244	220	206	191	175	160	156	153
Fleet motor	100	121	136	143	141	137	135	134	137	144	146
UK employers' liability	100	115	144	158	159	144	135	123	115	114	116
UK professional indemnity	100	110	149	178	181	165	154	140	129	128	127
Airline hull and liabilities	100	301	283	235	216	201	158	122	127	141	138

Source: Amlin

⁴ This table is completed by our underwriters and covers their assessment of rate movements from year to year, as recorded on Amlin's underwriting systems. 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. 2010 rate levels are for the six month period to 30 June 2010. Figures in bold represent peak ratings.

Outwards reinsurance

Reinsurance expenditure in the period was £199.4 million, representing 13.4% of gross written premium (H1 2009: £140.0 million and 14.7%). The inclusion of ACI for the first time accounted for £62.0 million or €70.4 million of the overall expenditure. The core reinsurance programmes, covering our insurance businesses, were renewed with structures largely unchanged from 2009. The retrocessional programme in London was restructured in the period following a review of the value offered by the previous programme. Greater retention of the first major catastrophe event is now borne by the Group but cover has been purchased which responds in the event of a series of medium sized catastrophes. Amlin Bermuda also purchased similar cover.

Claims

The Group claims ratio increased to 63% (H1 2009: 39%), reflecting Chilean earthquake catastrophe losses and a number of individual large risk losses, and the inclusion of ACI. Estimates of overall losses for the first half of 2010 stand at \$70 billion, with insured losses at \$22 billion, far above the first-half average since 2000¹. Table 3 sets out the major catastrophe loss events in the period and Amlin's estimated exposure to each of these events.

The Chilean earthquake, which occurred on 27 February 2010, was the largest insured event in the period, with an estimated total insured loss of \$8.0 billion¹.

Amlin's exposures are mainly within the international property catastrophe reinsurance account, where our current estimated exposure has been reduced modestly from that disclosed on 22 March 2010, from \$158.4 million to \$132.3 million, following receipt of additional information from reinsured clients. Exposures within our direct accounts are more limited at an estimated \$35.3 million. These have been largely absorbed within our planned loss ratios.

The scale and damage arising from this event continues to be uncertain but, given the size of the earthquake, our current loss estimates are intended to be conservative.

There were also several large risk losses in the period, in particular the loss of the Deepwater Horizon oil rig in April. While there are a number of complex and unresolved issues regarding liability, coverage and quantum, we continue to estimate that our net exposure resulting from the Deepwater Horizon rig loss event is approximately \$15 million.

Across the Group, claims development has continued to be better than expected. Releases from reserves in the period amounted to £70.0 million (H1 2009: £71.9 million). Releases in 2009 were boosted by a change of approach to UK commercial claims which, last year, led to a release of an additional £10.0 million. ACI contributed £18.0 million or €20.7 million.

Our reserving philosophy remains unchanged. We estimate that the Group as a whole holds reserves on an accident year basis of at least £200 million in excess of a strict actuarial 50:50 best estimate.

Table 3: 2010 major catastrophe loss events

	Source	Date	Industry insured loss \$m	Amlin net ultimate loss \$m
Windstorm Xynthia	Munich Re	Feb 10	3,400	2.0
Chilean earthquake	Munich Re	Feb 10	8,000	167.6
Australian hailstorms	Munich Re	Mar 10	920	18.0
Baja earthquake	Aon Benfield	Apr 10	300	3.0

¹ Munich Re press release, 7 July 2010.

Segmental commentary

Table 4: Divisional combined ratios

	Amlin London	Amlin UK	Amlin France	Amlin Bermuda	Amlin Corporate Insurance	Intra Group/ Other	Total
Gross written premium (£m)	667.0	153.6	20.6	328.4	425.1	(108.5)	1,486.2
Net earned premium (£m)	304.3	88.9	11.8	218.4	237.8	1.3	862.5
Release from reserves (£m)	24.7	17.2	-	9.7	18.0	0.4	70.0
Combined ratio							
Claims ratio	53%	52%	47%	68%	71%		63%
Expense ratio	33%	30%	42%	15%	29%		25%
Combined ratio H1 2010	86%	82%	89%	83%	100%		88%
Combined ratio H1 2009	85%	81%	87%	53%	-		73%
Excluding non-monetary							
Claim ratio	51%	52%	47%	68%	71%		62%
Expense ratio	33%	30%	42%	15%	29%		26%
Combined ratio H1 2010	84%	82%	89%	83%	100%		88%
Combined ratio H1 2009	68%	80%	83%	53%	-		65%

Source: Amlin

Ratios quoted below exclude the foreign exchange effect of the non-monetary adjustment.

Amlin London

Gross written premium was £667.0 million (H1 2009: £643.5 million). Despite an average rate decrease of 3.1%, underlying growth was achieved through the selective addition of new business across all business units, most notably Reinsurance, but also Property and Casualty and Marine, following investment in the respective underwriting teams and focus on areas where rating conditions were more favourable. Net earned premium was £304.3 million (H1 2009: £268.3 million), benefiting from the increase in written premium in both 2009 and 2010.

The combined ratio was 84% (H1 2009: 68%). The claims ratio of 51% (H1 2009: 32%) reflects a heightened level of catastrophe and major loss activity in the period. Prior period reserve releases were £24.7 million (H1 2009: £34.7 million). The expense ratio was 33% (H1 2009: 36%).

While Reinsurance, which represents 45% of 2010 gross written premium, experienced downward rating pressure, we believe that good margin potential remains in this business. The catastrophe reinsurance account had an average rate decrease of 4.1%. Rates within the international catastrophe account were down 1.2%, although increases were evident in areas that were loss affected in 2009.

Property and Casualty rates have decreased by 2.0% in the period. Competition in this area remains strong with our US direct and facultative insurance account seeing average rate decreases of 5.5% and our US casualty business a more modest decrease of 0.2%.

Rates within our Marine portfolio were broadly flat. The energy account witnessed an average rate decrease of 5.5% with business experiencing downward pressure following the low level of hurricane activity in 2009. However, the Deepwater Horizon oil rig disaster has arrested this decline with recent rate increases achieved of between 7.5% and 20.0% on international business. Upward momentum is also evident within our hull, liability and specie accounts.

Our Aviation business has continued to trade in challenging markets and experienced an average rate decrease of 2.6% in the period. Few airline accounts renew in the first half of the year and we are prudent in our expectations for the second half.

Amlin UK

Gross written premium was £153.6 million, an increase of 67.5% on the prior period (H1 2009: £91.7 million). The uplift includes an adjustment of £42.6 million reflecting improvements to estimated premium for binder business, which is becoming a large element of the book. Underlying growth was supported by an average rate increase of 0.9%, but also net new business, which amounted to £18.5 million. Net earned premium increased by 35.7% to £88.9 million, reflecting the recent growth in written premium.

The trading environment for this business continues to improve steadily. Increases to fleet motor rates averaged 1.5% in the period. Elsewhere, rates for liability classes have also begun to show modest increases.

The combined ratio of 82% (H1 2009: 80%) is a good result. The claims ratio was 52% (H1 2009: 54%), with releases from reserves of £17.2 million (H1 2009: £22.7 million). The 2009 improvement was boosted by an additional release of £10.0 million from liability reserves following a review of the reserving approach for liability business. The expense ratio was up at 30% (H1 2009: 26%) reflecting an increase in the underlying expense base, including the addition of the insolvency business purchased in the period and recent investment in resource and wider business infrastructure.

Amlin France

Gross written premium was £20.6 million or €24.8 million (H1 2009: £20.9 million or €22.2 million). Market conditions remained competitive with limited evidence that rating improvements are imminent. Net earned premium was £11.8 million or €14.5 million (H1 2009: £7.7 million or €8.1 million) reflecting earnings on the first full year of ownership.

The combined ratio was 89% (H1 2009: 83%).

Amlin Bermuda

In the period Amlin Bermuda wrote £219.9 million, or \$336.7 million, (H1 2009: £194.0 million, or \$289.4 million) of direct business. The reinsurances of Syndicate 2001 increased its overall written premium to £328.4 million or \$502.5 million (H1 2009: £305.3 million or \$456.4 million). Despite an average rate decrease of 2.0%, growth has been achieved through the addition of new business, healthy retention ratios and favourable exchange rate movements. In addition, Amlin Bermuda received \$9.3 million of reinstatement premiums related to the Chilean earthquake. Net earned premium increased by 20% to £218.4 million (H1 2009: £181.9 million) reflecting growth in premium for both 2009 and 2010.

The combined ratio was 83% (H1 2009: 53%) driven by a claims ratio of 68% (H1 2009: 33%).

The increased claims ratio reflects the impact of the Chilean earthquake. Reserve releases were £9.7 million (H1 2009: £14.5 million).

The decrease in the expense ratio to 15% (H1 2009: 20%), is due to reallocating staff incentives to non-underwriting expenses in line with Group policy.

Amlin Corporate Insurance ('ACI')

Gross written premium was £425.1 million, or €488.6 million, a decrease of 7% on the prior year when ACI operated outside of the Amlin group. The reduction reflects the impact of lower economic activity on premium volumes as well as the deliberate non-renewal of some marine business as part of the re-underwriting process. Offsetting these reductions, €20.0 million of income was generated by regaining the Râets Marine agency account at the end of 2009.

The contribution to Group underwriting profit was a loss of £0.8 million, or €1.0 million with a combined ratio of 100% for the period (H1 2009: 98%, pre acquisition). The claims ratio of 71%, (H1 2009: 71%, pre acquisition) continues to reflect a good underwriting performance for property and liability business, offset by poor marine performance.

We are seeing evidence of improvement in the Dutch marine portfolio which was the focus of corrective action in 2009. However, the smaller Belgian marine portfolio continues to disappoint.

Reserve releases in the period amounted to £18.0 million, or €20.7million, reflecting the release of risk margin through time.

The expense ratio was 29% (H1 2009: 27%, pre acquisition). The expense ratio excludes costs relating to ACI separation and integration costs.

Table 5: H1 2010 investment mix and returns

	Average balance in H1 2010				Total assets at 31 Dec 2009 %	H1 2010 Actual return %	H1 2010 Benchmark return %
	Policyholders' assets £m	Capital £m	Total £m	Total %			
Cash and cash equivalents	131.6	50.8	182.4	4.4	13.7	0.1	0.1
Debt securities	2,407.2	1,131.4	3,538.6	85.7	79.1	2.4	1.9
Equities	-	277.8	277.8	6.7	4.1	(6.1)	(1.0)
Property	-	133.4	133.4	3.2	3.1	0.4	n/a
Total/average	2,538.8	1,593.4	4,132.2	100.0	100.0	1.7	1.7

Source: Amlin

Investment return

The investment return on the £4.1 billion average assets held during the first half of the year was 1.7%, producing an overall investment contribution of £78.7 million (H1 2009: £2.9 billion, 1.6% and £53.1 million). The table above shows the breakdown of asset allocation and returns. During the period £439.5 million was reallocated from cash and cash equivalents to debt securities, mainly absolute return, LIBOR plus funds.

Investors' risk appetite varied during the period. The corporate earnings seasons were positive for sentiment, as companies generally beat market expectations. However, this was offset by a number of negative macro factors, including the European sovereign debt crisis, Chinese policy action aimed at economic slow down and the reversal of global leading economic indicators, which made investors concerned about the possibility of a return to recession. Overall, during the period risk assets, such as equities, underperformed safe haven assets, such as US and German government bonds.

Expenses

Total expenses, increased to £297.8 million from £190.9 million in the prior period. Underwriting expenses, excluding foreign exchange movements, amounted to £242.3 million (H1 2009: £147.5 million). Non-underwriting expenses, excluding foreign exchange movements, were £45.8 million (H1 2009: £27.4 million).

Underwriting costs include costs relating to the acquisition and administration of insurance business and claims payments. Non-underwriting expenses include employee incentives, investment management fees, ACI separation and integration costs and corporate expenses not directly attached to underwriting businesses.

Within underwriting expenses, acquisition costs account for a £57.6 million increase, due to growth in income. The remaining variance is largely driven by the addition of £31.7 million of expense from ACI. Acquisition costs have reduced from 18.5% to 16.9% of gross earned premium as ACI typically incurs gross commissions of approximately 15%.

The £18.4 million variance in non-underwriting expenses includes £11.2 million for ACI separation and integration costs. These are included within non-underwriting expenses as they are not considered ongoing costs of the business. In addition to items expensed in the period, ACI expenditure on a replacement IT platform of £4.1 million has been capitalised at 30 June 2010. A greater proportion of such costs have been expensed at this stage of the programme, reflective of the relative spend on research compared to systems build. We expect the balance between expenses and capital to shift through the programme life cycle.

Taxation

The effective rate of tax for the period is 21.5% (H1 2009: 5.7%). It is below the UK rate of tax primarily due to Amlin Bermuda, which operates locally with no corporation tax. The increase in the effective rate compared to the prior period is due to the lower relative profit generated by Amlin Bermuda, which was impacted by the Chilean earthquake, lower investment returns and gains on sterling assets in the prior year.

Balance sheet strength

Net assets were £1,635.4 million, an increase of 2.7% in the period, through retained earnings for 2010 of £17.2 million and £25.5 million of reserve movements, including revaluing investments in overseas operations and net liabilities of defined benefit pension schemes.

Intangibles have increased by £9.9 million to £172.7 million, following the acquisition of Lockton's UK insolvency practitioners' insurance business.

Accordingly, net tangible assets have risen by 2.3% to £1,462.7 million at the period end, equivalent to 295.9p per share.

As demonstrated in table 6, the Group's balance sheet remains strong. 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 ability to react promptly to a market turning event.

Table 6: Amlin capital analysis

	At 30 Jun 2010 £m	At 31 Dec 2009 £m
Net tangible assets	1,462.7	1,430.3
Subordinated debt	319.2	316.4
Facilities ⁵	250.0	250.0
Available capital	2,031.9	1,996.7
Assessed capital ⁶	1,362.2	1,341.2
Surplus	669.7	655.5

⁵ Bank facilities are subject to a number of covenants.

⁶ Assessed capital is management's estimate of capital required for current trading purposes.

Source: Amlin

Table 7: Debt security by type⁷

	At 30 Jun 2010		At 31 Dec 2009	
	£m	%	£m	%
Government securities	1,256.8	36.5	1,188.4	36.9
Government index linked securities	-	-	16.5	0.5
Government agencies/guaranteed ⁸	138.1	4.0	171.5	5.3
Supranational	42.7	1.2	58.1	1.8
Asset backed securities	46.2	1.3	76.0	2.4
Mortgage backed securities	130.6	3.8	136.2	4.2
Corporate bonds	163.9	4.8	432.3	13.4
Pooled vehicles ⁹	1,589.1	46.2	1,076.1	33.4
Insurance linked securities	74.6	2.2	66.7	2.1
Total	3,442.0	100.0	3,221.8	100.0

⁷ Excludes accrued interest and other items as described in page 34.

⁸ £8.6 million of government agencies/guaranteed assets are mortgaged backed (31 December 2009: £12.2 million) and £77.4 million are government guaranteed corporate bonds (31 December 2009: £102.9 million). Pooled vehicles are excluded.

⁹ The pooled vehicles of £1,589.1 million include government securities of £535.6 million, government agencies/guaranteed of £229.0 million, supranational of £8.8 million, asset backed securities of £37.5 million, mortgage backed securities of £112.7 million, corporate bonds of £477.6 million, and other liquid investments of £187.9 million.

Source: Amlin

Using Standard & Poor's and Moody's as rating sources, the credit ratings of the Group's debt securities and corporate bonds are shown in the table below:

Table 8: Credit rating of debt securities and corporate bonds at 30 June 2010

Credit rating	At 30 Jun 2010	At 31 Dec 2009
	£m	£m
AAA/Aaa	994.8	1,394.7
AA/Aa	2,026.8	1,427.9
A	310.7	205.3
BBB/Baa	94.7	41.2
Other	15.0	152.7
Total	3,442.0	3,221.8

Source: Amlin

Reinsurers' share of outstanding claims now stand at £400.9 million (YE 2009: £421.1 million) and the credit quality of reinsurance debt remains strong.

At 30 June 2010, the deficit on the Group's defined benefit schemes had increased to £29.6 million (YE 2009: £24.5 million). £3.0 million of the increase is attributable to the Lloyd's Superannuation Fund and £2.1 million is attributable to ACI's defined benefit scheme. In line with Amlin's accounting policy, actuarial gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

Update on the acquisition of Amlin Corporate Insurance

Following the acquisition of Amlin Corporate Insurance N.V. ('ACI') in July 2009, the Group recognised ACI's identifiable assets and liabilities at provisional fair values in accordance with IFRS 3 *Business combinations*. Provisional fair values may be amended up to 12 months subsequent to the acquisition date.

At 30 June 2010 adjustments were processed to the provisional fair values of the assets and liabilities of ACI totalling £2.3 million, resulting in an increase in goodwill to £29.5million. The adjustments relate to the recoverable amount of reinsurance assets and loans and receivables.

ACI's investment in a Fortis property fund was stated at a provisional fair value of £60 million at the acquisition date. ACI disposed of its investment in this fund in June 2010 for proceeds equivalent to the provisional fair value. Therefore, no adjustment to the acquisition fair value has been made.

Table 9: Net foreign exchange gains and losses in the income statement

	H1 2010 £m	H1 2009 £m
(Losses) arising from the treatment of net non-monetary assets and liabilities at historical average rates	(6.4)	(27.1)
Net gains / (losses) on underwriting transactions and translation of underwriting assets and liabilities at closing rates	27.8	(1.5)
Underwriting exchange gains / (losses)	21.4	(28.6)
(Losses) / gains on long term US dollar borrowings	(4.6)	7.9
Net (losses) / gains on non-underwriting transactions and translation of non-underwriting assets and liabilities at closing rates	(13.0)	15.4
Non-underwriting exchange (losses) / gains	(17.6)	23.3
Total FX gain (loss) in income statement	3.8	(5.3)

Source: Amlin

Foreign exchange

The Group's investments in overseas operations, principally Amlin Bermuda and ACI, generated a net foreign exchange gain, after hedging, of £27.8 million in the year. The net gain was recognised in the Consolidated Statement of Changes in Equity.

The income statement reflects net foreign exchange gains of £3.8 million in the period (H1 2009: £5.3 million loss). With the strengthening of the US dollar, underwriting assets increased £21.4 million (H1 2009: £28.6 million loss) after deduction of a £6.4 million loss (H1 2009: £27.1 million loss) due to the treatment of net non-monetary assets and liabilities. Non-underwriting assets produced a £17.6 million loss (H1 2009: £23.3 million gain). Exchange losses in the current period principally relate to losses on Sterling and Euro denominated retained profits held by Amlin Bermuda. Prior period gains were generated on sterling assets held by Amlin Bermuda as part of a previous hedging strategy against the overall Group foreign exchange exposure.

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 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
- strategic risk

The largest operational risk faced by the Group remains the risk relating to the acquisition of ACI. As the integration programme continues to be implemented, the main focus has moved to the provision of information technology services independent of the Fortis group. A detailed migration programme has been defined and detailed risk assessments have been completed with the aim of managing integration risk. This mitigation programme is being monitored on an ongoing basis.

Underwriting risk

From our standard set of realistic disaster scenarios, the largest modelled loss at 1 July 2010 was a North East US windstorm of £401 million which represented 27% of net tangible assets at 30 June 2010. This is slightly larger than our largest modelled loss at 1 January 2010 of £355 million (25% of net tangible assets at 31 December 2009).

To place this in historical context, the largest modelled loss at 1 January 2009 of £384 million represented 35% of net tangible assets at 31 December 2008. It should be recognised that these are extreme events.

Related parties

Related party transactions are disclosed in note 16 to the Interim Financial Statements.

Business development

On 5 May we announced our intention to establish a reinsurance platform in Switzerland to provide the Group with access to European reinsurance business that does not typically flow into the London and Bermuda market places.

After a decade of consolidation in the European reinsurance market, recent turbulence in global financial markets and Solvency II developments, we believe that reinsurance buyers are increasingly looking to diversify their insurance risk and spread their counterparty risk. Consequently, we believe the opportunity exists to build another substantial reinsurance platform.

As part of these plans, Amlin intends to re-domicile its reinsurance company, Amlin Bermuda Limited, from Bermuda to Zurich. The newly re-domiciled Swiss company will be named Amlin AG and the existing operations of Amlin Bermuda will become a Bermuda-based branch of Amlin AG.

Amlin AG's Zurich-based underwriting platform (trading as 'Amlin Re Europe') will be headed by Philippe Regazzoni who will become Chief Executive of Amlin AG. The platform in Zurich will diversify Amlin Bermuda's existing reinsurance portfolio geographically and by class of business, helping to reduce the overall volatility of the book and making more efficient use of the Group's capital and financial strength. The Zurich-based business will focus mainly on property and casualty treaty reinsurance for small and mid-sized insurance companies.

Amlin AG's capitalisation will be approximately US\$1.4 billion, placing the company amongst the leading players in terms of financial strength. The business will benefit from the strong ratings from AM Best, Moody's and S&P held by the existing reinsurance platform.

On 22 January 2010, we completed the purchase of Lockton's UK insolvency practitioners' insurance business. The business, which generated approximately £13 million of gross written premium in 2009, will operate as an FSA registered broker and trade as AUA Insolvency Risk Services Limited.

Solvency II

We have continued our preparations for the new insurance regulations that are scheduled to be implemented in 2012. We are now into the implementation phase, with a number of necessary changes being embedded into our business practices. We believe that this is a critical element of our preparation because it will provide the evidence to regulators that our internal model forms part of our core operational practices but it also drives the benefits that we expect to realise. For example, we are rolling out our new risk assessment framework through 2010, which is improving our measurement and management of key risks. This process is providing an excellent challenge to the way that we control and monitor insurance, investment and operational risk.

Outlook

Future reinsurance market trends will be affected, as always, by the level of catastrophe activity in the Atlantic, Pacific and European windstorm seasons during the second half of the year. Rating levels for catastrophe reinsurance remain attractive and sufficient discipline appears to exist in the reinsurance market to ensure that we do not return to unacceptably low levels of pricing.

Market conditions for insurance operations in the UK, US and Continental Europe are more competitive. The margins in these businesses have been under pressure for a number of years and in our view acceptable returns can only be delivered in this environment through selective and disciplined underwriting. Our Syndicate underwriters have a strong track record in this regard. By protecting our capital in this way, we also have the confidence and financial strength to grow when market conditions allow. This has been evident in the UK commercial motor market, where we have been able to add income at acceptable rates in the last year as other market participants withdraw. Our investment in the UK property team over the last few years has raised our level of expense but it is beginning to pay dividends as this business, which diversifies our UK commercial business, is showing signs of sustainable, profitable growth.

Returning the ACI business to levels of profitability that it has enjoyed in the past will involve more pruning of the marine portfolio to ensure that poorly rated business is removed. However, the property and liability accounts continue to trade at satisfactory levels.

We do not expect a sudden improvement in the rating environment in all these insurance markets but believe the margin pressure, and lower investment returns, will ultimately lead to a return to better conditions.

The investment market backdrop continues to be one of fragility and volatility. This is illustrated by the path of cumulative return through the last few months. At the end of April the portfolio return amounted to 2%. This reduced to 1.7% by the end of June as risk aversion affected equity and credit markets. However our return for July was 0.9% as markets rebounded. We will continue to actively monitor our risk with an eye on the economic and market outlook. However, as we set out in the 2009 Annual Report we do expect that the overall investment return for 2010 will be lower than last year.

Overall we believe that Amlin is well positioned. Our capital position is strong. Our core UK, London Market and Bermuda businesses are delivering excellent cross cycle returns and have very strong reputations in their respective markets. Looking to the future we expect that ACI will provide another substantial, profitable platform that is diversified from our core business. Amlin France has a recognised position in the French market and the reputation of AFU and the strength of Amlin should allow us to grow profitably. Finally, Amlin Re Europe offers substantial growth potential in a new reinsurance market for the Group.

Reinforcing the broader development of our business is the application of our established skills in underwriting and management which we are confident will lead to improving results across the entire Amlin group.

Condensed Consolidated Income Statement

For the six months ended 30 June 2010

	Notes	6 months 2010 (Unaudited) £m	6 months 2009 (Unaudited) £m	12 months 2009 (Audited) £m
Gross earned premium	4	987.1	592.7	1,541.6
Reinsurance premium ceded	4	(124.6)	(82.4)	(224.3)
Net earned premium revenue	4	862.5	510.3	1,317.3
Investment return	5	78.7	53.1	207.5
Other operating income		5.7	3.5	10.1
Total income		946.9	566.9	1,534.9
Insurance claims and claims settlement expenses	6	(602.4)	(233.3)	(565.1)
Insurance claims and claims settlement expenses recoverable from reinsurers	6	60.9	34.4	0.9
Net insurance claims	6	(541.5)	(198.9)	(564.2)
Expenses for the acquisition of insurance contracts		(167.0)	(109.4)	(267.4)
Other operating expenses	7	(117.3)	(70.8)	(171.2)
Total expenses		(284.3)	(180.2)	(438.6)
Results of operating activities		121.1	187.8	532.1
Finance costs		(13.5)	(10.7)	(23.0)
Profit before tax		107.6	177.1	509.1
Tax	8	(23.1)	(10.1)	(54.3)
Total recognised profit for the period/year		84.5	167.0	454.8
Attributable to:				
Equity holders of the Parent Company		84.5	167.0	454.7
Non-controlling interests		–	–	0.1
		84.5	167.0	454.8
Earnings per share from continuing operations attributable to equity holders of the Parent Company				
Basic	10	17.1p	35.2p	94.1p
Diluted	10	16.9p	34.8p	92.9p

The attached notes form an integral part of these consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	6 months 2010 (Unaudited) £m	6 months 2009 (Unaudited) £m	12 months 2009 (Audited) £m
Profit for the period/year	84.5	167.0	454.8
Currency translation gains/(losses) on overseas operations	45.5	(122.1)	(91.2)
(Losses)/gains on revaluation of hedge instruments	(11.7)	32.8	29.3
Foreign exchange losses on translation of intangibles arising from investments in overseas operations	(6.0)	(3.8)	(1.6)
Defined benefit pension fund actuarial losses	(9.1)	(24.0)	(23.7)
Tax relating to components of other comprehensive income	9.6	6.0	14.5
Other comprehensive income for the period/year	28.3	(111.1)	(72.7)
Total comprehensive income for the period/year	112.8	55.9	382.1
Attributable to:			
Equity holders of the Parent Company	112.8	55.9	382.0
Non-controlling interests	–	–	0.1
	112.8	55.9	382.1

The attached notes form an integral part of these consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Attributable to owners of the parent						Total £m	Non- controlling interest £m	Total £m
	Notes	Share capital £m	Share premium £m	Other reserves £m	Treasury shares £m	Retained earnings £m			
At 1 January 2010		141.2	300.1	201.7	(21.4)	971.1	1,592.7	0.4	1,593.1
Currency translation differences on overseas operations		–	–	45.5	–	–	45.5	–	45.5
Losses on revaluation of hedge instruments		–	–	(11.7)	–	–	(11.7)	–	(11.7)
Foreign exchange losses on translation of intangibles arising from investments in overseas operations		–	–	(6.0)	–	–	(6.0)	–	(6.0)
Defined benefit pension fund actuarial losses		–	–	(9.1)	–	–	(9.1)	–	(9.1)
Tax relating to components of other comprehensive income		–	–	9.6	–	–	9.6	–	9.6
Profit for the financial period		–	–	–	–	84.5	84.5	–	84.5
Total comprehensive income for the period		–	–	28.3	–	84.5	112.8	–	112.8
Employee share option schemes:									
– share based payment reserve		–	–	(2.8)	(2.8)	–	(5.6)	–	(5.6)
– proceeds from shares issued	13	–	0.1	–	2.4	(0.5)	2.0	–	2.0
Dividends paid	9	–	–	–	–	(66.8)	(66.8)	(0.1)	(66.9)
		–	0.1	(2.8)	(0.4)	(67.3)	(70.4)	(0.1)	(70.5)
At 30 June 2010		141.2	300.2	227.2	(21.8)	988.3	1,635.1	0.3	1,635.4

The attached notes form an integral part of these consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to owners of the parent						Non-controlling interest £m	Total £m	
	Notes	Share capital £m	Share premium £m	Other reserves £m	Treasury shares £m	Retained earnings £m			Total £m
At 1 January 2009		134.6	231.5	272.4	(25.1)	602.4	1,215.8	0.3	1,216.1
Currency translation differences on overseas operations		–	–	(122.1)	–	–	(122.1)	–	(122.1)
Gains on revaluation of hedge instruments		–	–	32.8	–	–	32.8	–	32.8
Foreign exchange losses on translation of intangibles arising from investments in overseas operations		–	–	(3.8)	–	–	(3.8)	–	(3.8)
Defined benefit pension fund actuarial losses		–	–	(24.0)	–	–	(24.0)	–	(24.0)
Tax relating to components of other comprehensive income		–	–	6.0	–	–	6.0	–	6.0
Profit for the financial period		–	–	–	–	167.0	167.0	–	167.0
Total comprehensive income for the period		–	–	(111.1)	–	167.0	55.9	–	55.9
Employee share option schemes:									
– share based payment reserve		–	–	0.4	0.5	–	0.9	–	0.9
– proceeds from shares issued	13	–	0.1	–	1.7	(0.5)	1.3	–	1.3
Shares issued to fund ACI acquisition	13	6.6	68.2	–	–	–	74.8	–	74.8
Dividends paid	9	–	–	–	–	(51.7)	(51.7)	–	(51.7)
Return of capital	13	–	–	0.2	–	(0.2)	–	–	–
		6.6	68.3	0.6	2.2	(52.4)	25.3	–	25.3
At 30 June 2009		141.2	299.8	161.9	(22.9)	717.0	1,297.0	0.3	1,297.3

Condensed Consolidated Statement of Changes in Equity

For the twelve months ended 31 December 2009

	Attributable to owners of the parent						Non-controlling interest £m	Total £m	
	Notes	Share capital £m	Share premium £m	Other reserves £m	Treasury shares £m	Retained earnings £m			Total £m
At 1 January 2009		134.6	231.5	272.4	(25.1)	602.4	1,215.8	0.3	1,216.1
Currency translation differences on overseas operations		–	–	(91.2)	–	–	(91.2)	–	(91.2)
Gains on revaluation of hedge instruments		–	–	29.3	–	–	29.3	–	29.3
Foreign exchange losses on translation of intangibles arising from investments in overseas operations		–	–	(1.6)	–	–	(1.6)	–	(1.6)
Defined benefit pension fund actuarial losses		–	–	(23.7)	–	–	(23.7)	–	(23.7)
Tax relating to components of other comprehensive income		–	–	14.5	–	–	14.5	–	14.5
Profit for the financial period		–	–	–	–	454.7	454.7	0.1	454.8
Total comprehensive income for the year		–	–	(72.7)	–	454.7	382.0	0.1	382.1
Employee share option schemes:									
– share based payment reserve		–	–	0.8	(0.4)	–	0.4	–	0.4
– proceeds from shares issued	13	–	0.2	–	4.1	(1.0)	3.3	–	3.3
Shares issued to fund ACI acquisition	13	6.6	68.4	–	–	–	75.0	–	75.0
Dividends paid	9	–	–	–	–	(83.8)	(83.8)	–	(83.8)
Return of capital	13	–	–	1.2	–	(1.2)	–	–	–
		6.6	68.6	2.0	3.7	(86.0)	(5.1)	–	(5.1)
At 31 December 2009		141.2	300.1	201.7	(21.4)	971.1	1,592.7	0.4	1,593.1

Condensed Consolidated Balance Sheet

At 30 June 2010

		30 June 2010 (Unaudited) £m	30 June 2009 (Unaudited) £m	31 December 2009 (Audited) £m
Assets	Notes			
Cash and cash equivalents		91.4	22.5	70.3
Financial assets	11	4,089.7	2,885.4	3,977.9
Reinsurance assets				
– reinsurers' share of outstanding claims		400.9	330.2	421.1
– reinsurers' share of unearned premium		124.4	86.9	52.8
Loans and receivables, including insurance receivables				
– insurance and reinsurance receivables		988.5	683.5	665.9
– loans and receivables		111.7	54.3	64.3
Deferred acquisition costs		241.4	179.4	145.8
Current income tax assets		–	19.4	7.2
Deferred tax assets		12.8	17.7	29.1
Property and equipment		11.8	8.5	9.9
Intangible assets	12	172.7	104.6	162.8
Investment in associate and jointly owned entity		2.2	1.8	1.7
Assets of operation classified as held for sale		73.3	–	64.2
Total assets		6,320.8	4,394.2	5,673.0
Equity and reserves				
Share capital	13	141.2	141.2	141.2
Share premium		300.2	299.8	300.1
Other reserves		227.2	161.9	201.7
Treasury shares		(21.8)	(22.9)	(21.4)
Retained earnings		988.3	717.0	971.1
Equity attributable to equity holders of the parent		1,635.1	1,297.0	1,592.7
Non-controlling interest		0.3	0.3	0.4
Total equity and reserves		1,635.4	1,297.3	1,593.1
Liabilities				
Insurance liabilities				
– outstanding claims		2,546.6	1,524.3	2,431.4
– unearned premium		1,247.1	880.3	744.8
Trade and other payables, including insurance payables				
– insurance and reinsurance payables		224.0	128.0	243.7
– other payables		176.0	77.8	143.8
Financial liabilities	11	19.5	4.3	12.9
Current income tax liabilities		26.9	51.0	36.9
Borrowings		319.2	288.2	316.4
Retirement benefit obligations		29.6	28.0	24.5
Deferred tax liabilities		94.1	115.0	125.0
Liabilities of operation classified as held for sale		2.4	–	0.5
Total liabilities		4,685.4	3,096.9	4,079.9
Total equity, reserves and liabilities		6,320.8	4,394.2	5,673.0

The attached notes form an integral part of these consolidated financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 20 August 2010. They were signed on its behalf by:

Charles Philipps
Chief Executive

Richard Hextall
Group Finance Director

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2010

	Notes	6 months 2010 (Unaudited) £m	6 months 2009 (Unaudited) £m	12 months 2009 (Audited) £m
Cash generated from operations	14	106.4	(48.6)	324.5
Income taxes paid		(27.5)	(4.2)	(45.0)
Net cash flows from operations		78.9	(52.8)	279.5
Cash flows from investing activities				
Interest received		26.6	37.9	62.2
Dividends received		6.3	5.4	5.2
Acquisition of subsidiary, net of cash acquired		–	–	(252.7)
Deferred payment for acquired subsidiary		–	–	(0.3)
Investment in jointly owned entity		(0.5)	(0.6)	(0.5)
Purchase of property, plant and equipment		(3.5)	(1.2)	(6.0)
Purchase of intangible assets		(16.8)	–	–
Net cash flows from investing activities		12.1	41.5	(192.1)
Cash flows used in financing activities				
Net proceeds from issue of ordinary shares, including treasury shares		2.0	76.3	78.1
Dividends paid to shareholders	9	(66.8)	(51.7)	(83.8)
Dividends paid to non-controlling interest	9	(0.1)	–	–
Interest paid		(3.0)	(4.5)	(23.4)
Purchase of treasury and ESOT shares		(1.9)	0.2	(0.7)
Return of capital		–	(0.2)	(1.2)
Net cash flows used in financing activities		(69.8)	20.1	(31.0)
Net increase in cash and cash equivalents		21.2	8.8	56.4
Cash and cash equivalents at beginning of period/year		70.3	14.1	14.1
Effect of exchange rate changes on cash and cash equivalents		(0.1)	(0.4)	(0.2)
Cash and cash equivalents at end of period/year		91.4	22.5	70.3

The attached notes form an integral part of these consolidated financial statements.

The Group classifies cash flows from purchase and disposal of financial assets in its operating cash flows as these transactions are generated by the cash flows associated with the origination and settlement of insurance contract liabilities or capital requirements to support underwriting. Cash of £12.0 million from net purchases of financial investments was utilised in operations during the period (31 December 2009: £11.5 million from net purchases; 30 June 2009: £55.7 million from 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.

Notes to the Interim Financial Statements

1. Basis of preparation of Interim Financial Statements

The financial information contained in this document for the year ended 31 December 2009 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2009 has been delivered to the Registrar of Companies.

The auditor's report on these accounts was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim financial statements were approved by the Board on 20 August 2010.

2. Accounting policies

The annual financial statements of Amlin plc are prepared in accordance with International Financial Reporting Standards (IFRS) 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 IAS 34 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Services Authority.

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 except for the adoption of the following standards from 1 January 2010:

- IAS 27 revised, 'Consolidated and separate financial statements';
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement – Eligible hedged items';
- Amendment to IFRS 2, 'Group cash-settled share-based payment transactions';
- IFRS 3 revised, 'Business Combinations';
- IFRIC 17, 'Distribution of non-cash assets to owners';
- IFRIC 18, 'Transfers of assets from customers'; and
- Annual Improvements to IFRS 2008-2009.

The adoption of these standards has had no material impact on the interim condensed consolidated financial statements for the 6 months ended 30 June 2010.

The Group has considerable financial resources to meet its financial needs and manages a mature portfolio of insurance risk through an experienced and stable team. The directors believe that the Group is well positioned to manage its business risks successfully in the current uncertain economic environment.

As part of our process to improve the presentation of the Group's Condensed Consolidated Financial Statements certain changes have been made to the presentation of Financial assets, Financial liabilities, Insurance liabilities, Trade and other payables, Reinsurance assets and Loans and receivables in order to better reflect the nature of underlying transactions. These changes in presentation have no effect on the previously reported net income, shareholders' equity or net assets. Comparative information has been amended to reflect this change.

3. Seasonality of interim operations

The Group derives insurance premium 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. 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 2010. As an example, the hurricane seasons in 2004, 2005 and 2008, and the claims incurred from these events, resulted in a significant deterioration in the Group's claims ratio between 30 June and 31 December.

The table below shows the Group's historical claims ratios for the six month periods to 30 June and 31 December. Claims ratio is defined as net claims plus claims expenses divided by net earned premium.

	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
2008	40	69	55
2009	39	45	43
2010	63	n/a	n/a

Gross written premium comprises premium on insurance contracts 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 written premium for the six month periods to 30 June and 31 December.

	Gross written premium					
	H1 £m	H1 %	H2 £m	H2 %	Full year £m	Full year %
2003	664.9	70.9	272.5	29.1	937.4	100.0
2004	709.7	75.1	235.9	24.9	945.6	100.0
2005	675.8	68.0	317.7	32.0	993.5	100.0
2006	846.2	76.0	267.6	24.0	1,113.8	100.0
2007	805.2	77.1	239.5	22.9	1,044.7	100.0
2008	715.5	69.2	318.5	30.8	1,034.0	100.0
2009 ⁽¹⁾	950.1	72.0	368.6	28.0	1,318.7	100.0
2010	1,486.2	n/a	n/a	n/a	n/a	n/a

Note:

(1) The impact of the ACI acquisition is excluded for 2009. This acquisition added £225.2m to both the H2 and Full year amounts. Including ACI the 2009 figures would be H1: £950.1m (61.5%), H2: £593.8m (38.5%), Full year: £1,543.9m (100.0%).

4. Segmental reporting

Management has determined that the Group's operating segments should be based on the management information reviewed and used to make strategic decisions by the Board of Directors of the Company. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

The Group is organised into six operating segments. Segments represent the distinct underwriting units through which the Group is organised and managed. These segments are as follows:

- Amlin London, consisting of the Reinsurance, Property and Casualty, Marine and Aviation business units, underwritten via Syndicate 2001;
- Amlin UK, underwriting commercial insurance in the UK domestic market also via Syndicate 2001;
- Amlin France, writes both French, speciality business via Syndicate 2001 and mainstream industrial property and casualty via Amlin Corporate Insurance;
- Amlin Bermuda, which writes predominantly property reinsurance business, including reinsurance ceded by Syndicate 2001;
- Amlin Corporate Insurance, a leading provider of marine, corporate property and casualty insurance in the Netherlands and Belgium; and
- Other corporate companies, comprising of all other entities of the Group including holding companies.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the income statement. Revenues are allocated based on the country in which the insurance contracts are issued. Management considers its external customers to be the individual policyholders; as such the Group is not reliant on any individual customer.

There has been no change in the basis of segmentation from the last annual financial statements.

Segmental information provided to the Board of Directors of the Company for the reportable segments of the Group is as follows:

Income and expenses by business segment Six months ended 30 June 2010	Amlin London £m	Amlin UK £m	Amlin France £m	Amlin Bermuda £m	Amlin Corporate Insurance £m	Other corporate companies £m	Intra group items £m	Total £m
Analysed by geographic segment								
UK	116.9	134.2	–	134.3	–	–	(108.3)	277.1
US	335.9	0.2	–	132.8	–	–	–	468.9
Europe	66.2	6.2	20.6	21.5	241.0	–	(0.2)	355.3
Worldwide	50.9	10.0	–	–	184.1	–	–	245.0
Other	97.1	3.0	–	39.8	–	–	–	139.9
Gross written premium	667.0	153.6	20.6	328.4	425.1	–	(108.5)	1,486.2
Gross earned premium	443.5	108.6	13.7	222.6	282.8	0.2	(84.3)	987.1
Reinsurance premium ceded	(139.2)	(19.7)	(1.9)	(4.2)	(45.0)	–	85.4	(124.6)
Net earned premium	304.3	88.9	11.8	218.4	237.8	0.2	1.1	862.5
Insurance claims and claims settlement expenses	(274.0)	(58.8)	(6.7)	(147.4)	(175.4)	0.8	59.1	(602.4)
Reinsurance recoveries	114.0	12.4	1.2	–	5.8	(0.3)	(72.2)	60.9
Underwriting expenses	(100.7)	(26.8)	(5.0)	(32.9)	(69.0)	(3.2)	16.7	(220.9)
Profit attributable to underwriting	43.6	15.7	1.3	38.1	(0.8)	(2.5)	4.7	100.1
Investment return	26.5	12.3	0.1	6.9	34.7	(11.7)	9.9	78.7
Other operating income	0.3	–	–	0.2	0.5	20.8	(16.1)	5.7
Agency expenses ⁽¹⁾	(9.9)	(2.6)	(0.4)	–	–	–	12.9	–
Other non-underwriting expenses	(0.4)	(0.1)	–	(13.2)	(9.0)	(69.8)	29.1	(63.4)
Finance costs ⁽²⁾								(13.5)
Profit before taxation								107.6
Combined ratio	86%	82%	89%	83%	100%			88%

Included within the gross written premium of Amlin Bermuda is premium ceded from Amlin London, Amlin UK and Amlin France amounting to £108.3 million on reinsurance contracts undertaken at commercial rates (31 December 2009: £157.1 million; 30 June 2009: £111.3 million).

Included within the gross written premium of Amlin Bermuda is premium ceded from Amlin Corporate Insurance amounting to £0.2 million on reinsurance contracts undertaken at commercial rates (31 December 2009: £nil; 30 June 2009: £nil).

Notes:

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

(2) Finance costs are incurred in support of the entire business of the Group and have not been allocated to particular segments.

Assets and liabilities by business segment At 30 June 2010	Amlin London £m	Amlin UK £m	Amlin France £m	Amlin Bermuda £m	Amlin Corporate Insurance £m	Other corporate companies £m	Intra group items £m	Total £m
Assets	2,458.0	567.5	24.3	1,620.9	1,644.7	3,730.3	(3,724.9)	6,320.8
Liabilities	2,310.2	564.5	20.4	649.1	1,371.8	1,713.4	(1,944.0)	4,685.4
Total net assets	147.8	3.0	3.9	971.8	272.9	2,016.9	(1,780.9)	1,635.4

Income and expenses by business segment Six months ended 30 June 2009	Amlin London £m	Amlin UK £m	Amlin France £m	Amlin Bermuda £m	Amlin Corporate Insurance £m	Other corporate companies £m	Intra group items £m	Total £m
Analysed by geographic segment								
UK	100.9	79.5	–	135.4	–	–	(111.3)	204.5
US	331.1	–	–	118.2	–	–	–	449.3
Europe	64.5	3.9	20.9	17.8	–	–	–	107.1
Worldwide	50.5	6.2	–	–	–	–	–	56.7
Other	96.5	2.1	–	33.9	–	–	–	132.5
Gross written premium	643.5	91.7	20.9	305.3	–	–	(111.3)	950.1
Gross earned premium	384.6	79.6	9.1	183.4	–	0.4	(64.4)	592.7
Reinsurance premium ceded	(116.3)	(14.1)	(1.4)	(1.5)	–	–	50.9	(82.4)
Net earned premium	268.3	65.5	7.7	181.9	–	0.4	(13.5)	510.3
Insurance claims and claims settlement expenses	(155.0)	(52.9)	(5.3)	(60.9)	–	(0.2)	41.0	(233.3)
Reinsurance recoveries	56.8	16.9	0.9	–	–	0.1	(40.3)	34.4
Underwriting expenses	(130.8)	(17.0)	(2.3)	(35.7)	–	(3.1)	12.8	(176.1)
Profit attributable to underwriting	39.3	12.5	1.0	85.3	–	(2.8)	–	135.3
Investment return	15.8	7.3	–	37.1	–	(8.4)	1.3	53.1
Other operating income	0.1	–	–	–	–	14.1	(10.7)	3.5
Agency expenses ⁽¹⁾	(9.4)	(2.3)	(0.2)	–	–	–	11.9	–
Other non-underwriting expenses	(0.7)	(0.1)	–	17.4	–	(20.7)	–	(4.1)
Finance costs ⁽²⁾	–	–	–	–	–	–	–	(10.7)
Profit before taxation	–	–	–	–	–	–	–	177.1
Combined ratio	85%	81%	87%	53%	–	–	–	73%

Notes:

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

(2) Finance costs are incurred in support of the entire business of the Group and have not been allocated to particular segments.

Assets and liabilities by business segment	Amlin London £m	Amlin UK £m	Amlin France £m	Amlin Bermuda £m	Amlin Corporate Insurance £m	Other corporate companies £m	Intra group items £m	Total £m
At 30 June 2009								
Assets	1,891.8	542.1	18.2	1,471.2	–	3,256.0	(2,785.1)	4,394.2
Liabilities	(1,802.8)	(523.8)	(18.6)	(502.1)	–	(1,604.9)	1,355.3	(3,096.9)
Total net assets	89.0	18.3	(0.4)	969.1	–	1,651.1	(1,429.8)	1,297.3

Income and expenses by business segment	Amlin London £m	Amlin UK £m	Amlin France £m	Amlin Bermuda £m	Amlin Corporate Insurance £m	Other corporate companies £m	Intra group items £m	Total £m
Year ended 31 December 2009								
Analysed by geographic segment								
UK	120.9	164.5	–	185.6	–	–	(157.1)	313.9
US	434.7	0.1	–	161.7	–	–	–	596.5
Europe	88.8	7.4	28.9	19.9	83.8	–	–	228.8
Worldwide	63.5	15.5	–	–	141.4	–	–	220.4
Other	147.8	3.4	–	33.0	–	0.1	–	184.3
Gross written premium	855.7	190.9	28.9	400.2	225.2	0.1	(157.1)	1,543.9
Gross earned premium	788.7	167.6	22.6	374.7	321.8	0.6	(134.4)	1,541.6
Reinsurance premium ceded	(251.2)	(26.2)	(3.0)	(3.5)	(55.5)	–	115.1	(224.3)
Net earned premium	537.5	141.4	19.6	371.2	266.3	0.6	(19.3)	1,317.3
Insurance claims and claims settlement expenses	(234.7)	(94.2)	(11.9)	(138.5)	(173.0)	1.6	85.6	(565.1)
Reinsurance recoveries	81.4	19.5	2.1	0.1	(17.9)	0.2	(84.5)	0.9
Underwriting expenses	(229.2)	(39.2)	(7.3)	(71.0)	(64.2)	5.4	18.2	(387.3)
Profit attributable to underwriting	155.0	27.5	2.5	161.8	11.2	7.8	–	365.8
Investment return	40.6	22.9	0.4	72.3	53.8	(24.7)	42.2	207.5
Other operating income	0.1	0.1	–	1.9	0.8	44.7	(37.5)	10.1
Agency expenses ⁽¹⁾	(16.5)	(3.8)	(0.4)	–	–	–	20.7	–
Other non-underwriting expenses	(1.7)	(0.3)	–	13.6	(11.4)	(51.5)	–	(51.3)
Finance costs ⁽²⁾								(23.0)
Profit before taxation								509.1
Combined ratio	71%	81%	87%	56%	96%			72%

Notes:

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

(2) Finance costs are incurred in support of the entire business of the Group and have not been allocated to particular segments.

Assets and liabilities by business segment	Amlin London £m	Amlin UK £m	Amlin France £m	Amlin Bermuda £m	Amlin Corporate Insurance £m	Other corporate companies £m	Intra group items £m	Total £m
At 31 December 2009								
Assets	1,917.3	771.0	17.3	1,430.0	1,592.0	3,588.5	(3,643.1)	5,673.0
Liabilities	(1,694.4)	(723.3)	(13.9)	(448.3)	(1,311.8)	(1,802.1)	1,913.9	(4,079.9)
Total net assets	222.9	47.7	3.4	981.7	280.2	1,786.4	(1,729.2)	1,593.1

5. Investment return

	6 months 2010 £m	6 months 2009 £m	12 months 2009 £m
Investment income			
– dividend income	6.3	5.4	5.2
– interest income	26.0	29.8	84.7
– cash and cash equivalents interest income	0.7	3.5	3.4
	33.0	38.7	93.3
Net realised gains/(losses) on assets held for trading			
– equity securities	(2.9)	(45.5)	(86.4)
– debt securities	34.1	33.6	72.8
– property funds	(3.2)	1.4	(6.0)
on assets classified as other than trading			
– derivative instruments	5.6	–	(37.9)
	33.6	(10.5)	(57.5)
Net unrealised gains/(losses) on assets held for trading			
– equity securities	(14.1)	45.2	115.5
– debt securities	23.1	(3.0)	40.9
– property funds	4.2	(17.3)	(10.9)
on assets classified as other than trading			
– derivative instruments	(1.1)	–	26.2
	12.1	24.9	171.7
	78.7	53.1	207.5

6. Insurance claims and loss adjustment expenses

	6 months 2010 £m	6 months 2009 £m	12 months 2009 £m
Gross claims and loss adjustment expenses			
Current year insurance claims and loss adjustment expenses	667.8	279.1	781.6
Reduced costs for prior period insurance claims	(65.4)	(45.8)	(216.5)
	602.4	233.3	565.1
Reinsurance claims			
Current year insurance claims and loss adjustment expenses recoverable from reinsurers	(56.3)	(8.3)	(43.3)
(Additional)/reduced costs for prior period claims recoverable from reinsurers	(4.6)	(26.1)	42.4
	(60.9)	(34.4)	(0.9)
Total net insurance claims and loss adjustment expenses	541.5	198.9	564.2

7. Other operating expenses

	6 months 2010 £m	6 months 2009 £m	12 months 2009 £m
Expenses relating to underwriting			
Employee expenses, excluding employee incentives	37.9	16.7	44.7
Lloyd's expenses	7.5	7.0	13.6
Other administrative expenses	29.9	14.4	34.3
Underwriting exchange (gains)/losses	(21.4)	28.6	27.3
	53.9	66.7	119.9
Other expenses			
Employee expenses, excluding employee incentives	11.7	6.8	16.4
Employee incentives	10.9	12.0	36.6
Asset management fees	2.4	2.3	4.7
Other administrative expenses	9.6	6.3	15.1
ACI integration costs	11.2	–	11.2
Group company exchange losses/(gains)	17.6	(23.3)	(32.7)
	63.4	4.1	51.3
	117.3	70.8	171.2

8. Tax

	6 months 2010 £m	6 months 2009 £m	12 months 2009 £m
Current tax – current year			
Corporation tax	34.9	40.3	94.8
Foreign tax suffered	3.6	0.2	(0.6)
Double tax relief	(3.0)	–	–
	35.5	40.5	94.2
Current tax – prior year			
Corporation tax	(0.8)	(0.2)	(1.0)
Deferred tax – current year			
Movement for the year	(14.7)	(29.5)	(38.2)
Deferred tax – prior year			
Movement for the year	3.1	(0.7)	(0.7)
Taxes on income	23.1	10.1	54.3

9. Dividends

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

	6 months 2010 £m	6 months 2009 £m	12 months 2009 £m
Final dividend for the year ended:			
– 31 December 2008 of 11.0 pence per ordinary share	–	51.7	51.7
– 31 December 2009 of Amlin Plus Limited to minority shareholders	0.1	–	–
Interim dividend for the year ended:			
– 31 December 2009 of 6.5 pence per ordinary share	–	–	32.1
Second interim dividend for the year ended:			
– 31 December 2009 of 13.5 pence per ordinary share	66.8	–	–
	66.9	51.7	83.8

The interim dividend of 7.2 pence per ordinary share for 2010, amounting to £35.6 million, was approved by the Board on 20 August 2010 and has not been included as a liability as at 30 June 2010.

10. Earnings and net assets per share

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

Basic and diluted earnings per share are as follows:

	6 months 2010	6 months 2009	12 months 2009
Profit for the period/year attributable to equity holders of the Parent Company	£84.5m	£167.0m	£454.7m
Weighted average number of shares in issue	494.2m	473.9m	483.1m
Dilutive shares	6.0m	5.9m	6.2m
Adjusted average number of shares in issue	500.2m	479.8m	489.3m
Basic earnings per share	17.1p	35.2p	94.1p
Diluted earnings per share	16.9p	34.8p	92.9p
Net assets and tangible net assets per share are as follows:			
	30 June 2010	30 June 2009	31 December 2009
Net assets	£1,635.4m	£1,297.3m	£1,593.1m
Adjustments for intangible assets	(£172.7m)	(£104.6m)	(£162.8m)
Tangible net assets	£1,462.7m	£1,192.7m	£1,430.3m
Number of shares in issue at end of period/year	502.1m	502.1m	502.1m
Adjustment for treasury and ESOT shares	(7.7m)	(9.1m)	(8.2m)
Basic number of shares after treasury and ESOT shares adjustment	494.4m	493.0m	493.9m
Net assets per share	330.8p	263.1p	322.6p
Tangible net assets per share	295.9p	241.9p	289.6p

11. Financial assets and financial liabilities

	At valuation 30 June 2010 £m	At valuation 30 June 2009 £m	At valuation 31 December 2009 £m
Assets			
Financial assets held for trading at fair value through income			
Shares and other variable yield securities	258.5	175.8	167.3
Debt and other fixed income securities	3,351.1	1,865.1	3,127.7
Property funds	60.2	57.9	125.7
Other financial assets at fair value through income			
Participation in investment pools	239.3	738.3	508.2
Deposits with credit institutions	145.7	23.0	6.4
Derivative instruments	15.8	15.4	24.4
Other	10.2	1.3	9.3
Available for sale financial assets			
Unlisted equities	8.9	8.6	8.9
Total financial assets	4,089.7	2,885.4	3,977.9
Liabilities			
Derivative instruments	(19.5)	(4.3)	(12.9)
Total financial liabilities	(19.5)	(4.3)	(12.9)
Net financial assets	4,070.2	2,881.1	3,965.0
In Group owned companies	2,592.5	1,380.1	2,410.4
In Syndicate 2001	1,474.2	1,496.8	1,550.3
In non-aligned syndicate participations	3.5	4.2	4.3
	4,070.2	2,881.1	3,965.0
Listed investments included above are as follows:			
Shares and other variable yield securities	258.5	175.8	167.3
Debt and other fixed income securities	3,351.1	1,865.1	3,127.7
Property funds	60.2	57.9	125.7
	3,669.8	2,098.8	3,420.7

Debt and other fixed income securities include pooled funds, investing in bonds. The valuation of these funds is £1,589.1 million (31 December 2009: £1,076.1 million, 30 June 2009: £543.0 million).

Also included within debt and other fixed income securities and deposits with credit institutions are overseas deposits amounting to £74.5 million (31 December 2009: £71.0 million, 30 June 2009: £70.6 million). Overseas deposits represent balances held with overseas regulators to permit underwriting in certain territories. These assets are managed by Lloyd's on a co-mingled basis and are predominantly invested in debt and other fixed income securities.

Participation in investment pools includes units held in money market funds.

Asset allocation	30 June 2010				30 June 2009		31 December 2009	
	Policyholders' assets £m	Capital assets £m	Total assets £m	%	Total assets £m	%	Total assets £m	%
Type of asset								
Bonds	2,198.9	1,243.1	3,442.0	83.0	1,874.2	65.3	3,221.8	79.1
Other liquid investments	191.6	197.8	389.4	9.4	762.5	26.6	557.3	13.7
Equities	–	259.0	259.0	6.2	176.5	6.1	167.3	4.1
Property	–	60.2	60.2	1.4	57.9	2.0	125.7	3.1
	2,390.5	1,760.1	4,150.6	100.0	2,871.1	100.0	4,072.1	100.0
Type of bond								
Government securities	1,019.7	237.1	1,256.8	36.5	534.3	28.5	1,188.4	36.9
Government index-linked securities	–	–	–	–	10.6	0.6	16.5	0.5
Government agencies/guaranteed ⁽¹⁾	126.5	11.6	138.1	4.0	181.6	9.7	171.5	5.3
Supranational	42.7	–	42.7	1.2	67.0	3.6	58.1	1.8
Asset backed securities	26.5	19.7	46.2	1.3	82.3	4.4	76.0	2.4
Mortgage backed securities	95.5	35.1	130.6	3.8	135.8	7.2	136.2	4.2
Corporate bonds	113.1	50.8	163.9	4.8	278.6	14.9	432.3	13.4
Pooled vehicles ⁽²⁾	771.5	817.6	1,589.1	46.2	543.0	29.0	1,076.1	33.4
Insurance linked securities	3.4	71.2	74.6	2.2	41.0	2.1	66.7	2.1
	2,198.9	1,243.1	3,442.0	100.0	1,874.2	100.0	3,221.8	100.0
Assets by region⁽³⁾ (excluding pooled vehicles)								
UK	175.6	199.4	375.0	15.0	492.3	21.1	343.9	11.7
USA and Canada	632.2	382.9	1,015.1	40.8	1,358.6	58.4	1,323.0	45.2
Europe (excluding UK)	769.3	241.6	1,010.9	40.6	407.8	17.5	1,188.3	40.5
Far East	21.0	45.8	66.8	2.7	63.5	2.8	61.2	2.1
Emerging markets	20.9	1.6	22.5	0.9	5.9	0.2	15.9	0.5
	1,619.0	871.3	2,490.3	100.0	2,328.1	100.0	2,932.3	100.0

Notes:

(1) £8.6 million of government agencies / guaranteed assets are mortgaged backed (31 December 2009: £12.2 million, 30 June 2009: £28.9 million) and £77.4 million are government guaranteed corporate bonds (31 December 2009: £102.9 million, June 30 2009: £104.9 million). Pooled vehicles are excluded.

(2) The pooled vehicles of £1,589.1 million include government securities of £535.6 million, government agencies/guaranteed of £229.0 million, supranational of £8.8 million, asset backed securities of £37.5 million, mortgage backed securities of £112.7 million, corporate bonds of £477.6 million, and other liquid investments of £187.9 million.

(3) The regional table excludes bond pooled vehicles of £1,589.1 million and insurance-linked securities of £71.2 million (31 December 2009: £1,076.1 million and £63.7 million, 30 June 2009: £543.0 million and £nil).

The total value of investments in the asset allocation table reconciles to the financial investment note as follows:

	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Financial investments per note	4,070.2	2,881.1	3,965.0
Assets/(liabilities) shown separately in the accounts:			
Accrued income	15.2	11.0	31.1
Net unsettled receivables/(payables) for investments sold/purchased	(22.0)	5.8	(5.2)
Net assets of operations classified as held for sale	70.9	–	63.7
Deposits with credit institutions	36.5	–	55.0
Assets not analysed in the asset allocation table:			
Liquid investments	(6.9)	(2.9)	(12.8)
Unlisted equities	(8.9)	(8.6)	(8.9)
Non-aligned syndicates	(3.5)	(4.2)	(4.3)
Derivative instruments	(0.9)	(11.1)	(11.5)
Total investments in asset allocation table above	4,150.6	2,871.1	4,072.1

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

Credit rating	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
AAA/Aaa	994.8	968.9	1,394.7
AA/Aa	2,026.8	692.5	1,427.9
A	310.7	117.9	205.3
BBB/Baa	94.7	56.8	41.2
Other	15.0	38.1	152.7
Total	3,442.0	1,874.2	3,221.8

The weighted average credit rating for pooled debt is AA (31 December 2009: AA, 30 June 2009: AA)

12. Intangible assets

	Goodwill £m	Syndicate participations £m	Broker and customer relationships £m	Other intangibles £m	Total £m
Net book value					
At 30 June 2009	31.0	63.2	8.4	2.0	104.6
Acquired in business combinations	32.6	–	26.8	–	59.4
Adjustments to prior acquisitions	(0.9)	–	–	–	(0.9)
Amortisation	–	–	(2.3)	(0.2)	(2.5)
Foreign exchange gains	1.2	–	1.0	–	2.2
At 31 December 2009	63.9	63.2	33.9	1.8	162.8
Additions	–	–	–	4.1	4.1
Acquired in business combinations	–	–	13.0	–	13.0
Adjustments to prior acquisitions	2.0	–	–	–	2.0
Amortisation	–	–	(2.8)	(0.3)	(3.1)
Foreign exchange losses	(3.7)	–	(2.2)	(0.2)	(6.1)
At 30 June 2010	62.2	63.2	41.9	5.4	172.7

Syndicate participations represent the ongoing rights, acquired in Lloyd's auctions and by an offer to Lloyd's Names, to trade on Syndicate 2001 within the Lloyd's insurance market. Amlin subsidiaries have supported all of the ongoing capacity of Syndicate 2001 since 1 January 2004. All remaining liabilities of the Syndicate underwritten by third party capital prior to this date were taken on by Amlin subsidiaries at 1 January 2004.

13. Share capital

Authorised ordinary shares

At 31 December 2008, the Company's authorised share capital was 711,111,104 ordinary shares of 28.125 pence each and 544,642,000 non-cumulative preference shares (B shares) of 22.4 pence each. On 13 May 2009, the authorised share capital increased by 88,888,896 ordinary shares of 28.125 pence each to 800,000,000 ordinary shares of 28.125 pence each, which remained the position on 30 June 2009 and 31 December 2009.

In response to the removal of the requirement to have an authorised share capital, effected in 2009 by the Companies Act 2006, the reference to authorised capital in the Company's Articles of Association was removed when the new Articles were adopted on 13 May 2009. Therefore, authorised share capital has not been presented for the subsequent balance sheet date of 30 June 2010.

Allotted, called up and fully paid ordinary shares	Number	£m
At 1 January 2009 allotted ordinary shares of 28.125 pence each	478,573,439	134.6
Shares issued	23,502,567	6.6
At 30 June 2009, 31 December 2009 and 30 June 2010 allotted ordinary shares of 28.125 pence each	502,076,006	141.2

During the period the Company transferred 906,004 shares out of treasury shares at a cost of £2.4 million (30 June 2009: 659,399 at a cost of £1.3 million; 31 December 2009: 1,599,228 at a cost of £4.1 million). The shares have been transferred to meet exercises of employee share options, leaving 6,258,420 ordinary shares in treasury at 30 June 2010 (30 June 2009: 8,104,253; 31 December 2009: 7,164,424).

During June 2009 the Company placed 23,502,567 new ordinary shares of 28.125 pence each in Amlin in order to finance part of the consideration of ACI. The placing proceeds were £75.0 million, net of expenses.

Issued redeemable non-cumulative preference shares (B shares)	Number	£m
At 1 January 2009 issued B shares of 22.4 pence each	5,335,475	1.2
B shares redemption	(1,113,263)	(0.2)
At 30 June 2009 issued B shares of 22.4 pence each	4,222,212	1.0
B shares redemption	(4,222,212)	(1.0)
At 31 December 2009 and 30 June 2010 issued B shares of 22.4p each	–	–

The 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. On the 3 August 2009 all of the then remaining outstanding B shares were redeemed by the Company and the provisions in the Company's Articles of Association relating to such shares were removed when the new Articles were adopted on 13 May 2010.

14. Cash generated from operations

	Notes	6 months 2010 £m	6 months 2009 £m	12 months 2009 £m
Profit on ordinary activities before taxation		107.6	177.1	509.1
Adjustments:				
Depreciation charge		1.6	1.1	4.8
Amortisation charge		3.1	1.8	4.3
Finance costs		10.4	10.7	23.0
Interest received	5	(26.7)	(33.3)	(88.1)
Dividends received	5	(6.3)	(5.4)	(5.2)
Gains on investments realised and unrealised	5	(45.7)	(14.4)	(114.2)
Movement in operating assets and liabilities:				
Net purchases of financial investments		(12.0)	(55.7)	(11.5)
Exchange (gains)/losses on investments		(59.3)	89.5	128.0
Increase in net assets of operation classified as held for sale		(7.2)	–	(63.7)
(Increase)/decrease in reinsurance assets		(53.8)	(25.3)	101.4
(Increase)/decrease in loans and receivables		(370.0)	(157.0)	52.2
Increase in deferred acquisition costs		(95.6)	(65.4)	(31.8)
Increase/(decrease) in insurance liabilities		578.8	205.5	(98.5)
Increase/(decrease) in trade and other payables		40.4	(51.7)	10.0
Increase/(decrease) in retirement benefits		5.1	–	(6.8)
Increase in investments in jointly owned entities		–	0.5	0.5
Exchange losses/(gains) on long-term borrowings		2.6	(7.8)	(5.7)
Exchange gains/(losses) on other non-operating assets and liabilities		45.9	(121.9)	(91.1)
Decrease in other reserves		–	2.0	–
Other non-cash movements		(12.5)	1.1	7.8
Cash generated from operations		106.4	(48.6)	324.5

15. Contingent liabilities

The Group has no contingent liabilities at 30 June 2010 (31 December 2009: £nil; 30 June 2009: £nil).

16. Related party transactions

Transactions with related parties during the period are consistent in nature and scope with those disclosed in Note 37 to the Group's annual financial statements for the year ended 31 December 2009.

17. Acquisitions

i) Amlin Corporate Insurance N.V.

Adjustments to the provisional fair values of the assets and liabilities of Amlin Corporate Insurance N.V. acquired on 22 July 2009 total £2.3 million (net of tax), resulting in an increase in goodwill. The adjustments have been made to adjust the recoverable amount of reinsurance assets and loans and receivables.

ii) AUA Insolvency Risk Services Limited

On 22 January 2010, the Group acquired the trade and assets of a United Kingdom insolvency practitioners' insurance business from Lockton, Inc. The purchase consideration was £13.0 million cash. AUA Insolvency Risk Services Limited introduces insurance business to the Group.

The fair value of the tangible net assets acquired was £nil and the fair value of intangible assets acquired was £13.0 million, resulting in the recognition of no goodwill on acquisition. The intangible asset acquired related to the existing customer relationships of the business (see note 12).

This acquisition has had no material impact on the revenue or profit or loss of the Group for the period.

18. Events after the balance sheet date

In the budget of 22 June 2010, the Chancellor of the Exchequer announced a change in the main rate of UK corporation tax. The new rate of 27% will apply from 1 April 2011, with the rate falling to 24% by 1 April 2014. The impact of this amendment to the UK corporation tax rate will be a reduction in the net deferred tax liability of £3.1 million.

19. 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 2010 Average rate	At 30 June 2010	H1 2009 Average rate	At 30 June 2009	Full year 2009 Average rate	At 31 December 2009
US dollar	1.53	1.50	1.50	1.65	1.57	1.61
Canadian dollar	1.58	1.59	1.80	1.91	1.78	1.69
Euro	1.15	1.22	1.12	1.17	1.12	1.13

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' as adopted by the European Union, and gives a true and fair view of the assets, liabilities, financial position and profit or loss as required by DTR 4.2.4R;
- (b) the interim management statement includes a fair review 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 changes therein).

By order of the Board

Charles Philipps
Chief Executive
20 August 2010

Richard Hextall
Group Finance Director
20 August 2010

Independent Review Report to Amlin plc for the six months ended 30 June 2010

Introduction

We have been engaged by the Company to review the Interim Financial Statements in the half-yearly financial report for the six months ended 30th June 2010, which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes. 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 Interim Financial Statements.

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 Amlin plc are prepared in accordance with IFRSs as adopted by the European Union. The financial information 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 financial information in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 enquiries, 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 financial information in the half-yearly financial report for the six months ended 30th June 2010 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
20 August 2010

Notes:

- a) The maintenance and integrity of the Amlin Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Shareholder Information

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

Financial Calendar

2010

10 September Record date for payment of 2010 interim dividend

7 October Payment of 2010 interim dividend

2011

2 March Expected announcement date of results for the year ending 31 December 2010

May Annual General Meeting

May Expected payment of 2010 final dividend, subject to shareholder approval

Shareholders' dealings

Natwest Stockbroker Limited, an affiliate of the Company's stockbroker, RBS Hoare Govett Limited, offers a low cost dealing service, which enables UK resident investors who may not have their own stockbrokers to buy or sell Amlin shares. For further information please call Natwest Stockbrokers on 0870 600 3070 or find the relevant form together with further details on our website. Natwest Stockbrokers Limited is authorised and regulated by the Financial Services Authority.

Shareholder enquiries, register and website

Please call our Shareholder Enquiries line on 020 7746 1111, or, for enquiries concerning share registration, call our Registrar, Computershare Investor Services PLC, on 0870 703 6165.

Amlin's website is at www.amlin.com

Directors and Advisers

as at 23 August 2010

Directors

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

* Non-executive

+ Senior independent director

There were no changes to the board of Directors during the period.

Audit Committee

Nigel Buchanan (Chairman)
Richard Davey
Marty Feinstein

Remuneration Committee

Sir Mark Wrightson Bt (Chairman)
Christine Bosse
Nigel Buchanan

Nomination Committee

Roger Taylor (Chairman)
Nigel Buchanan
Richard Davey
Charles Philipps
Sir Mark Wrightson Bt

Secretary

Charles Pender FCIS FSI

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Principal Bankers

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