

Helios Underwriting plc

Interim Report and Financial Statements
For the six months ended 30 June 2022

Contents

Six months ended 30 June 2022

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Helios Underwriting plc
 (“Helios” or the “Company”)

Interim Results for the Six Months Ended 30 June 2022

Helios Underwriting plc, the unique investment vehicle which provides investors with exposure to the Lloyds insurance market through an actively managed portfolio of syndicate capacity, announces its unaudited results for the six months ended 30 June 2022, during which it continued its strategy of driving portfolio growth and future shareholder value, building on its recent rapid growth in retained capacity.

- Gross written premiums increased by 133% to £124m (30 June 2021 - £53m) reflecting the increase in the capacity portfolio
- Further rate increase achieved by Lloyds’ of 7.7% over the six month period which together with greater discipline encouraged by the Franchise Board at Lloyd’s market, has bolstered the prospects for profitable underwriting
- 76% improvement in the underwriting result to £3.3m with a 94.5% combined ratio
- The increase in the underwriting exposure in 2022 to £172m of retained capacity will contribute to the underwriting result in the future.
- Investment losses of £3.5m have been booked in the first six months driven by mark to market investment losses as interest rates have increased, which has masked the improvement in the underwriting margins, although higher yields on both syndicate and Group funds will benefit future returns
- Operating costs of £3.6m include non-recurring costs of £0.7m relating to a contemplated significant acquisition and increased reinsurance costs given the increase in the underwriting exposure
- Operating loss is £3.4m (30 June 2021 – a loss of £0.4m)
- The net tangible asset value per share is £1.49 per share (31st December 2021 - £1.57 per share)

Chairman’s statement

Six months ended 30 June 2022

Nigel Hanbury, Chief Executive, provides the following overview:

“The steady improvement in current market conditions continues to open up exciting windows of opportunity for Helios. The progress in underwriting conditions over five years is being reflected in the improved underwriting margins.

“The results are skewed as a consequence of the recent 133% growth in our retained capacity and a cautious approach to reserving, as we would expect, by our portfolio. With the passage of time, we are confident that our portfolio will demonstrate outperformance against a prudent reserving strategy. The impact of the increased yields on the Group investments will make a contribution in the future.

“Mark to market losses within syndicates’ investment bond portfolios have also impacted results. Rising interest rates will help negate that with improved returns from fixed income in future periods.

“We have increased our retained capacity to £172m for the 2022 underwriting year to take advantage of the current market conditions. We are confident that we can continue to demonstrate our ability to achieve attractive shareholder returns over the next few years.”

SUMMARY FINANCIAL INFORMATION

	6 months to 30 th June		Year to
	2022	2021	31 st December
	£000’s	£000’s	£000’s
Gross written premium	124,097	53,351	106,058
Underwriting result	3,291	1,873	5,681
Investment Income - syndicates	(3,560)	179	37
Net quota share	(383)	(951)	(2,319)
Net profits	(652)	1,102	3,399
Other income	833	526	2,700
Costs	(3,612)	(2,107)	(6,744)
Operating loss for the period before impairment	(3,431)	(480)	(645)
(Loss)/profit after tax	(3,902)	(2,659)	4,932
Earnings per share	(5.38)p	(3.88)p	(0.75)p
Net Tangible Asset Value per Share	£1.49p	£1.46	£1.57

Chairman's statement continued

Six months ended 30 June 2022

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The combined underwriting result continues to recover as the underlying profitability starts to be recognised. The potential losses from Ukraine have been recognised to the extent that they are known. The events in Ukraine continue to unfold and the full extent of the insured losses have yet to be fully recognised.

	2022 £000's	2021 £000's	% Increase
Gross premium written	124,067	53,351	133%
Net earned premium	59,990	28,626	110%
Net insurance claims & operating expenses	(56,699)	(26,752)	112%
Underwriting result	3,291	1,874	76%
Investment Income	(3,560)	179	
Operating loss / profit	(269)	2,053	
Combined ratio	94.5%	93.5%	

The increase in the gross written premiums reflect the growth of the capacity portfolio to £233m for the 2022 underwriting year. The combined portfolio ratio of 94.5% has been impacted by the early stage contribution of the 2022 underwriting year.

	2020 and prior £000's	2021 £000's	2022 £000's	Total £000's
Net Earned Premium	3,306	35,444	21,240	59,990
Underwriting result	3,041	5,229	(4,979)	3,291
Investment Income	(2,315)	(941)	(304)	(3,560)
Operating (loss) / profit	726	4,288	(5,283)	(269)
Quota Share Reinsurers	(150)	(1,621)	1,388	(383)
Total Group Underwriting Profit/(loss)	576	2,667	(3,895)	(652)

The underwriting contribution from the 2020 and 2021 underwriting years reflects the expected development of those years after recognising underwriting losses at an early stage. 2022 to date represents an initial loss due to the higher proportion of expenses and reinsurance costs allocated to the first six months of the underwriting year. The future recognition of the Net Earned Premiums from 2022 year, given the increased underwriting exposure, will benefit the underwriting result for the full year

6 months to 30th June

	2022 £000's	2021 £000's
Stop loss costs	(1,224)	(968)
Operating costs	(2,389)	(1,139)
Total Costs	(3,612)	(2,107)

Operating costs have increased to £2.4m as a potential significant acquisition was contemplated in the period where costs of due diligence were incurred of £0.7m and as £20m (2021-£7.6m) of additional underwriting capital has been sourced through a bank facility adding a further £0.2m to the costs. The stop loss for Helios retained capacity continues to be bought which has a 10% indemnity to protect the Group from a loss excess of 7.5% loss for the 2022 underwriting year. The increase in the retained capacity of 84% to £172m contributed to the increase in the stop loss costs incurred.

Chairman's statement continued

Six months ended 30 June 2022

Financial Investments	£000's	Investment	Yield
		Return - £000's	
Syndicate investment assets	127,615	(3,560)	(2.8%)
Group investment assets	58,838	85	0.1%
	<u>186,453</u>	<u>(3,475)</u>	<u>(1.9%)</u>

Helios's share of the syndicate investments incurred a loss in the first six months of 2.8% as interest rates increased and this has masked the improvement in underwriting margins. Group investment funds remained in cash and targeted investments have since been made. The Group funds will continue to earn interest for the balance of the year. The Group's share of the syndicate investments is expected to continue to increase to reflect the growth of the capacity portfolio.

The positive momentum in both insurance and reinsurance pricing has continued into 2022. The improvement in underwriting conditions over the last five years will provide a platform for better prospects for underwriting margins over the next few years.

Helios has increased its retained capacity to £172m for the 2022 underwriting year to take advantage of the current market conditions. The proportion of the capacity reinsured has been reduced while the capital provided by the reinsurers has remained steady. The quota share reinsurers fund their share of the capital requirements and pay Helios a fee and a profit commission. The strategy of building a portfolio of underwriting capacity that can be accessed by alternative sources of capital is expected to be developed in the future as we regard this as an attractive opportunity to increase the fee income generated from the portfolio.

Helios has received preliminary indications of pre-emptions for the 2022 year of account from the syndicates supported of £21m which are subject to approval by Lloyd's and could increase the capacity portfolio for the 2023 year of account to £254m – an increase of 9%.

The value of the capacity portfolio, using the 2021 weighted average prices, including the value of the expected pre-emptions for 2023 (using the 2021 weighted average capacity prices) could increase to £72m – an increase of 20%. Should the average auctions prices in 2022 decrease by 10%, the net tangible asset value per share should still increase by 5.37p.

Impact of pre-emptions on capacity portfolio

£m	2022 Capacity	Capacity Value £m
2022 YOA as at 1st January 2022	232.7	59.9
Expected Pre-emptions	<u>21.7</u>	<u>12.1</u>
	254.4	72.0
Decrease of 10%		64.8
Increase in NTAV per share - 25% Corporation Tax		5.37p

It is expected that there will continue to be demand for the top syndicates that make up a significant proportion of the Helios Capacity Fund at the Lloyds Capacity Auctions that take place later this year. Our strategy of building a portfolio of syndicate capacity continues to rely on the flow of LLVs for sale at reasonable prices. The discounts achieved to the Humphrey Valuations have decreased as both Vendor expectations of future value have increased and as other purchasers have realised the value of the potential future profitability of these capacity portfolios. There are over 17 LLV's for sale at present and it is expected that we will be able to conclude further acquisitions this year.

The net tangible asset value per share is £1.49p per share (Dec 2021 - £1.57p per share). The net assets include a deferred tax provision of £13m on the value of the capacity portfolio. The reduction of corporation tax rate to 19%, will reduce the deferred tax provision by £3.5m and increase the net tangible asset per share by 4.7p.

IFRS 17

The Company's consolidated accounts are presently prepared in accordance with current IFRS applicable to the insurance industry. In May 2017, the IASB published its standard on insurance accounting (IFRS 17, 'Insurance Contracts') which replaces the current IFRS 4 standard. Some targeted amendments to this standard, including to the effective date, were issued in June 2020 and December 2021. IFRS 17, 'Insurance Contracts', as amended, will have the effect of introducing fundamental changes to the statutory reporting of insurance entities that prepare accounts under IFRS from 2023. Given compliance with IFRS will not be feasible due to the UK GAAP based Lloyd's information provision and syndicate disclosures, the Board is considering alternative arrangements including the use of an alternative standard, including UK GAAP. The Board is confident that an appropriate alternative will be available and a further announcement will be made in due course.

Financial results summary

Six months ended 30 June 2022

	6 months to 30 June 2022 £'000	6 months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Underwriting profits	(652)	1,102	3,399
Other Income			
Fees from reinsurers	442	474	616
Corporate reinsurance recoveries	307	14	(372)
Goodwill on bargain purchase	-	-	1,219
Investment income	84	38	1,237
Total Other Income	833	526	2,700
Costs			
Pre-acquisition	-	-	(1,269)
Stop loss costs	(1,224)	(968)	(1,871)
Operating costs	(2,388)	(1,140)	(3,604)
Total Costs	(3,612)	(2,108)	(6,744)
Operating profit before impairments of goodwill and capacity	(3,431)	(480)	(645)
Tax	(214)	(1,839)	211
Revaluation of syndicate capacity	(257)	(340)	8,132
Income tax relating to the components of other Comprehensive income	-	-	(2,766)
(Loss)/profit for the period/year	(3,902)	(2,659)	4,932

Period to 30th June 2022

Underwriting Year	Helios retained capacity at 30 June 2022 £m	Portfolio mid point forecasts	Helios Profits £'000
2020	65.9	1.84%	576
2021	92.8	2.4%	2,667
2022	171.9	N/A	(3,895)
			(653)

Period to 30th June 2021

Underwriting Year	Helios retained capacity at 30 June 2021 £m	Portfolio mid point forecasts	Helios Profits £'000
2019	31.3	0.01%	1,062
2020	30.8	0.98%	984
2021	58.7	-	(944)
			1,102

Year to 31 December 2021

Underwriting Year	Helios retained capacity at 31 December 2021 £m	Portfolio mid point forecasts	Helios Profits £'000
2019	67.4	2.7%	4,092
2020	66.6	0.97%	2,915
2021	93.6	-	(3,606)
			3,401

Financial results summary *continued*

Six months ended 30 June 2022

Summary Balance Sheet

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

	6 Months to June 2022 £'000	6 Months to June 2021 £'000	Year to 31 December 2021 £'000
Intangible assets	60,889	31,601	60,889
Funds at Lloyd's	58,838	18,543	43,589
Other cash	13,039	52,272	16,178
Other assets	6,108	12,385	5,517
Total assets	138,874	114,801	126,173
Deferred tax	11,568	8,546	11,887
Borrowings	15,000	-	-
Other liabilities	3,587	3,409	3,052
Total liabilities	30,155	11,955	14,939
Syndicate equity	(6,910)	(3,573)	(3,488)
Total equity	101,809	99,273	107,746

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 2022 £'000	6 months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Opening Balance (free cash)	16,178	4,961	4,961
Income			
Acquired on acquisition	-	-	1,939
Distribution of profits (net of tax retentions)	2,422	365	475
Transfers from Funds at Lloyds'	5,277	224	336
Investment income	55	5	95
Issue of new ordinary shares	-	53,231	53,231
Borrowings	15,000	-	-
Cancelled Reinsurance policy refunds	-	-	6,964
Expenditure			
Operating costs (inc Hampden / Nomina fees)	(1,409)	(933)	(3,702)
Purchase of capacity	-	-	(2,663)
Reinsurance Cost	(857)	(1,025)	-
Acquisition of LLV's	-	-	(26,529)
Transfers to Funds at Lloyds'	(21,886)	-	(12,270)
Tax	293	(8)	(641)
Dividends paid	(2,034)	(548)	(2,018)
Revolving credit facility repayment	-	(4,000)	(4,000)
Closing balance	13,039	52,272	16,178

Financial results summary *continued*

Six months ended 30 June 2022

Net tangible asset per share

	6 months to 30 June 2022 £'000	6 months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Net tangible assets	40,919	67,642	46,856
Value of capacity (WAV)	59,796	30,826	59,796
	<hr/>	<hr/>	<hr/>
	100,715	98,468	106,652
Shares in issue – on the market	67,786	67,254	67,786
Shares in issue – total of on the market and JSOP shares	68,886	67,754	68,886
Net tangible asset value per share £ - on the market	1.49	1.46	1.57
Net tangible asset value per share £ - on the market and JSOP shares	1.46	1.45	1.55

Interim condensed consolidated statement of comprehensive income

Six months ended 30 June 2022

	Note	6 months ended 30 June 2022 Unaudited £'000	6 months ended 30 June 2021 Unaudited £'000	12 months ended 31 December 2021 Audited £'000
Gross premium written	4	124,067	53,351	106,058
Reinsurance premium ceded		(35,291)	(17,107)	(26,935)
Net premium written	4	88,776	36,244	79,123
Change in unearned gross premium provision	5	(46,338)	(15,678)	(11,201)
Change in unearned reinsurance premium provision	5	15,945	6,141	1,484
		(30,393)	(9,537)	(9,717)
Net earned premium	3,4	58,383	26,707	69,406
Net investment income	6	(3,476)	185	568
Other underwriting income		442	476	723
Gain on bargain purchase		-	-	1,219
Other income		-	30	(82)
Revenue		55,349	27,398	71,834
Gross claims paid		(28,627)	(19,108)	(46,478)
Reinsurers' share of gross claims paid		7,153	4,946	11,328
Claims paid, net of reinsurance		21,474	(14,162)	(35,150)
Change in provision for gross claims	5	(17,146)	(2,118)	(15,796)
Reinsurers' share of change in provision for gross claims	5	3,879	(156)	6,204
Net change in provision for claims	5	(13,267)	(2,274)	(9,592)
Net insurance claims and loss adjustment expenses	4	(34,741)	(16,436)	(44,472)
Expenses incurred in insurance activities		(22,310)	(10,665)	(25,407)
Other operating expenses		(1,729)	(777)	(2,330)
Operating expenses		(24,039)	(11,442)	(27,737)
Operating (loss)/profit before impairments of goodwill and capacity	4	(3,431)	(480)	(645)
Impairment of goodwill		-	-	-
Impairment of syndicate capacity		-	-	-
(Loss)/profit before tax		(3,431)	(480)	(645)
Income tax charge	7	(214)	(112)	211
Income and deferred tax charge as a result of change in tax rates	7	-	(1,727)	-
(Loss)/Profit for the period		(3,645)	(2,319)	(434)
Other comprehensive income				
Foreign currency translation differences		-	-	-
Revaluation of syndicate capacity		-	-	8,132
Deferred tax relating to change in tax rates on revaluation of capacity		(257)	(340)	(2,766)
Other comprehensive (loss)/income for the period, net of tax		(257)	(340)	5,366
Total other comprehensive (loss)/income for the period		(3,902)	(2,659)	4,932
(Loss)/profit for the period attributable to owners of the Parent		(3,645)	(2,319)	(434)
Total comprehensive (loss)/income for the period attributable to owners of the Parent		(3,902)	(2,659)	4,932
(Loss)earnings per share attributable to owners of the Parent				
Basic	8	(5.38)p	(3.88)p	(0.75)p
Diluted	8	(5.38)p	(3.88)p	(0.75)p

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 2022

	Note	6 months ended 30 June 2022 Unaudited £'000	6 months ended 30 June Unaudited £'000	12 months ended 31 December Audited £'000
Assets				
Intangible assets		60,889	31,601	60,889
Financial assets at fair value through profit or loss		186,453	83,047	153,844
Reinsurance assets:				
– reinsurers' share of claims outstanding	5	73,074	32,800	53,433
– reinsurers' share of unearned premium	5	23,992	10,694	10,538
Other receivables, including insurance and reinsurance receivables		127,483	66,227	87,859
Deferred acquisition costs		19,424	8,119	13,615
Prepayments and accrued income		2,922	1,633	799
Cash and cash equivalents		36,064	62,143	24,624
Total assets		530,301	296,264	405,601
Liabilities				
Insurance liabilities:				
– claims outstanding	5	241,783	115,559	186,653
– unearned premium	5	97,509	42,974	59,611
Deferred income tax liabilities		11,568	8,546	11,965
Borrowings		15,000	-	-
Other payables, including insurance and reinsurance payables		58,147	25,640	34,927
Accruals and deferred income		4,485	4,272	4,700
Total liabilities		428,492	196,991	297,856
Equity				
Equity attributable to owners of the Parent:				
Share capital	11	6,931	6,817	6,931
Share premium	11	86,330	85,502	86,330
Other reserves – treasury shares	11	(110)	(50)	(110)
Retained earnings		8,658	7,004	14,595
Total equity		101,809	99,273	107,746
Total liabilities and equity		530,301	296,264	405,602

The Financial Statements were approved and authorised for issue by the Board of Directors on 28 September 2022, 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 2022

Consolidated	Note	Attributable to owners of the Parent					Total £'000
		Share capital £'000	Share premium £'000	Revaluation reserve	Other reserves £'000	Retained earnings £'000	
At 1 January 2022		6,931	86,330	9,348	(110)	5,247	107,746
Total comprehensive income for the year:							
Loss for the year		-	-	-	-	(3,645)	(3,645)
Other comprehensive income, net of tax		-	-	(257)	-	-	(257)
Total comprehensive income for the year		-	-	(257)	-	(3,645)	(3,902)
Transactions with owners:							
Dividends paid	9	-	-	-	-	(2,034)	(2,034)
Company buy back of shares	11	-	-	-	-	-	-
Share issue		-	-	-	-	-	-
Total transactions with owners		-	-	-	-	(2,034)	(2,034)
At 30 June 2022		6,931	86,330	9,091	(110)	(432)	101,810
At 1 January 2021		3,393	35,525	3,982	(50)	7,699	50,549
Total comprehensive income for the year:							
Loss for the year		-	-	-	-	(2,319)	(2,319)
Other comprehensive income, net of tax		-	-	(340)	-	-	(340)
Total comprehensive income for the year		-	-	(340)	-	(2,319)	(2,659)
Transactions with owners:							
Dividends paid	9	-	-	-	-	(2,018)	(2,018)
Company buy back of shares	11	-	-	-	-	-	-
Share issue		3,424	49,977	-	-	-	53,401
Total transactions with owners		3,424	49,977	-	-	(2,018)	51,383
At 30 June 2021		6,817	85,502	3,642	(50)	3,362	99,273
At 1 January 2021		3,393	35,525	3,982	(50)	7,699	50,549
Total comprehensive income for the year:							
Profit for the year		-	-	-	-	(434)	(434)
Other comprehensive income, net of tax		-	-	5,366	-	-	5,366
Total comprehensive income for the year		-	-	5,366	-	(434)	4,932
Transactions with owners:							
Dividends paid		-	-	-	-	(2,018)	(2,018)
Company buy back of shares	11	-	-	-	-	-	-
Share issue	11	3,538	50,805	-	(60)	-	54,283
Other comprehensive income, net of tax		-	-	-	-	-	-
Total transactions with owners		3,538	50,805	-	(60)	(2,018)	52,265
At 31 December 2021		6,931	86,330	9,348	(110)	5,247	107,746

The notes are an integral part of these Financial Statements.

Interim condensed consolidated statement of cash flows

Six months ended 30 June 2022

Note	6 months ended 30 June 2022 Unaudited £'000	6 months ended 30 June 2021 Unaudited £'000	12 months ended 31 December 2021 Audited £'000
Cash flows from operating activities			
	(3,431)	(480)	(645)
Loss before tax			
Adjustments for:			
- Other comprehensive income, gross of tax	-	-	-
- Interest received	(78)	(2)	(17)
- Investment income	3,503	(183)	(1,549)
- Recognition of negative goodwill	-	-	-
- Goodwill on bargain purchase	-	-	(1,219)
- Loss on sale of intangible assets	-	-	(12)
Changes in working capital:			
- change in fair value of financial assets held at fair value through profit or loss	(617)	(140)	1,316
- decrease/(increase) in financial assets at fair value through profit or loss	(32,609)	2,230	(31,436)
- (increase)/decrease in other receivables	(47,556)	(8,729)	1,162
- decrease/(increase) in other payables	23,005	5,245	(3,799)
- net decrease/(increase) in technical provisions	59,933	6,121	18,285
Cash generated/(utilised) from operations	2,150	4,062	(17,914)
Income tax paid	(252)	-	(675)
Net cash inflow from operating activities	1,898	4,062	(18,589)
Cash flows from investing activities			
Interest received	78	2	17
Investment income	(3,503)	183	1,549
Purchase of intangible assets	-	-	(2,984)
Proceeds from disposal of intangible assets	-	-	1,809
Acquisition of subsidiaries, net of cash acquired	-	-	(13,255)
Net cash inflow/(outflow) from investing activities	(3,425)	185	(12,864)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	-	53,401	53,601
Buy back of ordinary share capital	-	-	-
Payment for company buy back of shares	-	-	-
Proceeds from borrowings	15,000	-	-
Repayment of borrowings	-	(4,000)	(4,000)
Dividends paid to owners of the Parent	(2,034)	-	(2,018)
Net cash inflow from financing activities	12,966	49,401	47,583
Net increase in cash and cash equivalents	11,439	53,648	16,130
Cash and cash equivalents at beginning of period	24,625	8,495	8,495
Cash and cash equivalents at end of period	36,064	62,143	24,625

Cash held within the syndicates' accounts is £23,085,000 (2021: £9,871,000) of the total cash and cash equivalents held at the end of the period £36,064,000 (2021: £62,143,000). 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 2022

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.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 were approved by the board of directors on 26 May 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The financial statements have been reviewed, not audited

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 UK adopted International Accounting Standard (IAS) 34 Interim Financial Reporting, in accordance with the requirements of the Companies Act 2006.

The Condensed Consolidated Interim Financial Statements are prepared for the six months ended 30 June 2022.

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2022 and 2021 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 2021, and the adoption of new and amended standards as set out further below.

The Condensed Consolidated Interim incorporate the Financial Statements of Helios Underwriting plc, the Parent Company, and its directly and indirectly held subsidiaries (see note 10).

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 as modified by the revaluation of the financial assets at fair value through the profit and loss. 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 2021.

International Financial Reporting Standards

Adoption of new and revised standards

In the current year, the Group has applied new IFRSs and amendments to IFRSs issued by the IASB that are mandatory for an accounting period that begins on or after 1 January 2022.

Amendments to IFRS 3: Business combinations – Reference to the Conceptual Framework. IFRS 3 is updated so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 to identify the liabilities it has assumed in a business combination. Lastly, they add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IAS 16: Property, Plant and Equipment. The changes introduced amend the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets. The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

Annual Improvements to IFRS Standards 2018-2020 Cycle. The pronouncement contains amendments to four International Financial Reporting Standards (IFRS 1, IFRS 9, IFRS 16 and IAS 41) as result of the IASB's annual improvements project

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments adopted by the UK, as well as standards and interpretations issued by the IASB but not yet adopted by the UK, have not been applied in preparing the Consolidated Financial Statements.

The Group does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of UK endorsement. The Group continues to review the upcoming standards to determine their impact.

Notes to the financial statements

Six months ended 30 June 2022

IFRS 9, Financial Instruments (IASB effective date 1 January 2018) has not been applied under IFRS 4 Amendment option to defer until IFRS 17 comes into effect on 1 January 2023.

IFRS 17 “Insurance Contracts” (IASB effective date 1 January 2023).

IAS 1 Presentation of Financial Statements Amendments, Classification of Liabilities as Current or Non-current (IASB effective date 1 January 2023).

IAS 8 Accounting Policies Amendments, Changes in Accounting Estimates and Errors (IASB effective date 1 January 2023).

IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (IASB effective date 1 January 2023)

IFRS 9 “Financial Instruments” (IASB effective date 1 January 2018) has not been applied under the IFRS 4 amendment option.

IFRS 9 provides a reform of financial instruments accounting to supersede IAS 39 “Financial Instruments: Recognition and Measurement”. Applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” contained an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4. The Group meets the eligibility criteria and has taken advantage of this temporary exemption not to apply this standard until the effective date of IFRS 17.

IFRS 17 “Insurance Contracts” (IASB effective date 1 January 2023) – This replaces IFRS 4 and requires an IFRS reporter to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. It also requires that profits are recognised as insurance services are delivered (rather than when premiums are received) and for the IFRS reporter to provide information about insurance contract profits the company expects to recognise in the future.

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.

6 months ended 30 June 2022 Unaudited	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	58,767	-	(383)	58,384
Net investment income	(3,561)	85	-	(3,476)
Other income	-	-	442	442
Net insurance claims and loss adjustment expenses	(34,740)	-	(1)	(34,741)
Expenses incurred in insurance activities	(21,650)	-	(660)	(22,310)
Other operating expenses	-	-	(1,729)	(1,729)
Loss before tax	(1,184)	85	(2,331)	(3,430)

Notes to the financial statements *continued*

Six months ended 30 June 2022

3. Segmental information (continued)

6 months ended 30 June 2021 Unaudited	Syndicate participation management £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	27,658	-	(951)	26,707
Net investment income	157	28	-	185
Other income	-	-	506	506
Net insurance claims and loss adjustment expenses	(16,436)	-	-	(16,436)
Expenses incurred in insurance activities	(9,068)	-	(1,597)	(10,665)
Other operating expenses	-	-	(777)	(777)
Profit before tax	2,311	28	(2,819)	(480)

12 months ended 31 December 2021 Audited	Syndicate participation management £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	69,407	-	-	69,407
Net investment income	185	383	-	568
Other income	119	-	523	642
Net insurance claims and loss adjustment expenses	(42,423)	-	(2,319)	(44,742)
Expenses incurred in insurance activities	(24,491)	-	(916)	(25,407)
Other operating expenses	(267)	-	(2,063)	(2,330)
Gain on bargain purchase	-	-	1,219	1,219
Impairment of syndicate capacity	-	-	-	-
Profit before tax	2,531	383	(3,558)	(644)

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 2022 other corporate activities totalling £383,000 (2021: £951,000 Net insurance claims and loss adjustment expenses – 2019, 2020 and 2021 years of account) represents the 2020, 2021 and 2022 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 Statement of Comprehensive Income of the period.

4. Operating profit before impairments of goodwill and capacity

6 months ended 30 June 2022	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2020 and prior £'000	2021 £'000	2022 £'000	Sub-total £'000				
Gross premium written	930	11,407	111,730	124,067	-	-	-	124,067
Reinsurance ceded	(96)	(2,410)	(31,178)	(33,684)	-	(383)	(1,224)	(35,291)
Net premium written	834	8,997	80,552	90,383	-	(383)	(1,224)	88,776
Net earned premium	3,306	35,444	21,240	59,990	-	(383)	(1,224)	58,383
Other income	(2,315)	(941)	(304)	(3,560)	-	442	84	(3,034)
Net insurance claims and loss adjustment expenses	578	(20,389)	(15,237)	(35,048)	-	-	307	(34,741)
Operating expenses	(843)	(9,826)	(10,982)	(21,651)	-	-	(2,388)	(24,039)
Operating profit before impairments of goodwill and capacity	726	4,288	(5,283)	(269)	-	59	(3,221)	(3,431)
Quota share adjustment	(150)	(1,621)	1,388	(383)	-	383	-	-
Operating profit before impairments of goodwill and capacity after quota share adjustment	576	2,667	(3,895)	(652)	-	442	(3,221)	(3,431)

Notes to the financial statements *continued*

Six months ended 30 June 2022

4. Operating profit before impairments of goodwill and capacity (continued)

6 months ended 30 June 2021	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2019 and prior £'000	2020 £'000	2021 £'000	Sub-total £'000				
Gross premium written	285	5,823	47,243	53,351	-	-	-	53,351
Reinsurance ceded	(430)	(1,168)	(13,590)	(15,188)	-	(951)	(968)	(17,107)
Net premium written	(145)	4,655	33,653	38,163	-	(951)	(968)	36,244
Net earned premium	1,218	18,769	8,639	28,626	-	(951)	(968)	26,707
Other income	84	41	54	179	-	474	38	691
Net insurance claims and loss adjustment expenses	901	(11,323)	(6,028)	(16,450)	-	-	14	(16,436)
Operating expenses	(725)	(5,225)	(4,353)	(10,302)	-	-	(1,139)	(11,442)
Operating profit before impairments of goodwill and capacity	1,478	2,262	(1,687)	2,053	-	(477)	(2,056)	(480)
Quota share adjustment	(416)	(1,278)	743	(951)	-	(951)	-	-
Operating profit before impairments of goodwill and capacity after quota share adjustment	1,062	984	(944)	1,102	-	474	(2,056)	(480)

12 months ended 31 December 2021	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2019 and prior £'000	2020 £'000	2021 £'000	Sub-total £'000				
Gross premium written	721	11,712	122,179	134,612	(28,554)	-	-	106,058
Reinsurance ceded	(713)	(2,569)	(28,909)	(32,191)	7,126	-	(1,871)	(26,936)
Net premium written	8	9,143	93,270	102,421	(21,428)	-	(1,871)	79,122
Net earned premium	3,426	40,573	48,693	92,692	(21,415)	-	(1,871)	69,404
Other income	206	(166)	(3)	37	(681)	616	2,456	2,428
Net insurance claims and loss adjustment expenses	5,113	(22,945)	(36,256)	(54,088)	12,037	(2,319)	(372)	(44,742)
Operating expenses	(2,261)	(12,406)	(18,254)	(32,921)	8,788	-	(3,604)	(27,737)
Operating profit before impairments of goodwill and capacity	6,484	5,056	(5,820)	5,720	(1,271)	(1,703)	(3,391)	(645)
Quota share adjustment	(2,392)	(2,141)	2,214	(2,319)	-	2,319	-	-
Operating profit before impairments of goodwill and capacity after quota share adjustment	4,092	2,915	(3,606)	3,401	(1,271)	616	(3,391)	(645)

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.

Notes to the financial statements *continued*

Six months ended 30 June 2022

5. Insurance liabilities and reinsurance balances

Movement in claims outstanding

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2022	186,653	53,433	133,220
Increase in reserves arising from acquisition of subsidiary undertakings	-	-	-
Movement of reserves	17,146	3,879	13,267
Other movements	37,984	15,762	22,222
At 30 June 2022	241,783	73,074	168,709

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2022	59,611	10,538	49,073
Increase in reserves arising from acquisition of subsidiary undertakings	-	-	-
Movement of reserves	46,338	15,945	30,393
Other movements	(8,440)	(2,491)	(5,949)
At 30 June 2022	97,509	23,992	73,517

Included within other movements are the 2019 and prior years' claims reserves reinsured into the 2020 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 2021	113,371	30,781	82,590
Increase in reserves arising from acquisition of subsidiary undertakings	-	-	-
Movement of reserves	2,118	(156)	2,274
Other movements	70	2,175	(2,105)
At 30 June 2021	115,559	32,800	82,759

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2021	32,356	6,028	26,328
Increase in reserves arising from acquisition of subsidiary undertakings	-	-	(1)
Movement of reserves	15,678	6,141	9,537
Other movements	(5,060)	(1,475)	(3,584)
At 30 June 2021	42,974	10,694	32,280

Included within other movements are the 2018 and prior years' claims reserves reinsured into the 2019 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 2021	113,371	30,781	82,590
Increase in reserves arising from acquisition of subsidiary undertakings	57,941	15,405	42,537
Movement of reserves	15,796	6,204	9,592
Other movements	(455)	1,043	(1,499)
At 31 December 2021	186,653	53,433	133,220

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2021	32,356	6,028	26,328
Increase in reserves arising from acquisition of subsidiary undertakings	15,649	3,095	12,553
Movement of reserves	11,201	1,484	9,717
Other movements	405	(69)	475
At 31 December 2021	59,611	10,538	49,073

Included within other movements are the 2018 and prior years' claims reserves reinsured into the 2019 year of account on which the Group does not participate and currency exchange differences.

Notes to the financial statements *continued*

Six months ended 30 June 2022

6. Net investment income

	6 months ended 30 June 2022 Unaudited £'000	6 months ended 30 June 2021 Unaudited £'000	12 months ended 31 December 2021 Audited £'000
Investment income	(3,503)	183	1,549
Realised (losses)/gains on financial assets at fair value through profit or loss	12	-	392
Unrealised (losses)/gains on financial assets at fair value through profit or loss	(61)	-	(1,316)
Investment management expenses	(2)	-	(74)
Bank interest	78	2	17
Net investment income	(3,476)	185	568

Included within Investment income are investment losses of £3,560,000 from Syndicate participations.

7. Income tax charge

Analysis of tax charge/(credit) in the period

	6 months ended 30 June 2022 Unaudited £'000	6 months ended 30 June 2021 Unaudited £'000	12 months ended 31 December 2021 Audited £'000
Income tax credit	214	1,839	(210)

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 19.00% (2021: 19.00%).

On 23 September 2022, the Chancellor announced that next year's increase in the corporation tax rate from 19% to 25% will be cancelled. The deferred tax asset provided in the financial statements has been calculated at 25% being the substantively enacted corporation tax rate at the Balance Sheet date. The maximum impact of the reduction in the corporation tax rate is a reduction in the deferred tax asset of £3.5m.

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.

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 2022 Unaudited	6 months ended 30 June 2021 Unaudited	12 months ended 31 December 2021 Audited
(Loss)/profit for the year after tax attributable to ordinary equity holders of the parent	(3,645,000)	(2,319,000)	(434,000)
Basic - weighted average number of ordinary shares*	67,786,212	59,704,671	58,058,164
Weighted average number of ordinary shares for diluted earnings per share*	67,786,212	59,704,671	58,058,164
Basic (loss)/earnings per share	(5.38)p	(3.88)p	(0.75)p
Diluted (loss)/earnings per share	(5.38)p	(3.88)p	(0.75)p

* Diluted loss per share is not permitted to be reduced from the basic loss per share.

9. Dividends paid or proposed

It was proposed and agreed at the AGM on 29 June 2022 that a dividend of 3p would be payable.

10. Investments in subsidiaries

	30 June 2022 £'000	30 June 2021 £'000	31 December 2021 £'000
Total	71,362	45,335	71,362

Notes to the financial statements *continued*

Six months ended 30 June 2022

10. Investments in subsidiaries (continued)

	Direct/indirect interest	30 June 2022 ownership	31 December 2021 ownership	Principal activity
Nameco (No. 917) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Devon Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 346) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Pooks Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Charmac Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
RBC CEES Trustee Limited ⁽ⁱ⁾	Direct	100%	100%	Joint Share Ownership Plan
Nottus (No 51) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Chapman Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Llewellyn House Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Advantage DCP Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Romsey Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Helios UTG Partner Limited ⁽ⁱ⁾	Direct	100%	100%	Corporate partner
Salviscount LLP	Indirect	100%	100%	Lloyd's of London corporate vehicle
Inversanda LLP	Indirect	100%	100%	Lloyd's of London corporate vehicle
Fyshe Underwriting LLP	Indirect	100%	100%	Lloyd's of London corporate vehicle
Nomina No 505 LLP	Indirect	100%	100%	Lloyd's of London corporate vehicle
Nomina No 321 LLP	Indirect	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 409) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 1113) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Catbang 926 Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Whittle Martin Underwriting	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 408) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nomina No 084 LLP	Indirect	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 510) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 544) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
N J Hanbury Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 1011) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 1111) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nomina No 533 LLP	Indirect	100%	100%	Corporate partner
North Breache Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
G T C Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Hillnameco Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 2012) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 1095) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
New Filcom Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Kemah Lime Street Capital	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 1130) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nomina No 070 LLP	Indirect	100%	100%	Corporate partner
Nameco (No 389) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nomina No 469 LLP	Indirect	100%	100%	Corporate partner
Nomina No 536 LLP	Indirect	100%	100%	Corporate partner
Nameco (No 301) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 1232) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Shaw Lodge Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Queensberry Underwriting	Direct	100%	100%	Lloyd's of London corporate vehicle
Nomina No 472 LLP	Indirect	100%	100%	Corporate partner
Nomina No 110 LLP	Indirect	100%	100%	Corporate partner
Chanterelle Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Kunduz LLP	Indirect	100%	100%	Corporate partner
Exalt Underwriting Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 1110) Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Clifton 2011 Limited	Direct	100%	100%	Lloyd's of London corporate vehicle
Nomina No 378 LLP	Indirect	100%	100%	Corporate partner
Gould Scottish Limited Partnership	Indirect	100%	100%	Corporate partner

(i) Helios UTG Partner Limited, a subsidiary of the Company, owns 100% of Salviscount LLP, Inversanda LLP, Fyshe Underwriting LLP, Nomina No 505 LLP, Nomina No 321 LLP, Nomina No 084 LLP, Nomina No 533 LLP, Nomina No 070 LLP, Nomina No 469 LLP, Nomina No 536 LLP, Nomina No 472 LLP, Nomina No 110 LLP, Kunduz LLP, Nomina No 348 LLP and Gould Scottish Limited Partnership. The cost of acquisition of these LLPs is accounted for in Helios UTG Partner Limited, their immediate parent company.

(ii) RBC CEES Trustee Limited was an incorporated entity in year 2017 to satisfy the requirements of the Joint Share Ownership.

Notes to the financial statements *continued*

Six months ended 30 June 2022

11. Share capital and share premium

	Number of shares (i)	Ordinary share capital £'000	Partly paid ordinary share capital £'000	Share premium £'000	Total £'000
Ordinary shares of 10p each and share premium at 31 December 2021	69,305,381	6,821	110	86,330	93,261
Ordinary shares of 10p each and share premium at 30 June 2022	69,305,381	6,821	110	86,330	93,261

(i) Number of shares

	30 June 2022	31 December 2021
Allotted, called up and fully paid ordinary shares:		
On the market	67,786,212	67,786,212
Company buy back of ordinary shares held in treasury	419,169	419,169
	68,205,381	68,205,381
Uncalled and partly paid ordinary share under the JSOP scheme (ii)	1,100,000	1,100,000
	69,305,381	69,305,381

(ii) The partly paid ordinary shares are not entitled to dividend distribution rights during the year.

12. Related party transactions

A number of subsidiary companies have entered into quota share reinsurance contracts for the 2020, 2021 and 2022 years of account with protected cell companies of Hampden Insurance PCC (Guernsey) Limited.

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. Hampden Capital plc, a substantial shareholder in Helios Underwriting plc, is also a substantial shareholder in Hampden Insurance Guernsey PCC Limited – Cell 6. Under quota share agreements between Cell 6 and certain Helios subsidiaries, the Group accrued a net reinsurance premium recovery of £2,596,000 (2021: £4,232,000) during the period.

In addition, HIPCC provide stop loss, portfolio stop loss and HASP reinforce policies for the company.

HIPCC Limited acts as an intermediary for the reinsurance products purchased by Helios. An arrangement has been put in place so that 51% of the profits generated by HIPCC (being Nigel Hanburys share) in respect of the business relating to Helios will be repaid to Helios for the business transacted for the 2021 and subsequent underwriting years.

13. 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 2022

14. 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		
		2022 £	2021 £	2020 £
33	Hiscox Syndicates Limited	13,830,779	13,830,793	14,193,201
218	IQUW Syndicate Management Limited	7,070,046	7,070,053	6,558,839
318	Cincinnati Global Underwriting Agency Limited	992,637	992,635	404,687
386	QBE Underwriting Limited	2,543,190	2,312,008	2,249,975
510	Tokio Marine Kiln Syndicates Limited	32,301,169	22,594,020	19,595,324
557	Tokio Marine Kiln Syndicates Limited	3,458,576	3,458,576	3,236,695
609	Atrium Underwriters Limited	12,071,789	11,612,849	10,545,464
623	Beazley Furlonge Limited	21,576,129	18,913,248	16,129,766
727	S A Meacock & Company Limited	2,059,162	1,999,191	3,053,284
1176	Chaucer Syndicates Limited	2,784,204	2,784,212	2,813,031
1200	Argo Managing Agency Limited	10,050,000	—	160,714
1729	Asta Managing Agency Limited	10,148,838	131,123	295,476
1902	Asta Managing Agency Limited	10,000,002	—	—
1969	Apollo Syndicate Management Limited	5,610,170	400,001	—
1971	Apollo Syndicate Management Limited	6,467,147	—	—
1991	Coverys Manageming Agency Limited	—	—	53,345
2010	Lancashire Syndicates Limited	10,137,041	9,547,814	4,188,754
2014	Pembroke Managing Agency Limited	—	—	—
2121	Argenta Syndicate Management Limited	10,019,394	5,472,177	2,473,682
2288	Astra Managing Agency Limited	—	—	8,139
2525	Asta Managing Agency Limited	1,281,801	1,193,027	1,149,189
2689	Asta Managing Agency Limited	10,025,276	438,655	518,866
2791	Managing Agency Partners Limited	9,217,847	9,217,851	10,303,120
4242	Asta Managing Agency Limited	12,561,664	8,483,065	423,592
4444	Canopus Managing Agents Limited	—	162,189	281,110
5623	Beazley Furlonge Limited	6,894,032	4,769,792	2,883,293
5886	Asta Managing Agency Limited	22,520,345	12,054,953	7,277,465
6103	Managing Agency Partners Limited	3,073,952	2,704,446	2,076,669
6104	Hiscox Syndicates Limited	1,702,213	1,695,393	1,738,097
6107	Beazley Furlonge Limited	1,562,047	1,548,102	1,562,779
6117	Argo Managing Agency Limited	2,741,022	1,715,599	1,556,376
6133	Apollo Syndicate Management Limited	—	—	14,400
Total		232,700,472	145,101,772	115,745,332

Notes to the financial statements *continued*

Six months ended 30 June 2022

15. 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 2022			30 June 2021			31 December 2021		
	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000
Assets									
Intangible assets	60,889	-	60,889	31,601	-	31,601	60,889	-	60,889
Financial assets at fair value through profit or loss	58,838	127,615	186,453	18,543	64,504	83,047	43,589	110,256	153,844
Reinsurance assets:									
– reinsurers' share of claims outstanding	60	73,014	73,074	61	32,739	32,800	60	53,373	53,433
– reinsurers' share of unearned premium	-	23,992	23,992	-	10,694	10,694	-	10,538	10,538
Other receivables, including insurance and reinsurance receivables	4,885	122,598	127,483	11,496	54,731	66,227	5,456	82,403	87,859
Deferred acquisition costs	-	19,424	19,424	-	8,119	8,119	-	13,615	13,615
Prepayments and accrued income	1,223	1,699	2,922	828	805	1,633	1	798	799
Cash and cash equivalents	12,979	23,085	36,064	52,272	9,871	62,143	16,178	8,447	24,624
Total assets	138,874	391,427	530,301	114,801	181,463	296,264	126,173	279,430	405,601
Liabilities									
Insurance liabilities:									
– claims outstanding	-	241,783	241,783	-	115,559	115,559	-	186,653	186,653
– unearned premium	-	97,509	97,509	-	42,974	42,974	-	59,611	59,611
Deferred income tax liabilities	11,568	-	11,568	8,546	-	8,546	11,887	79	11,965
Borrowings	15,000	-	15,000	-	-	-	-	-	-
Other payables, including insurance and reinsurance payables	844	57,303	58,147	89	25,551	25,640	445	34,482	34,926
Accruals and deferred income	2,743	1,742	4,485	3,320	952	4,272	2,607	2,093	4,700
Total liabilities	30,155	398,337	428,492	11,955	185,036	196,991	14,939	282,918	297,855
Equity attributable to owners of the Parent									
Share capital	6,931	-	6,931	6,817	-	6,817	6,931	-	6,931
Share premium	86,330	-	86,330	85,502	-	85,502	86,330	-	86,330
Revaluation reserve	-	-	-	3,642	-	3,642	-	-	-
Other reserves	(110)	-	(110)	(50)	-	(50)	(110)	-	(110)
Retained earnings	15,568	(6,910)	8,658	6,935	(3,573)	3,362	18,083	(3,488)	14,595
Total equity	108,719	(6,910)	101,809	102,846	(3,573)	99,273	111,234	(3,488)	107,746
Total liabilities and equity	138,874	391,427	530,301	114,801	181,463	296,264	126,173	279,430	405,601

Notes to the financial statements *continued*

Six months ended 30 June 2021

Directors, Registered office and advisers

Directors

Harold Michael Clunie Cunningham (Non-executive Chairman)

Nigel John Hanbury (Chief Executive)

Andrew Hildred Christie (Non-executive Director)

Arthur Roger Manners (Finance Director)

Edward Fitzalan-Howard (Non-executive Director)

Thomas John Libassi (Non-executive Director)

Martin Robert Davidson Reith (Non-executive Director)

Company secretary

Martha Bruce

Bruce Wallace Associates Limited

118 Pall Mall

London SW1Y 5ED

Company number

05892671

Registered office

40 Gracechurch Street

London EC3V 0BT

Statutory auditors

PKF Littlejohn LLP

15 Westferry Circus

Canary Wharf

London E14 4HD

Nominated adviser and broker

Shore Capital

Cassini House,

57 St James's Street

London SW1A 1LD

Lloyd's members' agent

Hampden Agencies Limited

40 Gracechurch Street

London EC3V 0BT

Registrars

Neville Registrars Limited

Neville House

Steelpark Road

Halesowen B62 8HD

INDEPENDENT REVIEW REPORT TO HELIOS UNDERWRITING PLC

Conclusion

We have been engaged by the group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows, 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 set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and AIM Rules for Companies.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued 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.

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for companies.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of financial information

In reviewing the half-yearly report, we are responsible for expressing to the group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 23 September 2022. Our review has been undertaken so that we might state to the company's directors those matters we have agreed to state to them in a reviewer's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's directors as a body, for our work, for this report, or for the conclusions we have formed.

PKF Littlejohn LLP
Statutory Auditor
28 September 2022

15 Westferry Circus
Canary Wharf
London E14 4HD