

Helios Underwriting plc

Interim Report and Financial Statements

For the six months ended 30 June 2017

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Six months ended 30 June 2017

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Chairman's statement

Six months ended 30 June 2017

Helios Underwriting plc ("Helios Underwriting" or the "Company")

Helios Underwriting plc, which provides investors with a limited liability direct investment into the Lloyd's insurance market, announces its unaudited results for the six months ended 30 June 2017.

The summary is as follows:

- Operating profits of £365,000 (30 June 2016 - £821,000)
- Earnings per share has reduced to 2.03p per share (30 June 2016 restated – 8.44p)
- Adjusted Net Asset Value per share is £1.93p per share (30 June 2016 - £2.00 per share)

SUMMARY FINANCIAL INFORMATION

	6 months to 30th June		Year ended 31 st December
	2017 £000's	Restated 2016 £000's	2016 £000's
Underwriting profits	1,070	1,283	2,208
Other Income	391	429	904
Costs	(1,096)	(891)	(1,778)
Profit for the year before impairment and goodwill	365	821	1,334
Profit after tax	297	886	713
Earnings per share	2.03p	8.44p	6.22p
Adjusted Net Asset Value per Share	£1.93	£2.00	£1.96

Note: The comparative figures for the period to 30th June 2016 have been re-stated to include the "Other Comprehensive Income" as an underwriting profit to reflect the disclosure as at 31st December 2016.

Interim results to 30th June 2017

The underwriting conditions have remained difficult with profit margins continuing to be squeezed. The profits for the half year have been impacted by the following factors:

- The underwriting profits from the net retained capacity of Helios have reduced as a result of lower recognition of profits for the more mature years of account, in comparison to the position last year, and as the level of Helios retained capacity was lower than the comparative position.
- Operating costs have increased as a loss on the conversion of the US\$ profits to sterling received in the distribution from the 2014 underwriting year was realized. The other costs including reinsurance costs are in line with expectations and we continue to benefit from the fees and profit commissions payable by the quota share reinsurers.
- The tax charge no longer benefits from tax losses carried forward.
- The Adjusted Net Asset Value per share is £1.93 per share (June 2016 - £2.00 per share) and has reduced following the payment of the final dividend of 5.5p per share for the year ended 31st December 2016.
- The earnings per share of 2.03p (2016: 8.44p) has been impacted by the lower after tax profits and the additional shares in issue following the placing in October 2016.

Recent Catastrophe Events

The catastrophe loss activity in the second half of 2017 has been substantial. To date there have been four major insured losses in the US, Caribbean, Mexico and Puerto Rico, the latter being the largest insured loss. Although initial market wide estimates of insured losses have been announced, it is too early to assess both whether these are accurate and the extent of the potential effect on the Helios portfolio in terms of net losses to be recognized for 2017 underwriting year. The Board expects that the reinsurance arrangements put in place by Helios will limit the losses recognized from these events. We continue to reduce our exposure on the most recent underwriting year by 70% through quota share reinsurance. Stop loss reinsurance has been bought to limit the Group's exposure in the event of large underwriting losses. These reinsurances have been in place for a number of years to assist both in the funding of substantial losses and reduce the impact on capital.

Chairman's statement (continued)

Six months ended 30 June 2017

Recent Catastrophe Events (continued)

The Board currently expects that the syndicate results for the 2015 and 2016 underwriting years will exceed current mid-point forecasts published by the managing agents, which should make a meaningful contribution to the Helios full year results whilst it is expected that the 2017 underwriting year at the 12-month stage will result in a significant loss that will be mitigated by the Helios reinsurance programs in place.

Capacity acquired

We have completed four transactions in 2017 so far, acquiring £3.7m of capacity for the 2017 year of account for a total consideration of £4.3m at an average discount to the Humphrey value of 6.8%. Value expectations of vendors of LLV's continued to exceed fair value in our estimation. The increase in the capacity for the 2014 to 2017 years of account is shown below

	Year of account – £m			
	2014	2015	2016	2017
Capacity at 1 January	35.5	32.2	33.7	32.6
Acquired during the year	2.1	3.4	3.5	3.7
Capacity at 28 th September	37.6	35.6	37.2	36.3
Helios Retained Capacity	22.3	19.1	14.0	11.0
Increase in retained capacity from Quota Share Commutation	-	-	3.3	-
Adjusted Retained Capacity	22.3	19.1	17.3	11.0
Proportion of Capacity retained	59%	54%	47%	30%

In August 2017 we increased the retained capacity on the 2016 underwriting year by £3.3m as certain quota contracts with capital providers for 2016 underwriting year of account have been commuted. This commutation is in-line with the Helios strategy of increasing the "off risk" capacity and this additional capacity should benefit the earnings in calendar year 2018.

Our strategy of building the portfolio of syndicate capacity continues to rely on the flow of vehicles for sale at reasonable prices. We continue to remain selective on the vehicles acquired and several vehicles have been sold recently at prices which were unattractive to us.

The Lloyds' capacity auctions are scheduled for mid-November in 2017 and, although the recent major insured losses should affect the capacity values, it is expected that there will continue to be strong demand for the top syndicates that make up a significant proportion of the Helios Capacity Fund.

Financial results summary

Six months ended 30 June 2017

	6 months to 30 June 2017	6 months to 30 June 2016	Year to 31 December 2016
Underwriting profits	1,070	1,283	2,208
Other Income			
Fees from reinsurers	233	331	557
Investment income	158	98	347
Total Other Income	391	429	904
Costs			
Pre - acquisition	(126)	(133)	(63)
Stop loss costs	(113)	(121)	(248)
Operating costs	(857)	(637)	(1467)
Total Costs	(1,096)	(891)	(1,778)
Profit for the year	365	821	1,334
Impairment charge	8	39	(555)
Tax	(76)	26	(66)
Retained Profit	297	886	713

Period to 30th June 2017

Underwriting Year	Helios retained capacity at 30 June 2017 £m	Portfolio mid point forecasts	Total profit currently estimated £'000	% earned in the 2017 half year calendar	Helios Profits £'000
2015	18.5	10.8%	2,002	26%	518
2016	13.3	3.8%	501	141%	707
2017	11.2	N/A			(155)
					1,070

Period to 30th June 2016

Underwriting Year	Helios retained capacity at 30 June 2016 £m	Portfolio mid point forecasts	Total profit currently estimated £'000	% earned in the 2017 half year calendar	Helios Profits £'000
2014	19.5	11.3%	2,205	38%	841
2015	15.1	7.2%	1,090	60%	651
2016	9.8	N/A			(209)
					1,283

Year to 31 December 2016

Underwriting Year	Helios retained capacity at 31 December 2016 £m	Portfolio mid point forecasts	Total profit currently estimated £'000	% earned in the 2017 half year calendar	Helios Profits £'000
2014	20.6	15.5%	3,193	52%	1,661
2015	16.1	8.2%	1,314	79%	1,031
2016	10.8	N/A			(484)
					2,208

Financial results summary *continued*

Six months ended 30 June 2017

Summary Balance Sheet

The summary Group balance sheet excludes items relating to syndicate participations. See Note 15 for further information.

	6 Months to June 2017 £'000	6 Months to June 2016 £'000	Year to 31 December 2016 £'000
Intangible assets	12,495	10,906	10,732
Funds at Lloyd's	6,884	4,954	4,083
Other cash	5,832	2,975	7,229
Other assets	2,382	1,304	3,480
Total assets	27,594	20,139	25,524
Deferred tax	2,943	3,002	3,581
Other liabilities	5,903	4,722	4,618
Total liabilities	8,846	7,724	8,199
Syndicate equity	3,253	4,369	5,194
Total equity	22,001	16,784	22,519

Summary Group Cash Flow

The summary group cash flow sheet excludes items relating to syndicate participations. See Note 15 for further information.

	6 months to 30 June 2017 £'000	6 months to 30 June 2016 £'000	Year to 31 December 2016 £'000
Opening Balance (free cash)	7,230	2,972	2,972
Income			
Acquired on acquisition	237	577	413
Distribution of profits (net of tax retentions)	4,490	3,378	3,378
Transfers from Funds at Lloyds'	66	2,258	3,775
Investment income	25	28	271
Other income	-	-	5,722
Sale of investments	-	-	-
Transfers from PTF accounts (early release)	-	-	-
Expenditure			
Operating costs (inc Hampden / Nomina fees)	(647)	(250)	(815)
Reinsurance Cost	(115)	(237)	(237)
Payments to QS reinsurers	-	-	(741)
Acquisition of LLV's	(4,080)	(4,885)	(5,592)
Transfers to Funds at Lloyds'	(560)	(861)	(1,524)
Tax	(2)	(5)	(95)
Dividends paid	(812)	-	(299)
Closing balance	5,832	2,975	7,230

Interim condensed consolidated statement of comprehensive income

Six months ended 30 June 2017

	Note	6 months ended 30 June 2017 Unaudited £'000	Restated 6 months ended 30 June 2016 Unaudited £'000	12 months ended 31 December 2016 Audited £'000
Gross premium written	4	17,061	17,585	31,307
Reinsurance premium ceded		(5,119)	(4,710)	(7,772)
Net premium written	4	11,942	12,875	23,535
Change in unearned gross premium provision	5	(432)	(4,343)	(826)
Change in unearned reinsurance premium provision	5	771	1,650	199
	5	339	(2,693)	(627)
Net earned premium	3,4	12,281	10,182	22,908
Net investment income	6	581	528	885
Other income		255	546	2,134
Revenue		13,117	11,256	25,927
Gross claims paid		(8,108)	(5,769)	(13,355)
Reinsurers' share of gross claims paid		1,038	745	2,472
Claims paid, net of reinsurance		(7,070)	(5,024)	(10,883)
Change in provision for gross claims	5	(1,810)	(183)	(3,826)
Reinsurers' share of change in provision for gross claims	5	678	(2,040)	1,904
Net change in provision for claims	5	(1,132)	(2,223)	(1,922)
Net insurance claims and loss adjustment expenses	4	(8,202)	(7,247)	(12,805)
Expenses incurred in insurance activities		(3,967)	(2,808)	(10,819)
Other operating expenses		(583)	(380)	(969)
Operating expenses		(4,550)	(3,188)	(11,788)
Operating profit before goodwill and impairment	4	365	821	1,334
Goodwill on bargain purchase	12	-	-	-
Impairment of goodwill	12	-	-	-
Impairment of syndicate capacity		8	39	(555)
Profit before tax		373	860	779
Income tax charge	7	(76)	26	(66)
Profit for the period		297	886	713
Other comprehensive income				
Foreign currency translation differences		-	-	-
Income tax relating to the components of other comprehensive income		-	-	-
Other comprehensive income for the period, net of tax		-	-	-
Total other comprehensive income for the period		297	886	713
Profit for the period attributable to owners of the Parent		297	886	713
Total comprehensive income for the period attributable to owners of the Parent		297	886	713
Earnings per share attributable to owners of the Parent				
Basic and diluted	8	2.03p	8.44p	6.22p

The profit attributable to owners of the Parent and earnings per share set out above are in respect of continuing operations.

The notes are an integral part of these Financial Statements.

Interim condensed consolidated statement of financial position

Six months ended 30 June 2017

	Note	6 months ended 30 June 2017 Unaudited £'000	Restated 6 months ended 30 June 2016 Unaudited £'000	12 months ended 31 December 2016 Audited £'000
Assets				
Intangible assets		12,495	10,907	10,732
Financial assets at fair value through profit or loss		43,886	38,004	45,580
Reinsurance assets:				
– reinsurers' share of claims outstanding	5	8,840	7,689	9,674
– reinsurers' share of unearned premium	5	3,976	3,527	2,548
Other receivables, including insurance and reinsurance receivables		28,967	28,579	30,243
Deferred acquisition costs		4,218	4,204	4,255
Prepayments and accrued income		364	414	187
Cash and cash equivalents		6,853	5,668	6,212
Total assets		109,599	98,992	109,431
Liabilities				
Insurance liabilities:				
– claims outstanding	5	45,772	43,060	50,087
– unearned premium	5	19,193	18,054	16,821
Deferred income tax liabilities		2,943	3,002	3,581
Other payables, including insurance and reinsurance payables		15,273	13,948	14,708
Accruals and deferred income		4,417	4,144	1,715
Total liabilities		87,598	82,208	86,912
Equity				
Equity attributable to owners of the Parent:				
Share capital	11	1,460	1,050	1,460
Share premium	11	15,387	9,901	15,399
Retained earnings		5,154	5,833	5,660
Total equity		22,001	16,784	22,519
Total liabilities and equity		109,599	98,992	109,431

The Financial Statements were approved and authorised for issue by the Board of Directors on 28 September 2017, and were signed on its behalf by:

Nigel Hanbury
Chief Executive

The notes are an integral part of these Financial Statements.

Interim condensed consolidated statement of changes in equity

Six months ended 30 June 2017

Consolidated	Note	Attributable to owners of the Parent Restated				Total £'000
		Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	
At 1 January 2017		1,460	15,399	-	5,660	22,519
Total comprehensive income for the year:						
Profit for the year		-	-	-	297	297
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year		-	-	-	297	297
Transactions with owners:						
Dividends paid		-	-	-	-	-
Other		-	(12)	-	(803)	(815)
Total transactions with owners		-	(12)	-	(803)	(815)
At 30 June 2017		1,460	15,387	-	5,154	22,001
At 1 January 2016		1,050	9,901	-	5,472	16,423
Total comprehensive income for the year:						
Profit for the year		-	-	-	886	886
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year		-	-	-	886	886
Transactions with owners:						
Dividends paid		-	-	-	(525)	(525)
Share issue		-	-	-	-	-
Total transactions with owners		-	-	-	(525)	(525)
At 30 June 2016		1,050	9,901	-	5,833	16,784
At 1 January 2016		1,050	9,901	-	5,472	16,423
Total comprehensive income for the year:						
Profit for the year		-	-	-	713	713
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year		-	-	-	713	713
Transactions with owners:						
Dividends paid		-	-	-	(525)	(525)
Share issue		410	5,498	-	-	5,908
Total transactions with owners		410	5,498	-	(525)	5,383
At 31 December 2016		1,460	15,399	-	5,660	22,519

The notes are an integral part of these Financial Statements.

Interim condensed consolidated statement of cash flows

Six months ended 30 June 2017

	6 months ended 30 June 2017 Unaudited £'000	Restated 6 months ended 30 June 2016 Unaudited £'000	12 months ended 31 December 2016 Audited £'000
Cash flows from operating activities			
Profit before tax	373	914	779
Adjustments for:			
Other comprehensive income, gross of tax	-	-	-
Interest received	(2)	(4)	(113)
Investment income	6 (526)	(424)	(594)
Goodwill on bargain purchase	12	-	-
Impairment of goodwill	12	-	-
(Profit)/loss on sale of intangible assets		-	(94)
Impairment of intangible assets	(8)	(39)	555
Goodwill on acquisition	(134)	(449)	-
Changes in working capital:			
- change in fair value of financial assets held at fair value through profit or loss	6 (105)	(50)	(256)
- (increase)/decrease in financial assets at fair value through profit or loss	5,835	(409)	(6,825)
- (increase)/decrease in other receivables	5,636	(3,234)	(3,848)
- (increase)/decrease in other payables	(463)	4,114	3,090
- net (increase)/decrease in technical provisions	(7,017)	5,236	8,361
Cash generated/(utilised) from operations	3,589	5,655	1,055
Income tax paid	2	2	(15)
Net cash inflow from operating activities	3,591	5,657	1,040
Cash flows from investing activities			
Interest received	2	4	113
Investment income	526	424	594
Purchase of intangible assets	-	-	(6)
Proceeds from disposal of intangible assets	-	-	137
Acquisition of subsidiaries, net of cash acquired	(3,478)	(4,051)	(4,723)
Net cash inflow from investing activities	(2,950)	(3,623)	(3,885)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	-	-	5,722
Dividends paid to owners of the Parent	-	-	(299)
Net cash outflow from financing activities	-	-	5,423
Net increase in cash and cash equivalents	641	2,034	2,578
Cash and cash equivalents at beginning of period	6,212	3,634	3,634
Cash and cash equivalents at end of period	6,853	5,668	6,212

Cash held within the syndicates' accounts is £4,439,000 (2016: £3,456,000) of the total cash and cash equivalents held at the period end of £6,853,000 (2016: £5,668,000). The cash held within the syndicates' accounts is not available to the Group to meet its day-to-day working capital requirements.

Cash and cash equivalents comprise cash at bank and in hand.

The notes are an integral part of these Financial Statements.

Notes to the financial statements

Six months ended 30 June 2017

1. General information

The Company is a public limited company quoted on AIM. The Company was incorporated in England, is domiciled in the UK and its registered office is 40 Gracechurch Street, London EC3V 0BT. The Company participates in insurance business as an underwriting member at Lloyd's through its subsidiary undertakings.

2. Accounting policies

Basis of preparation

The Condensed Consolidated Interim Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The Condensed Consolidated Interim Financial Statements are prepared for the six months ended 30 June 2017.

The Condensed Consolidated Interim incorporate the Financial Statements of Helios Underwriting plc, the Parent Company, and its directly and indirectly held subsidiaries being Hampden Corporate Member Limited, Nameco (No. 365) Limited, Nameco (No. 605) Limited, Nameco (No. 321) Limited, Nameco (No. 917) Limited, Nameco (No. 229) Limited, Nameco (No. 518) Limited, Nameco (No. 804) Limited, Halperin Underwriting Limited, Bernul Limited, Dumasco Limited, Nameco (No. 311) Limited, Nameco (No. 402) Limited, Updown Underwriting Limited, Nameco (No. 507) Limited, Nameco (No. 76) Limited, Kempton Underwriting Limited, Devon Underwriting Limited, Nameco (No 346) Limited, Pooks Limited, Charmac Underwriting Limited, Nottus (No 51) Limited, Helios UTG Partner Limited, Nomina No 035 LLP, Nomina No 342 LLP, Nomina No 380 LLP, Nomina No 372 LLP and Salviscount LLP. (Note 10).

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2017 and 2016 are unaudited, but have been subject to review by the Group's auditors. The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the accounting policies adopted for the year ended 31 December 2016.

The underwriting data on which these Condensed Consolidated Interim Financial Statements are based upon has been supplied by the managing agents of those syndicates which the Group supports. The data supplied is the 100% figures for each syndicate. The Group has applied its share of the syndicate participations to the gross figures to derive its share of the syndicates transactions, assets and liabilities.

Significant accounting policies

The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention. The same accounting policies, presentation and methods of computation are followed in these Condensed Consolidated Interim Financial Statements as were applied in the preparation of the Group Financial Statements for the year ended 31 December 2016. The new standards and amendments to standards and interpretations effective after 1 January 2017, as disclosed in the Annual Report for the year ended 31 December 2016, have not had a significant impact on the Condensed Consolidated Interim Financial Statements at 30 June 2017.

New standards effective from 1 January 2017:-

- IAS 7 Amendment: Disclosure initiative. (EU effective date: 1 January 2017); and
- IAS 12 Amendment: Recognition of deferred tax assets for unrealised losses. (EU effective date: 1 January 2017); and
- IFRS 2014-2016 annual improvement cycle, IFRS 12 Disclosure of Interests in Other Entities. (EU effective date: 1 January 2017)

These amendments will not result in any material impact on the interim financial statements of the group and there have been no amendments to the Group's accounting policies as a result of the new standards listed above.

Notes to the financial statements *continued*

Six months ended 30 June 2017

3. Segmental information

Nigel Hanbury is the Group's chief operating decision-maker. He has determined its operating segments based on the way the Group is managed, for the purpose of allocating resources and assessing performance.

The Group has three segments that represent the primary way in which the Group is managed, as follows:

- syndicate participation;
- investment management; and
- other corporate activities.

	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
6 months ended 30 June 2017 Unaudited				
Net earned premium	13,738	-	(1,457)	12,281
Net investment income	446	135	-	581
Other income	-	-	255	255
Net insurance claims and loss adjustment expenses	(8,203)	-	1	(8,202)
Expenses incurred in insurance activities	(2,987)	-	(980)	(3,967)
Other operating expenses	-	-	(583)	(583)
Goodwill on bargain purchase	-	-	-	-
Impairment of goodwill	-	-	-	-
Impairment of syndicate capacity (see Note 13)	-	-	8	8
Profit before tax	2,994	135	(2,756)	373

	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Restated 6 months ended 30 June 2016 Unaudited				
Net earned premium	10,741	-	(559)	10,182
Net investment income	495	33	-	528
Other income	216	-	330	546
Net insurance claims and loss adjustment expenses	(7,247)	-	-	(7,247)
Expenses incurred in insurance activities	(2,241)	-	(567)	(2,808)
Other operating expenses	-	-	(380)	(380)
Goodwill on bargain purchase	-	-	-	-
Impairment of goodwill	-	-	-	-
Impairment of syndicate capacity (see Note 13)	-	-	39	39
Profit before tax	1,964	33	(1,137)	860

	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
12 months ended 31 December 2016 Audited				
Net earned premium	24,302	-	(1,394)	22,908
Net investment income	663	222	-	885
Other income	643	-	1,491	2,134
Net insurance claims and loss adjustment expenses	(12,805)	-	-	(12,805)
Expenses incurred in insurance activities	(10,422)	-	(397)	(10,819)
Other operating expenses	884	-	(1,853)	(969)
Goodwill on bargain purchase	-	-	-	-
Impairment of goodwill	-	-	-	-
Impairment of syndicate capacity (see Note 13)	-	-	(555)	(555)
Profit before tax	3,265	222	(2,708)	779

Notes to the financial statements *continued*

Six months ended 30 June 2017

3. Segmental information (continued)

The Group does not have any geographical segments as it considers all of its activities to arise from trading within the UK.

No major customers exceed 10% of revenue.

Net earned premium within 2017 other corporate activities totalling £1,457,000 (2016: 559,000 – 2014, 2015 and 2016 years of account) represents the 2015, 2016 and 2017 years of account net Group quota share reinsurance premium payable to Hampden Insurance Guernsey PCC Limited – Cell 6. This net quota share reinsurance premium payable is included within “reinsurance premium ceded” in the Consolidated Income Statement of the period.

4. Operating profit before goodwill and impairment

6 months ended 30 June 2017	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2015 and prior £'000	2016 £'000	2017 £'000	Sub-total £'000				
Gross premium written	(61)	3,374	14,513	17,826	(765)	-	-	17,061
Reinsurance ceded	164	(663)	(3,232)	(3,731)	182	(1,457)	(113)	(5,119)
Net premium written	103	2,711	11,281	14,095	(583)	(1,457)	(113)	11,942
Net earned premium	1,393	9,849	3,190	14,432	(581)	(1,457)	(113)	12,281
Other income	311	199	5	515	(70)	233	158	836
Net insurance claims and loss adjustment expenses	(95)	(5,389)	(3,059)	(8,543)	341	-	-	(8,202)
Operating expenses	(557)	(2,668)	(652)	(3,877)	184	-	(857)	(4,550)
Operating profit before goodwill and impairment	1,052	1,991	(516)	2,527	(126)	(1,224)	(812)	365
Quota share adjustment	(534)	(1,284)	361	(1,457)	-	1,457	-	-
Operating profit before goodwill and impairment after quota share adjustment	518	707	(155)	1,070	(126)	233	(812)	365

6 months ended 30 June 2016	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2014 and prior £'000	2015 £'000	2016 £'000	Sub-total £'000				
Gross premium written	432	2,485	16,319	19,236	(1,651)	-	-	17,585
Reinsurance ceded	(4)	(342)	(4,065)	(4,411)	421	(599)	(121)	(4,710)
Net premium written	428	2,143	12,254	14,825	(1,230)	(599)	(121)	12,875
Net earned premium	1,291	7,578	3,048	11,917	(1,056)	(559)	(121)	10,182
Other income	533	148	4	685	(39)	330	98	1,074
Net insurance claims and loss adjustment expenses	(382)	(4,289)	(3,269)	(7,940)	693	-	-	(7,247)
Operating expenses	61	(2,024)	(857)	(2,820)	269	-	(637)	(3,188)
Operating profit before goodwill and impairment	1,503	1,413	(1,074)	1,842	(133)	(229)	(660)	821
Quota share adjustment	(662)	(762)	865	(559)	-	559	-	-
-Operating profit before goodwill and impairment after quota share adjustment	841	651	(209)	1,283	(133)	330	(660)	821

Notes to the financial statements *continued*

Six months ended 30 June 2017

4. Operating profit before goodwill and impairment (Continued)

12 months ended 31 December 2016	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2014 and prior £'000	2015 £'000	2016 £'000	Sub-total £'000				
Gross premium written	250	3,521	30,131	33,902	(2,595)	-	-	31,307
Reinsurance ceded	26	(487)	(6,244)	(6,705)	575	(1,394)	(248)	(7,772)
Net premium written	276	3,035	23,886	27,197	(2,020)	(1,394)	(248)	23,535
Net earned premium	1,679	11,986	12,676	26,341	(1,791)	(1,394)	(248)	22,908
Other income	1,566	543	82	2,191	(76)	557	347	3,019
Net insurance claims and loss adjustment expenses	990	(6,196)	(8,680)	(13,886)	1,081	-	-	(12,805)
Operating expenses	(1,300)	(4,169)	(5,575)	(11,044)	723	-	(1,467)	(11,788)
Operating profit before goodwill and impairment	2,935	2,164	(1,497)	3,602	(63)	(837)	(1,368)	1,334
Quota share adjustment	(1,274)	(1,133)	1,013	(1,394)	-	1,394	-	-
-Operating profit before goodwill and impairment after quota share adjustment	1,661	1,031	(484)	2,208	(63)	557	(1,368)	1,334

Pre-acquisition relates to the element of results from the new acquisitions before they were acquired by the Group.

* The underwriting year of account results represent the Group's share of the syndicates' results by underwriting year of account before corporate member level reinsurance and members' agents charges.

5. Insurance liabilities and reinsurance balances

Movement in claims outstanding

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2017	50,087	9,674	40,413
Increase in reserves arising from acquisition of subsidiary undertakings	4,114	(1,458)	5,573
Movement of reserves	1,810	678	1,132
Other movements	(10,239)	(54)	(10,186)
At 30 June 2017	45,772	8,840	36,932

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2017	16,821	2,548	14,273
Increase in reserves arising from acquisition of subsidiary undertakings	(886)	87	(974)
Movement of reserves	432	771	(339)
Other movements	2,826	570	2,257
At 30 June 2017	19,193	3,976	15,217

Included within other movements are the 2014 and prior years' claims reserves reinsured into the 2015 year of account on which the Group does not participate and currency exchange differences.

Movement in claims outstanding

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2016	32,985	5,657	27,328
Increase in reserves arising from acquisition of subsidiary undertakings	6,643	1,142	5,501
Movement of reserves	183	(2,040)	2,223
Other movements	3,249	2,930	319
At 30 June 2016	43,060	7,689	35,371

Notes to the financial statements *continued*

Six months ended 30 June 2017

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2016	11,169	1,501	9,668
Increase in reserves arising from acquisition of subsidiary undertakings	2,616	451	2,164
Movement of reserves	4,343	1,650	2,693
Other movements	(74)	(75)	2
At 30 June 2016	18,054	3,527	14,527

Included within other movements are the 2013 and prior years' claims reserves reinsured into the 2014 year of account on which the Group does not participate and currency exchange differences.

Movement in claims outstanding

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2016	32,985	5,657	27,328
Increase in reserves arising from acquisition of subsidiary undertakings	8,122	1,417	6,705
Movement of reserves	3,826	1,904	1,922
Other movements	5,154	696	4,458
At 31 December 2016	50,087	9,674	40,413

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2016	11,169	1,501	9,668
Increase in reserves arising from acquisition of subsidiary undertakings	3,154	531	2,623
Movement of reserves	826	199	627
Other movements	1,672	317	1,355
At 31 December 2016	16,821	2,548	14,273

Included within other movements are the 2013 and prior years' claims reserves reinsured into the 2014 year of account on which the Group does not participate and currency exchange differences.

6. Net investment income

	6 months ended 30 June 2017 Unaudited £'000	6 months ended 30 June 2016 Unaudited £'000	12 months ended 31 December 2016 Audited £'000
Investment income	526	424	594
Realised gains on financial assets at fair value through profit or loss	193	48	(19)
Unrealised losses on financial assets at fair value through profit or loss	(139)	52	256
Investment management expenses	(1)	-	(59)
Bank interest	2	4	113
Net investment income	581	528	885

Notes to the financial statements *continued*

Six months ended 30 June 2017

7. Income tax charge

Analysis of tax charge/(credit) in the period

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 Unaudited £'000	12 months ended 31 December 2016 Audited £'000
Income tax charge	179	(26)	66

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 20% (2016: 20%). Material disallowed terms have been adjusted for in the income tax calculation.

8. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders after tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The Group has no dilutive potential ordinary shares.

Earnings per share has been calculated in accordance with IAS 33 "Earnings per share".

The earnings per share and weighted average number of shares used in the calculation are set out below:

	6 months ended 30 June 2017 Unaudited £'000	Restated 6 months ended 30 June 2016 Unaudited £'000	12 months ended 31 December 2016 Audited £'000
Profit for the period after tax attributable to ordinary shareholders	297,000	886,000	713,000
Weighted average number of shares in issue	14,604,240	10,495,350	11,463,456
Basic and diluted earnings per share	2.03	8.44	6.22

9. Dividends paid or proposed

A final dividend of 5.5p per share was proposed and agreed at the AGM on 28 June 2017 (2016: 5.0p).

Notes to the financial statements *continued*

Six months ended 30 June 2017

10. Investments in subsidiaries

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Total	23,015	19,503	19,503

At 30 June 2017 the Company owned 100% of the following companies and limited liability partnerships, either directly or indirectly. All subsidiaries are incorporated in England and Wales.

Company or partnership	Direct/indirect interest	30 June 2017 ownership	30 June 2016 ownership	31 December 2016 ownership	
Hampden Corporate Member Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 365) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 605) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 321) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 917) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 229) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 518) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 804) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Halperin Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Bernul Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Dumasco Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 311) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 402) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Updown Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 507) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 76) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Kempton Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Devon Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 346) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Pooks Limited	Direct	100%	-	-	Lloyd's of London corporate vehicle
Charmac Underwriting Limited	Direct	100%	-	-	Lloyd's of London corporate vehicle
Nottus (No 51) Limited	Direct	100%	-	-	Lloyd's of London corporate vehicle
Nomina No 035 LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Nomina No 342 LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Nomina No 380 LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Nomina No 372 LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Salviscount LLP	Indirect	100%	-	100%	Lloyd's of London corporate vehicle
Helios UTG Partner Limited	Direct	100%	100%	100%	Corporate partner

Helios UTG Partner Limited, a subsidiary of the Company, owns 100% of Nomina No 035 LLP, Nomina No 342 LLP, Nomina No 380 LLP, Nomina No 372 LLP and Salviscount LLP.

For details of all new acquisitions made during the period refer to Note 12.

11. Share capital and share premium

Allotted, called up and fully paid	Number of shares	Ordinary share capital £'000	Share premium £'000	Total £'000
Ordinary shares of 10p each and share premium at 30 June 2016	10,495,350	1,050	9,901	8,452
Ordinary shares of 10p each and share premium at 31 December 2016	14,604,240	1,460	15,399	16,859
Ordinary shares of 10p each and share premium at 30 June 2017	14,604,240	1,460	15,387	16,847

Notes to the financial statements *continued*

Six months ended 30 June 2017

12. Acquisition of Limited Liability Vehicles

Pooks Limited

On 25 January 2017, Helios Underwriting plc acquired 100% of the issued share capital of Pooks Limited for a total consideration of £308,000. Pooks Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £279,000. Goodwill of £29,000 arose on acquisition which has been recognised as an intangible asset and will be assessed at each period end for impairment. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	-	516	516
Reinsurance assets:			
Financial assets at fair value through profit or loss	747	-	747
– reinsurers' share of claims outstanding	206	-	206
– reinsurers' share of unearned premium	38	-	38
Other receivables, including insurance and reinsurance receivables	914	-	914
Deferred acquisition costs	64	-	64
Prepayments and accrued income	5	-	5
Financial assets at fair value through profit or loss			
Cash and cash equivalents	104	-	104
Insurance liabilities:			
– claims outstanding	(1,019)	-	(1,019)
– unearned premium	(327)	-	(327)
Deferred income tax liabilities	-	(98)	(98)
Other payables, including insurance and reinsurance payables	(839)	-	(839)
Accruals and deferred income	(32)	-	(32)
Net assets acquired	(139)	418	279
Satisfied by:			
Cash and cash equivalents	871	-	871
Loan paid on acquisition	(563)	-	(563)
Acquisition costs paid	-	-	-
Total consideration	308	-	308
Goodwill	447	418	29

	2014 year of account	2015 year of account	2016 year of account
Capacity acquired	749,927	756,697	784,666

The net earned premium and profit of Pooks Limited for the period since the acquisition date to 30 June 2017 are £353,000 and £119,000 respectively.

Goodwill has arisen on the acquisition of Pooks Limited as a result of the purchase consideration being in excess of the fair value of net assets acquired.

Notes to the financial statements *continued*

Six months ended 30 June 2017

12. Acquisition of Limited Liability Vehicles (continued)

Charmac Underwriting Limited

On 4 April 2017, Helios Underwriting plc acquired 100% of the issued share capital of Charmac Underwriting Limited for a total consideration of £2,240,000. Charmac Underwriting Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £2,137,000. Goodwill of £103,000 arose on acquisition, which has been recognised as an intangible asset and will be assessed at each period end for impairment. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	38	642	680
Financial assets at fair value through profit or loss	1,692	-	1,692
Reinsurance assets:			
– reinsurers' share of claims outstanding	439	-	439
– reinsurers' share of unearned premium	119	-	119
Other receivables, including insurance and reinsurance receivables	2,086	277	2,363
Deferred acquisition costs	250	-	250
Prepayments and accrued income	9	-	9
Financial assets at fair value through profit or loss			
Cash and cash equivalents	431	-	431
Insurance liabilities:			
– claims outstanding	(2,120)	-	(2,120)
– unearned premium	(832)	-	(832)
Deferred income tax liabilities	(73)	(175)	(248)
Other payables, including insurance and reinsurance payables	(574)	-	(574)
Accruals and deferred income	(72)	-	(72)
Net assets acquired	1,393	744	2,137
Satisfied by:			
Cash and cash equivalents	2,240	-	2,240
Total consideration	2,240	-	2,240
Goodwill	847	744	103

	2015 year of account	2016 year of account	2017 year of account
Capacity acquired	1,417,006	1,491,671	1,622,890

The net earned premium and profit of Charmac Underwriting Limited for the period since the acquisition date to 30 June 2017 are £296,000 and £30,000 respectively.

Goodwill has arisen on the acquisition of Charmac Underwriting Limited as a result of the purchase consideration being in excess of the fair value of net assets acquired.

Notes to the financial statements *continued*

Six months ended 30 June 2017

12. Acquisition of Limited Liability Vehicles (continued)

Nottus (No 51) Limited

On 8 June 2017, Helios Underwriting plc acquired 100% of the issued share capital of Nottus (No 51) Limited for a total consideration of £96,000. Nottus (No 51) Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £962,000. Goodwill of £3,000 arose on acquisition, which has been recognised as an intangible asset and will be assessed at each period end for impairment. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	-	370	370
Financial assets at fair value through profit or loss	1,061	-	1,061
Reinsurance assets:			
– reinsurers' share of claims outstanding	240	-	240
– reinsurers' share of unearned premium	49	-	49
Other receivables, including insurance and reinsurance receivables	813	-	813
Deferred acquisition costs	78	-	78
Prepayments and accrued income	4	-	4
Financial assets at fair value through profit or loss			
Cash and cash equivalents	62	-	62
Insurance liabilities:			
– claims outstanding	(975)	-	(975)
– unearned premium	(300)	-	(300)
Deferred income tax liabilities	(61)	(70)	(131)
Other payables, including insurance and reinsurance payables	(276)	-	(276)
Accruals and deferred income	(33)	-	(33)
Net assets acquired	662	300	962
Satisfied by:			
Cash and cash equivalents	965	-	965
Total consideration	965	-	965
Goodwill	303	300	3

	2015 year of account	2016 year of account	2017 year of account
Capacity acquired	619,244	634,067	669,597

The net earned premium and profit of Nottus (No 51) Limited for the period since the acquisition date to 30 June 2017 are £28,000 and £10,000 respectively.

Goodwill has arisen on the acquisition of Nottus (No 51) Limited as a result of the purchase consideration being in excess of the fair value of net assets acquired.

Had the two Limited Liability Vehicles been consolidated from 1 January 2017, the Consolidated Statement of Comprehensive Income would show net earned premium of £12,862,000 and a profit after tax of £286,000.

Notes to the financial statements *continued*

Six months ended 30 June 2017

13. Related party transactions

Helios Underwriting plc has inter-company loans with its subsidiaries which are repayable on three months' notice provided it does not jeopardise each company's ability to meet its liabilities as they fall due. All inter-company loans are therefore classed as falling due within one year. The amounts outstanding as at 30 June 2017 are set out below:

Company	30 June 2017 Unaudited £'000	30 June 2016 Unaudited £'000	31 December 2016 £'000
Balances due from/(to) Group companies at the period end:			
Hampden Corporate Member Limited	(363)	34	(82)
Nameco (No. 365) Limited	(54)	7	(34)
Nameco (No. 605) Limited	(282)	34	(164)
Nameco (No. 321) Limited	(73)	10	(43)
Nameco (No. 917) Limited	3,989	121	3,397
Nameco (No. 229) Limited	(4)	9	28
Nameco (No. 518) Limited	(81)	13	(35)
Nameco (No. 804) Limited	(69)	23	104
Halperin Underwriting Limited	(43)	-	(16)
Bernul Limited	2	-	27
Dumasco Limited	(194)	-	(37)
Nameco (No. 311) Limited	(115)	12	(29)
Nameco (No. 402) Limited	(275)	12	(181)
Updown Underwriting Limited	525	-	644
Nameco (No. 507) Limited	(252)	21	(80)
Nameco (No. 76) Limited	(90)	12	8
Kempton Underwriting Limited	18	-	128
Devon Underwriting Limited	105	9	110
Nameco (No 346) Limited	(703)	51	(382)
Pooks Limited	-	-	-
Charmac Underwriting Limited	511	-	-
Nottus (No 51) Limited	(316)	-	-
Nomina No 035 LLP	-	10	-
Nomina No 342 LLP	-	9	-
Nomina No 380 LLP	-	15	-
Nomina No 372 LLP	-	10	-
Salviscount LLP	-	-	-
Helios UTG Partner Limited	735	-	909
Total (note 15)	2,971	412	4,272

Helios Underwriting plc and its subsidiaries have entered into a management agreement with Nomina plc. Jeremy Evans, a Director of Helios Underwriting plc and its subsidiary companies, is also a Director of Nomina plc. Under the agreement, Nomina plc provides management and administration, financial, tax and accounting services to the Group for an annual fee of £154,000 (2016: £142,000).

Notes to the financial statements *continued*

Six months ended 30 June 2017

13. Related party transactions (continued)

The Limited Liability Vehicles have entered into a members' agent agreement with Hampden Agencies Limited. Jeremy Evans, a Director of Helios Underwriting plc and its subsidiary companies, is also a director of Hampden Capital plc, which controls Hampden Agencies Limited. Under the agreement, the Limited Liability Vehicles will pay Hampden Agencies Limited a fee based on a fixed amount, which will vary depending upon the number of syndicates the Limited Liability Vehicles underwrite on a bespoke basis, and a variable amount depending on the level of underwriting through the members' agent pooling arrangements. In addition, the Limited Liability Vehicles will pay profit commission on a sliding scale from 1% of the net profit up to a maximum of 10%. The total fees payable for 2017 are set out below:

Company	30 June 2017 Unaudited £'000	30 June 2016 Unaudited £'000	31 December 2016 £'000
Hampden Corporate Member Limited	-	34	34
Nameco (No. 365) Limited	-	7	7
Nameco (No. 605) Limited	-	34	34
Nameco (No. 321) Limited	-	10	10
Nameco (No. 917) Limited	70	121	121
Nameco (No. 229) Limited	-	9	9
Nameco (No. 518) Limited	-	13	13
Nameco (No. 804) Limited	-	23	23
Halperin Underwriting Limited	-	-	10
Bernul Limited	-	-	-
Dumasco Limited	-	-	-
Nameco (No. 311) Limited	13	12	12
Nameco (No. 402) Limited	14	12	12
Updown Underwriting Limited	-	-	-
Nameco (No. 507) Limited	24	21	21
Nameco (No. 76) Limited	13	12	12
Kempton Underwriting Limited	3	-	-
Devon Underwriting Limited	8	9	9
Nameco (No 346) Limited	49	51	51
Pooks Limited	1	-	-
Charmac Underwriting Limited	25	-	-
Nottus (No 51) Limited	14	-	-
Nomina No 035 LLP	-	10	10
Nomina No 342 LLP	-	9	9
Nomina No 380 LLP	19	15	15
Nomina No 372 LLP	15	10	11
Salviscount LLP	21	-	20
Helios UTG Partner Limited	-	-	-
Total	289	412	443

Notes to the financial statements *continued*

Six months ended 30 June 2017

13. Related party transactions (continued)

The Group entered into quota share reinsurance contracts for the 2015, 2016 and 2017 years of account with Hampden Insurance PCC (Guernsey) Limited – Cell 6. The Limited Liability Vehicles' underwriting year of account quota share participations are set out below:

Company or partnership	2015	2016	2017
Hampden Corporate Member Limited	70%	-	-
Nameco (No. 365) Limited	70%	-	-
Nameco (No. 605) Limited	70%	-	-
Nameco (No. 321) Limited	70%	-	-
Nameco (No. 917) Limited	70%	70%	70%
Nameco (No. 229) Limited	70%	-	-
Nameco (No. 518) Limited	70%	-	-
Nameco (No. 804) Limited	70%	-	-
Halperin Underwriting Limited	70%	-	-
Bernul Limited	70%	-	-
Dumasco Limited	-	-	-
Nameco (No. 311) Limited	70%	-	-
Nameco (No. 402) Limited	70%	-	-
Updown Underwriting Limited	70%	-	-
Nameco (No. 507) Limited	-	-	-
Nameco (No. 76) Limited	-	-	-
Kempton Underwriting Limited	-	-	-
Devon Underwriting Limited	-	70%	70%
Nameco (No. 346) Limited	-	70%	70%
Pooks Limited	-	-	70%
Charmac Underwriting Limited	-	-	70%
Nottus (No 51) Limited	-	-	70%
Helios UTG Partner Limited	-	-	-
Nomina No 035 LLP	70%	-	-
Nomina No 342 LLP	70%	-	-
Nomina No 380 LLP	70%	-	-
Nomina No 372 LLP	70%	-	-
Salviscount LLP	-	-	100%

Nigel Hanbury, a Director of Helios Underwriting plc and its subsidiary companies, is also a director and majority shareholder in Hampden Insurance Guernsey PCC Limited – Cell 6. Hampden Capital plc, a substantial shareholder in Helios Underwriting plc, is also a substantial shareholder in Hampden Insurance Guernsey PCC Limited – Cell 6. Under the agreement, the Group accrued a net reinsurance premium payable of £2,910,000 (2016: £1,768,000) during the period.

14. Ultimate controlling party

The Directors consider that the Group has no ultimate controlling party.

Notes to the financial statements *continued*

Six months ended 30 June 2017

15. Syndicate participations

The syndicates and members' agent pooling arrangements ("MAPA") in which the Company's subsidiaries participate as corporate members of Lloyd's are as follows:

Syndicate or MAPA number	Managing or members' agent	Allocated capacity per year of account			
		2017* £	2016* £	2015* £	2014 £
33	Hiscox Syndicates Limited	3,485,689	2,982,036	2,788,256	2,637,836
218	ERS Syndicate Management Limited	1,994,934	1,505,955	1,389,275	1,672,479
308	Tokio Marine Kiln Syndicates Limited	100,000	100,000	184,528	244,528
386	QBE Underwriting Limited	605,840	811,005	722,081	741,868
510	Tokio Marine Kiln Syndicates Limited	5,685,556	5,246,046	4,971,599	4,637,953
557	Tokio Marine Kiln Syndicates Limited	580,415	575,567	553,433	543,871
609	Atrium Underwriters Limited	3,349,435	3,292,552	3,069,205	2,908,062
623	Beazley Furlonge Limited	4,978,151	4,137,922	3,433,853	3,397,299
727	S A Meacock & Company Limited	998,560	991,078	963,679	916,256
958	Canopus Managing Agents Limited	-	-	268,646	753,749
1176	Chaucer Syndicates Limited	722,837	661,905	556,986	522,886
1200	Argo Managing Agency Limited	77,143	267,554	293,819	358,071
1729	Asta Managing Agency Limited	-	42,000	103,758	139,443
1884	Charles Taylor Managing Agency Limited	-	-	25,000	-
1910	Asta Managing Agency Limited	-	1,247,268	-	-
1991	R&Q Managing Agency Limited	-	-	60,000	118,995
2010	Cathedral Underwriting Limited	931,506	911,045	831,970	863,695
2014	Pembroke Managing Agency Limited	1,012,113	1,617,349	1,585,287	1,569,358
2121	Argenta Syndicate Management Limited	-	-	260,341	160,341
2525	Asta Managing Agency Limited	173,558	171,414	134,698	116,690
2689	Asta Managing Agency Limited	835,100	-	-	-
2791	Managing Agency Partners Limited	4,107,191	4,056,484	3,851,738	4,113,012
2988	Brit Syndicates Limited	47,511	-	-	-
4444	Canopus Managing Agents Limited	-	101,429	-	-
5820	ANV Syndicates Limited	-	139,479	316,535	416,145
6103	Managing Agency Partners Limited	299,357	261,937	233,876	580,708
6104	Hiscox Syndicates Limited	932,970	1,296,995	1,323,728	1,371,954
6105	Ark Syndicate Management Limited	-	-	668,070	647,738
6107	Beazley Furlonge Limited	635,222	453,737	453,737	453,737
6111	Catlin Underwriting Agencies Limited	-	1,902,876	1,659,850	1,597,305
6113	Barbican Managing Agency Limited	-	-	-	160,528
6117	Asta Managing Agency Limited	2,616,798	1,870,283	929,036	1,400,144
7200	Members' agent pooling arrangement	101,019	145,078	314,067	477,466
7201	Members' agent pooling arrangement	531,055	739,931	1,599,412	2,436,667
7202	Members' agent pooling arrangement	196,563	270,988	570,574	875,976
7203	Members' agent pooling arrangement	77,697	84,378	202,119	260,095
7211	Members' agent pooling arrangement	192,184	175,265	272,262	972,513
7215	Members' agent pooling arrangement	164,129	150,917	150,468	-
7217	Members' agent pooling arrangement	274,428	260,707	246,987	219,547
7227	Members' agent pooling arrangement	3,613	80,070	42,705	-
Total		35,710,574	36,551,250	35,031,578	38,286,915

* Including the new acquisitions in 2017.

Notes to the financial statements *continued*

Six months ended 30 June 2017

16. Group-owned net assets

The Group statement of financial position includes the following assets and liabilities held by the syndicates on which the Group participates. These assets are subject to trust deeds for the benefit of the relevant syndicates' insurance creditors. The table below shows the split of the statement of financial position between Group and syndicate assets and liabilities:

	30 June 2017			Restated 30 June 2016			31 December 2016		
	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000
Assets									
Intangible assets	12,495	-	12,495	10,907	-	10,907	10,732	-	10,732
Financial assets at fair value through profit or loss	10,302	33,584	43,886	5,717	32,287	38,004	7,263	38,317	45,580
Reinsurance assets:									
– reinsurers' share of claims outstanding	-	8,840	8,840	-	7,689	7,689	-	9,674	9,674
– reinsurers' share of unearned premium	-	3,976	3,976	-	3,527	3,527	-	2,548	2,548
Other receivables, including insurance and reinsurance receivables	2,315	26,652	28,967	1,178	27,401	28,579	3,480	26,763	30,243
Deferred acquisition costs	-	4,218	4,218	-	4,204	4,204	-	4,255	4,255
Prepayments and accrued income	67	296	364	126	288	414	-	187	187
Cash and cash equivalents	2,414	4,439	6,853	2,212	3,456	5,668	4,049	2,163	6,212
Total assets	27,594	82,004	109,599	20,140	78,852	98,992	25,524	83,907	109,431
Liabilities									
Insurance liabilities:									
– claims outstanding	-	45,772	45,772	-	43,060	43,060	-	50,087	50,087
– unearned premium	-	19,193	19,193	-	18,054	18,054	-	16,821	16,821
Deferred income tax liabilities	2,943	-	2,943	3,002	-	3,002	3,581	-	3,581
Other payables, including insurance and reinsurance payables	1,915	13,358	15,273	965	12,983	13,948	3,028	11,680	14,708
Accruals and deferred income	3,988	429	4,417	3,757	387	4,144	1,590	125	1,715
Total liabilities	8,846	78,752	87,598	7,725	74,484	82,209	8,199	78,713	86,912
Equity attributable to owners of the Parent									
Share capital	1,460	-	1,460	1,050	-	1,050	1,460	-	1,460
Share premium	15,387	-	15,387	9,901	-	9,901	15,399	-	15,399
Other reserves	-	-	-	-	-	-	-	-	-
Retained earnings	1,901	3,253	5,154	1,465	4,368	5,833	466	5,194	5,660
Total equity	18,748	3,253	22,001	12,416	4,368	16,784	17,325	5,194	22,519
Total liabilities and equity	27,594	82,005	109,599	20,141	78,852	98,993	25,524	83,907	109,431

17. Events after the financial reporting period

Effects of reclassification in the 30 June 2016 comparatives

The period ended 30 June 2016 comparative, at consolidation level, in these financial statements include the effects of the reclassification of the foreign exchange differences originally included in the other comprehensive income, net of tax, amounting to £216,000, and now reclassified into the income statement, within the other income line. As a result of the reclassification the earnings per share for the period ending 30 June 2016 comparative, at consolidation level has increased by 2.06p to 8.44p.

These foreign exchange differences arose as a result of the retranslation of the syndicates' results whose functional currency is not the Pound Sterling, into the Pound Sterling as the reporting currency to Lloyd's. Hence, such foreign exchange differences were accounted for as other comprehensive income within the syndicates' reported results.

As the functional and presentation currency of the Helios Group is the Pound Sterling, such foreign exchange differences were accounted for as other income in the income statement in the consolidated Financial Statements of the year ended 31 December 2016 and the period ended 30 June 2017

Notes to the financial statements *continued*

Six months ended 30 June 2017

18. Events after the financial reporting period

A final dividend of 5.5p per share was agreed at the AGM on 28 June 2017 and has been accrued at the period end. The dividend payment was settled on 7th July 2017.

Invansander Limited

On 25 September 2017, Helios Underwriting plc acquired 100% of the issued share capital of Invansander Limited for a total consideration of £235,000. Invansander Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the provisional fair value of the net assets at the date of acquisition was £240,000 giving rise to Negative Goodwill of £5,000 on acquisition. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	87	202	289
Financial assets at fair value through profit or loss	308	-	308
Reinsurance assets:			
– reinsurers' share of claims outstanding	18	-	18
– reinsurers' share of unearned premium	43	-	43
Other receivables, including insurance and reinsurance receivables	283	-	283
Deferred acquisition costs	73	-	73
Prepayments and accrued income	3	-	3
Financial assets at fair value through profit or loss			
Cash and cash equivalents	44	-	44
Insurance liabilities:			
– claims outstanding	(395)	-	(395)
– unearned premium	(288)	-	(288)
Deferred income tax liabilities	-	(38)	(38)
Other payables, including insurance and reinsurance payables	(92)	-	(92)
Accruals and deferred income	(8)	-	(8)
Net assets acquired	76	164	240
Satisfied by:			
Cash and cash equivalents	235	-	235
Total consideration	235	-	235
Goodwill	159	164	(5)

	2015 year of account	2016 year of account	2017 year of account
Capacity acquired	646,587	634,095	616,211

Reinsurance commuted

In August 2017 the Company increased the retained capacity on the 2016 underwriting year by £3.3m as certain quota contracts with capital providers for 2016 underwriting year of account have been commuted for a total fee of £113,000.

Directors, Registered office and advisers

Directors

Harold Michael Clunie Cunningham (Non-executive Chairman)
Nigel John Hanbury (Chief Executive)
Jeremy Richard Holt Evans (Non-executive Director)
Andrew Hildred Christie (Non-executive Director)
Arthur Roger Manners (Finance Director)

Company secretary

Martha Bruce
Bruce Wallace Associates Limited
120 Pall Mall
London SW1Y 5EA

Company number

05892671

Registered office

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Statutory auditors

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Canary Wharf
London E14 4HD

Nominated adviser and broker

Stockdale Securities Limited

Beaufort House, 15 St. Botolph Street
London EC3A 7BB

Lloyd's members' agent

Hampden Agencies Limited

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London EC3V 0BT

Registrars

Neville Registrars Limited

Neville House
18 Laurel Lane
Halesowen B63 3DA

Independent Review Report to Helios Underwriting plc for the six months ended 30 June 2017

Introduction

We have been engaged by the Company to review the condensed consolidated interim financial information in the half yearly financial report for the six months ended 30 June 2017 which comprises the condensed consolidated income statement, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in shareholder' equity 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 condensed consolidated interim financial information.

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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), as adopted by the European Union and the AIM Rules for Companies. The annual Financial Statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim 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 condensed consolidated interim 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 AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose 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 the 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 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 consolidated interim financial information in the half yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules for Companies.

PKF Littlejohn LLP

Chartered Accountants
1 Westferry Circus
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28 September 2017