

Helios Underwriting plc

Interim Report and Financial Statements

For the six months ended 30 June 2018

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Six months ended 30 June 2018

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Chairman's statement

Six months ended 30 June 2018

The Board is pleased to announce the results for the six months to 30th June 2018. The highlights are as follows:

- The operating profits before goodwill and impairment are £153,000 (30 June 2017 - £365,000)
- The contributions from the open underwriting years have reduced as the forecast improvements for the profitability for the older underwriting years - 2016 and 2017 - are lower.
- Two acquisitions have been completed in the post balance sheet period of these Financial Statements, with capacity of £1.4m. There is now a good flow of Limited Liability Vehicles (LLV's) for sale and we believe that we will be able to acquire a number of those currently available at prices that will be accretive to shareholder value. There have been 35 LLV's offered for sale so far in 2018 of which 15 remain unsold.
- The value of Lloyds' syndicate capacity is 30% lower in 2018 than the previous year and this provides an opportunity to continue to build the capacity fund to create value for shareholders.
- The first six months of 2018 experienced lower loss activity than 2017 which incurred significant losses from natural catastrophes.
- Small premium rate increases were achieved by underwriters in the first six months of 2018 which together with greater discipline encouraged by the Franchise Board at Lloyds in underwriting profitable portfolios should allow a return to profitable underwriting.
- Other income is in line with expectations and we continue to benefit from the fees and profit commissions payable by the quota share reinsurers. The investments held in Funds at Lloyds incurred a small negative return during the period.
- Earnings per share is 1.25p per share (30 June 2017 – 2.03p)
- The Adjusted Net Asset Value per share is £1.61 per share (31st December 2017 - £1.60p per share)

SUMMARY FINANCIAL INFORMATION

	6 months to 30th June		31 st December
	2018 £000's	2017 £000's	2017 £000's
Underwriting profits	741	1,070	183
Other income	18	391	1,278
Costs	(606)	(1,096)	(1,867)
Operating profit/(loss) for the period before impairment and goodwill	153	365	(406)
Profit/(loss) after tax	182	297	(694)
Earnings (Loss) per share	1.25p	2.03p	(4.75p)
Adjusted Net Asset Value per Share	£1.61	£1.93	£1.6

The contribution from the older underwriting years (2016 and 2017) is lower than the same period last year. Although the loss activity has been muted in the first six months of 2018, the full effect of the actual loss activity will be reflected in the full year results.

Helios remains one of very few 'consolidators' of LLV's in the Lloyds market and the only one with a listing on an investment exchange. To date we have bought 30 such vehicles over a number of years. However, we are now seeing a significantly increased flow of attractive targets. The lack of buyers and increased supply is leading to prices that are more competitive.

Smaller investors are finding their costs increasing combined with an expectation of lower returns which can partially explain the increased flow. There are no accurate statistics as to the age of the 'decision makers' within the community of LLV owners but the directors feel that many are aged and executor sales are a common feature. The complexity inherent in the business of running an LLV, more onerous regulatory requirements, rising costs and falling profits is a powerful incentive to put a vehicle up for sale and we strongly feel that the flow will increase in the coming months and years until a new equilibrium is reached based around fewer, larger investors. A window of opportunity has been opened which is exciting for Helios. We intend to take advantage of this opportunity before it closes and the Board is considering options to source the funds to acquire further LLV's.

Chairman's statement *continued*

Helios Underwriting plc

Capacity acquired

Since the beginning of 2018 two corporate members have been acquired that has increased the capacity for the 2016 to 2018 years of account as follows:

	Year of account – £m		
	2016	2017	2018
Capacity at 1 January 2018	37.8	37.0	41.0
Acquired during 2018	1.3	1.3	1.4
Capacity at 28 th September 2018	39.1	38.3	42.4
Helios Retained Capacity	19.5	13.0	12.7
Proportion of Capacity retained	50%	34%	30%

Our strategy of building the portfolio of syndicate capacity continues to rely on the flow of LLV's for sale at reasonable prices. The flow of companies put up for sale was late in starting as the full effect of the 2017 losses and lower capacity values had to be factored into the valuations. Since July, there has been a steady flow of vehicles being offered for sale. We have been active in assessing the potential acquisitions and would hope to be able to complete further acquisitions in the near future. We continue to remain selective on the vehicles acquired and several have been sold recently at prices that were unattractive to us.

We continue to reduce our exposure by 70% on the open underwriting year 2018 through quota share reinsurance. The quota share reinsurers fund their share of the capital requirements and pay Helios a fee and a profit commission. Stop loss reinsurance is bought for the remaining 30% to limit the Group's exposure in the event of large underwriting losses. As the size of our capacity fund increases more reinsurance can be ceded which in turn should increase our flow of fees and profit commission. Our costs should not increase at the same pace.

The Adjusted Net Asset Value per share is £1.61 per share (Dec 2017 - £1.60 per share). 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.

The company has commenced a program of buying back its own shares and to date has acquired 136,778 shares at an average price of 125p a significant discount to Adjusted Net Asset Value. We expect to continue this share buyback program.

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 result

Financial results summary

Six months ended 30 June 2018

Helios Underwriting plc

	6 months to 30 June 2018	6 months to 30 June 2017	Year to 31 December 2017
Underwriting profits	741	1,070	183
Other Income			
Fees from reinsurers	400	233	426
Corporate reinsurance recoveries	(179)		629
Goodwill on bargain purchase	-		65
Investment income	(203)	158	158
Total Other Income	18	391	1278
Costs			
Pre - acquisition	-	(126)	38
Stop loss costs	(30)	(113)	(259)
Operating costs	(576)	(857)	(1646)
Total Costs	(606)	(1,096)	(1867)
Profit for the year	153	365	(406)
Impairment charge	82	8	(899)
Tax	(53)	(76)	611
Retained Profit	182	297	(694)

Period to 30th June 2018

Underwriting Year	Helios retained capacity at 30 June 2018 £m	Portfolio mid point forecasts	Total profi/(loss)t currently estimated £'000	% earned in the 2018 half year calendar	Helios Profits £'000
2016	17.8	5.40%	952	38%	366
2017	12	(7.4)%	(888)	(57)%	510
2018	12.3	N/A			(135)
					741

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

Year to 31 December 2017

Underwriting Year	Helios retained capacity at 31 December 2017 £m	Portfolio mid point forecasts	Total profit currently estimated £'000	% earned in the 2017 half year calendar	Helios Profits £'000
2015	19.7	12.9%	2,547	51%	1,294
2016	18.3	3.5%	641	116%	741
2017	12.0	N/A			(1,852)
					183

Financial results summary *continued*

Six months ended 30 June 2018

Summary Balance Sheet

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

	6 Months to June 2018 £'000	6 Months to June 2017 £'000	Year to 31 December 2017 £'000
Intangible assets	12,257	12,495	12,175
Funds at Lloyd's	7,785	6,884	10,489
Other cash	4,480	5,832	1,078
Other assets	4,479	2,383	6,669
Total assets	29,001	27,594	30,411
Deferred tax	2,094	2,943	2,963
Borrowings	-	-	1,094
Other liabilities	2,504	5,903	4,390
Total liabilities	4,598	8,846	8,447
Syndicate equity	(3,430)	3,253	(954)
Total equity	20,973	22,001	21,010

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 2018 £'000	6 months to 30 June 2017 £'000	Year to 31 December 2017 £'000
Opening Balance (free cash)	1,078	7,229	7,229
Income			
Acquired on acquisition	-	237	420
Distribution of profits (net of tax retentions)	3,177	4,490	4,064
Transfers from Funds at Lloyds'	3,887	66	2,211
Investment income	8	25	300
Other income	-	-	-
Sale of investments	-	-	-
Borrowings	(1,094)	-	1,094
Expenditure			
Operating costs (inc Hampden / Nomina fees)	(447)	(646)	(1,294)
Reinsurance Cost	(122)	(115)	(262)
Payments to QS reinsurers	(1,279)	-	(550)
Acquisition of LLV's	-	(4,080)	(4,858)
Transfers to Funds at Lloyds'	(728)	(560)	(5,818)
Tax	-	(2)	(655)
Dividends paid	-	(812)	(803)
Closing balance	4,480	5,832	1,078

Financial results summary *continued*

Six months ended 30 June 2018

Adjusted NAV

	6 months to 30 June 2018 £'000	6 months to 30 June 2017 £'000	Year to 31 December 2017 £'000
Net tangible assets	8,716	9,506	8,835
Group letters of credit	1,711	2,160	1,532
Value of capacity (WAV)	13,046	16,484	13,046
	<u>23,473</u>	<u>28,150</u>	<u>23,413</u>
Share in issue – basic & diluted	14,604	14,604	14,604
Adjusted net asset value per share £	1.61	1.93	1.60

Interim condensed consolidated statement of comprehensive income

Six months ended 30 June 2018

Helios Underwriting plc

		6 months ended 30 June 2018 Unaudited £'000	6 months ended 30 June 2017 Unaudited £'000	12 months ended 31 December 2017 Audited £'000
	Note			
Gross premium written	4	20,647	17,061	34,701
Reinsurance premium ceded		(6,043)	(5,119)	(6,717)
Net premium written	4	14,604	11,942	27,984
Change in unearned gross premium provision	5	(3,793)	(432)	1,761
Change in unearned reinsurance premium provision	5	1,946	771	(319)
	5	(1,847)	339	1,442
Net earned premium	3,4	12,757	12,281	29,426
Net investment income	6	(87)	581	1,010
Other underwriting income		-	-	267
Other income		344	255	(35)
Revenue		13,014	13,117	30,668
Gross claims paid		(10,543)	(8,108)	(19,204)
Reinsurers' share of gross claims paid		2,083	1,038	4,905
Claims paid, net of reinsurance		(8,460)	(7,070)	(14,299)
Change in provision for gross claims	5	4,255	(1,810)	(8,761)
Reinsurers' share of change in provision for gross claims	5	(4,320)	678	5,028
Net change in provision for claims	5	(65)	(1,132)	(3,733)
Net insurance claims and loss adjustment expenses	4	(8,525)	(8,202)	(18,032)
Expenses incurred in insurance activities		(3,992)	(3,967)	(11,819)
Other operating expenses		(344)	(583)	(1,288)
Operating expenses		(4,336)	(4,550)	(13,107)
Operating profit before goodwill and impairment	4	153	365	(471)
Goodwill on bargain purchase		-	-	65
Impairment of goodwill		-	-	-
Impairment of syndicate capacity		82	8	(899)
Profit before tax		235	373	(1,305)
Income tax charge	7	(53)	(76)	611
Profit for the period		182	297	(694)
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		182	297	(694)
Profit for the period attributable to owners of the Parent		182	297	(694)
Total comprehensive income for the period attributable to owners of the Parent		182	297	(694)
Earnings per share attributable to owners of the Parent				
Basic	8	1.25p	2.03p	(4.75)p
Diluted	8	1.20p	2.03p	(4.74)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 2018

	Note	6 months ended 30 June 2018 Unaudited £'000	6 months ended 30 June Unaudited 2017 £'000	12 months ended 31 December Audited £'000
Assets				
Intangible assets		12,257	12,495	12,175
Financial assets at fair value through profit or loss		41,711	43,886	48,074
Reinsurance assets:				
– reinsurers' share of claims outstanding	5	14,164	8,840	14,836
– reinsurers' share of unearned premium	5	4,791	3,976	2,354
Other receivables, including insurance and reinsurance receivables		36,179	28,967	32,949
Deferred acquisition costs		4,382	4,218	4,420
Prepayments and accrued income		642	364	268
Cash and cash equivalents		8,039	6,853	2,844
Total assets		122,165	109,599	117,920
Liabilities				
Insurance liabilities:				
– claims outstanding	5	55,685	45,772	59,833
– unearned premium	5	20,773	19,193	15,916
Deferred income tax liabilities		2,094	2,943	2,963
Borrowings		-	-	1,094
Other payables, including insurance and reinsurance payables		21,509	15,273	15,558
Accruals and deferred income		1,131	4,417	1,546
Total liabilities		101,192	87,598	96,910
Equity				
Equity attributable to owners of the Parent:				
Share capital	11	1,510	1,460	1,510
Share premium	11	15,387	15,387	15,387
Other reserves – treasury shares	11	(50)	-	(50)
Retained earnings		4,126	5,154	4,163
Total equity		20,973	22,001	21,010
Total liabilities and equity		122,165	109,599	117,920

The Financial Statements were approved and authorised for issue by the Board of Directors on 27 September 2018, 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 2018

Consolidated	Note	Attributable to owners of the Parent				Total £'000
		Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	
At 1 January 2018		1,510	15,387	(50)	4,163	21,010
Total comprehensive income for the year:						
Profit for the year		-	-	-	182	182
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year		-	-	-	182	182
Transactions with owners:						
Dividends paid	9	-	-	-	(219)	(219)
Other		-	-	-	-	-
Total transactions with owners		-	-	-	(219)	(219)
At 30 June 2018		1,510	15,387	(50)	4,126	20,973
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		-	-	-	(803)	(803)
Share issue		-	(12)	-	-	(12)
Total transactions with owners		-	(12)	-	(803)	(815)
At 30 June 2017		1,460	15,387	-	5,154	22,001
At 1 January 2017		1,460	15,399	-	5,660	22,519
Total comprehensive income for the year:						
Profit for the year		-	-	-	(694)	(694)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year		-	-	-	(694)	(694)
Transactions with owners:						
Dividends paid		-	-	-	(803)	(803)
Treasury shares (JSOP)	11	-	-	(50)	-	(50)
Share issue	11	50	(12)	-	-	38
Total transactions with owners		50	(12)	(50)	(803)	(815)
At 31 December 2017		1,510	15,387	(50)	4,163	21,010

The notes are an integral part of these Financial Statements.

Interim condensed consolidated statement of cash flows

Six months ended 30 June 2018

	6 months ended 30 June 2018 Unaudited £'000	6 months ended 30 June Unaudited £'000 2017	12 months ended 31 December Audited £'000
Cash flows from operating activities			
Profit before tax	235	373	(1,305)
Adjustments for:			
- Other comprehensive income, gross of tax	-	-	-
- Interest received	(6)	(2)	(126)
- Investment income	6	(526)	(731)
- Goodwill on bargain purchase	-	-	65
- Impairment of goodwill	-	-	-
- (Profit)/loss on sale of intangible assets	-	-	(4)
- Impairment of intangible assets	(82)	(8)	899
- Goodwill on acquisition	-	(134)	-
Changes in working capital:			
- change in fair value of financial assets held at fair value through profit or loss	(46)	(105)	426
- (increase)/decrease in financial assets at fair value through profit or loss	7,248	5,835	2,314
- (increase)/decrease in other receivables	(3,566)	5,636	2,920
- (increase)/decrease in other payables	3,775	(463)	(1,790)
- net (increase)/decrease in technical provisions	(1,056)	(7,017)	(2,801)
Cash generated/(utilised) from operations	6,402	3,589	(262)
Income tax paid	-	2	(630)
Net cash inflow from operating activities	6,402	3,591	(893)
Cash flows from investing activities			
Interest received	6	2	126
Investment income	100	526	731
Purchase of intangible assets	-	-	(180)
Proceeds from disposal of intangible assets	-	-	28
Acquisition of subsidiaries, net of cash acquired	-	(3,478)	(3,471)
Net cash inflow from investing activities	106	(2,950)	(2,766)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	-	-	-
Borrowings	(1,094)	-	1,094
Dividends paid to owners of the Parent	(219)	-	(803)
Net cash outflow from financing activities	(1,313)	-	291
Net increase in cash and cash equivalents	5,195	641	(3,368)
Cash and cash equivalents at beginning of period	2,844	6,212	6,212
Cash and cash equivalents at end of period	8,039	6,853	2,844

Cash held within the syndicates' accounts is £3,900,000 (2017: £4,439,000) of the total cash and cash equivalents held at the end of the period £8,039,000 (2017: £6,853,000). 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 2018

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 2018.

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, Chapman Underwriting Limited, RBC CEES Trustees Limited, Helios UTG Partner Limited, Nomina No 035 LLP, Nomina No 342 LLP, Nomina No 380 LLP, Nomina No 372 LLP, Salviscount LLP and Inversanda LLP (Note 10).

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2018 and 2017 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 2017.

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 2017. The new standards and amendments to standards and interpretations effective after 1 January 2018, as disclosed in the Annual Report for the year ended 31 December 2017, have not had a significant impact on the Condensed Consolidated Interim Financial Statements at 30 June 2018.

New standards effective from 1 January 2018:-

- IFRS 9 "Financial Instruments", issued on 24 July 2014 (effective 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers", issued on 27 May 2014, including amendments to IFRS 15, issued on 11 September 2015 (effective 1 January 2018).]
- IFRS 16 "Leases", issued on 13 January 2016 (effective 1 January 2019).
- Clarifications to IFRS 15 "Revenue from Contracts with Customers", issued on 12 April 2014 (effective 1 January 2018).
- Amendments to IFRS 12: Classification and Measurement of Share-based Payment Transactions, issued on 20 June 2016 (effective 1 January 2018).
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts", issued on 12 September 2016 (effective 1 January 2018).
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration, issued on 8 December 2016 (effective 1 January 2018).
- Amendments to IAS 40: Transfers of Investment Property, issued on 8 December 2016 (effective 1 January 2018).

Notes to the financial statements *continued*

Six months ended 30 June 2018

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 2018 Unaudited				
Net earned premium	14,012	-	(1,255)	12,757
Net investment income	(102)	15	-	(87)
Other income	-	-	344	344
Net insurance claims and loss adjustment expenses	(8,525)	-	-	(8,525)
Expenses incurred in insurance activities	(2,851)	-	(1,141)	(3,992)
Other operating expenses	-	-	(344)	(344)
Goodwill on bargain purchase	-	-	-	-
Impairment of goodwill	-	-	-	-
Impairment of syndicate capacity (see Note 13)	-	-	82	82
Profit before tax	2,534	15	(2,314)	235

	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
12 months ended 31 December 2017 Audited				
Net earned premium	29,426	-	-	29,426
Net investment income	909	101	-	1,010
Other income	(169)	-	401	232
Net insurance claims and loss adjustment expenses	(19,621)	-	1,589	(18,032)
Expenses incurred in insurance activities	(11,543)	-	(276)	(11,819)
Other operating expenses	30	-	(1,318)	(1,288)
Goodwill on bargain purchase	-	-	65	65
Impairment of goodwill	-	-	-	-
Impairment of syndicate capacity (see Note 13)	-	-	(899)	(899)
Profit before tax	(968)	101	(4,38)	(1,305)

Notes to the financial statements *continued*

Six months ended 30 June 2018

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 2018 other corporate activities totalling £1,255,000 (2017:1,457,000 – 2015, 2016 and 2017 years of account) represents the 2016, 2017 and 2018 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 goodwill and impairment

6 months ended 30 June 2018	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2016 and prior £'000	2017 £'000	2018 £'000	Sub-total £'000				
Gross premium written	337	2,940	17,370	20,647	-	-	-	20,647
Reinsurance ceded	103	(542)	(4,319)	(4,758)	-	(1,255)	(30)	(6,043)
Net premium written	440	2,398	13,051	15,888	-	(1,255)	(30)	14,604
Net earned premium	1,764	8,511	3,767	14,042	-	(1,255)	(30)	12,757
Other income	195	(139)	3	59	-	400	(202)	257
Net insurance claims and loss adjustment expenses	(333)	(4,581)	(3,432)	(8,346)	-	-	(179)	(8,525)
Operating expenses	(608)	(2,362)	(790)	(3,760)	-	-	(576)	(4,336)
Operating profit before goodwill and impairment	1,017	1,430	(452)	1,995	-	(855)	(987)	153
Quota share adjustment	(651)	(920)	317	(1,254)	-	1,254	-	-
Operating profit before goodwill and impairment after quota share adjustment	366	510	(135)	741	-	399	(987)	153

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

Notes to the financial statements *continued*

Six months ended 30 June 2018

4. Operating profit before goodwill and impairment (Continued)

12 months ended 31 December 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	15	4,688	32,021	36,724	(2,023)	-	-	34,701
Reinsurance ceded	128	(789)	(6,244)	(6,905)	447	-	(259)	(6,717)
Net premium written	143	3,899	25,777	29,819	(1,576)	-	(259)	27,984
Net earned premium	1,974	15,063	14,151	31,188	(1,503)	-	(259)	29,426
Other income	211	313	233	757	(98)	425	158	1,242
Net insurance claims and loss adjustment expenses	1,742	(8,524)	(14,458)	(21,240)	990	1,589	629	(18,032)
Operating expenses	(1,588)	(4,825)	(5,697)	(12,110)	649	-	(1,646)	(13,107)
Operating profit before goodwill and impairment	2,339	2,027	(5,771)	(1,405)	38	2,014	(1,118)	(471)
Quota share adjustment	(1,004)	(1,287)	3,920	1,589	-	(1,589)	-	-
-Operating profit before goodwill and impairment after quota share adjustment	1,294	741	(1,852)	183	38	425	(1,118)	(471)

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 2018	59,833	14,836	44,997
Increase in reserves arising from acquisition of subsidiary undertakings	-	-	-
Movement of reserves	(4,255)	(4,320)	65
Other movements	107	3,648	(3,541)
At 30 June 2018	55,685	14,164	41,521

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2018	15,916	2,354	13,562
Increase in reserves arising from acquisition of subsidiary undertakings	-	-	-
Movement of reserves	3,793	1,946	1,847
Other movements	1,064	491	573
At 30 June 2018	20,773	4,791	15,982

Included within other movements are the 2015 and prior years' claims reserves reinsured into the 2016 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 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

Notes to the financial statements *continued*

Six months ended 30 June 2018

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 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 2017	50,087	9,674	40,413
Increase in reserves arising from acquisition of subsidiary undertakings	6,390	1,467	4,923
Movement of reserves	8,761	5,028	3,733
Other movements	(5,405)	(1,333)	(4,072)
At 31 December 2017	59,833	14,836	44,997

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	2,909	291	2,617
Movement of reserves	(1,761)	(319)	(1,442)
Other movements	(2,053)	(166)	(1,886)
At 31 December 2017	15,916	2,354	13,562

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.

6. Net investment income

	6 months ended 30 June 2018 Unaudited £'000	6 months ended 30 June 2017 Unaudited £'000	12 months ended 31 December 2017 Audited £'000
Investment income	100	526	731
Realised (losses)/gains on financial assets at fair value through profit or loss	(38)	193	652
Unrealised (losses)/gains on financial assets at fair value through profit or loss	(155)	(139)	(426)
Investment management expenses	-	(1)	(73)
Bank interest	6	2	126
Net investment income	(87)	581	1,010

Notes to the financial statements *continued*

Six months ended 30 June 2018

7. Income tax charge

Analysis of tax charge/(credit) in the period

	6 months ended 30 June 2018 Unaudited £'000	6 months ended 30 June 2017 Unaudited £'000	12 months ended 31 December 2017 Audited £'000
Income tax charge	53	179	(611)

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 19.25% (2017: 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 2018 Unaudited	6 months ended 30 June 2017 Unaudited	12 months ended 31 December 2017 Audited
Profit for the period after tax attributable to ordinary shareholders	£182,000	£297,000	£(694,000)
Weighted average number of shares in issue	14,604,240	14,604,240	14,604,240
Basic earnings per share	1.25p	2.03p	(4.75)p
Diluted earnings per share	1.20p	2.03p	(4.74)p

9. Dividends paid or proposed

A final dividend of 1.5p per share was proposed and agreed at the AGM on 27 June 2018 (2017: 5.5p), amounting to a total of £219,000. The dividend payment was settled on 6 July 2018.

Notes to the financial statements *continued*

Six months ended 30 June 2018

10. Investments in subsidiaries

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Total	15,456	23,015	15,456

At 30 June 2018 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 2018 ownership	30 June 2017 ownership	31 December 2017 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%	100%	100%	Lloyd's of London corporate vehicle
Charmac Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nottus (No 51) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Chapman Underwriting Limited	Direct	100%	-	100%	Lloyd's of London corporate vehicle
RBC CEES Trustees Limited	Direct	100%	-	100%	Joint Share Ownership Plan
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%	100%	Lloyd's of London corporate vehicle
Inversanda 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, Salviscount LLP and Inversanda LLP.

There were no acquisitions during this period.

For details of all new acquisitions made during the post balance sheet period refer to note 17.

11. Share capital and share premium

	Number of shares	Ordinary share capital £'000	Partly paid ordinary share capital £'000	Share premium £'000	Total £'000
Allotted, called up and fully paid					
Ordinary shares of 10p each and share premium at 30 June 2017	14,604,240	1,460	-	15,387	16,847
Ordinary shares of 10p each and share premium at 31 December 2017	15,104,240	1,460	50	15,387	16,897
Ordinary shares of 10p each and share premium at 30 June 2018	15,104,240	1,460	50	15,387	16,897

The partly paid ordinary shares are not entitled to dividend distribution rights during the period.

Helios Underwriting plc

Notes to the financial statements *continued*

Six months ended 30 June 2018

12. 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 2018 are set out below:

Company	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 £'000
Balances due from/(to) Group companies at the period end:			
Hampden Corporate Member Limited	(103)	(363)	136
Nameco (No. 365) Limited	(61)	(54)	(50)
Nameco (No. 605) Limited	(153)	(282)	(64)
Nameco (No. 321) Limited	(9)	(73)	(10)
Nameco (No. 917) Limited	6,483	3,989	7,647
Nameco (No. 229) Limited	(10)	(4)	(7)
Nameco (No. 518) Limited	(40)	(81)	(9)
Nameco (No. 804) Limited	11	(69)	188
Halperin Underwriting Limited	(29)	(43)	(18)
Bernul Limited	13	2	10
Dumasco Limited	(43)	(194)	(44)
Nameco (No. 311) Limited	(37)	(115)	(34)
Nameco (No. 402) Limited	(194)	(275)	(191)
Updown Underwriting Limited	53	525	80
Nameco (No. 507) Limited	32	(252)	(4)
Nameco (No. 76) Limited	(41)	(90)	55
Kempton Underwriting Limited	62	18	154
Devon Underwriting Limited	220	105	47
Nameco (No 346) Limited	(93)	(703)	(321)
Pooks Limited	464	-	346
Charmac Underwriting Limited	(378)	511	(513)
Nottus (No 51) Limited	232	(316)	230
Chapman /underwriting Limited	590	-	358
Nomina No 035 LLP	-	-	-
Nomina No 342 LLP	-	-	-
Nomina No 380 LLP	-	-	-
Nomina No 372 LLP	-	-	-
Salviscount LLP	-	-	-
Inversanda LLP	-	-	-
Helios UTG Partner Limited	1,113	735	1,241
RBC CEES Trustee Limited	50	-	50
Total (note 15)	8,132	2,971	9,285

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 £160,000 (2017: £154,000).

Notes to the financial statements *continued*

Six months ended 30 June 2018

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 2018 are set out below:

Company	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 £'000
Hampden Corporate Member Limited	-	-	-
Nameco (No. 365) Limited	-	-	-
Nameco (No. 605) Limited	-	-	-
Nameco (No. 321) Limited	-	-	-
Nameco (No. 917) Limited	58	70	70
Nameco (No. 229) Limited	-	-	-
Nameco (No. 518) Limited	-	-	-
Nameco (No. 804) Limited	-	-	-
Halperin Underwriting Limited	-	-	-
Bernul Limited	-	-	-
Dumasco Limited	-	-	-
Nameco (No. 311) Limited	10	13	13
Nameco (No. 402) Limited	11	14	14
Updown Underwriting Limited	-	-	-
Nameco (No. 507) Limited	15	24	24
Nameco (No. 76) Limited	2	13	13
Kempton Underwriting Limited	2	3	3
Devon Underwriting Limited	7	8	8
Nameco (No 346) Limited	44	49	49
Pooks Limited	6	1	1
Charmac Underwriting Limited	22	25	25
Nottus (No 51) Limited	13	14	14
Chapman Underwriting Limited	-	-	15
Nomina No 035 LLP	-	-	-
Nomina No 342 LLP	-	-	-
Nomina No 380 LLP	-	19	19
Nomina No 372 LLP	-	15	15
Salviscount LLP	18	21	21
Inversanda LLP	-	-	9
Total	208	289	313

Notes to the financial statements *continued*

Six months ended 30 June 2018

13. Related party transactions (continued)

The Group entered into quota share reinsurance contracts for the 2016, 2017 and 2018 years of account with protected cell companies of Hampden Insurance PCC (Guernsey) Limited. The Limited Liability Vehicles' underwriting year of account quota share participations are set out below:

Company or partnership	2016	2017	2018
Hampden Corporate Member Limited	-	-	-
Nameco (No. 365) Limited	-	-	-
Nameco (No. 605) Limited	-	-	-
Nameco (No. 321) Limited	-	-	-
Nameco (No. 917) Limited	70%	70%	70%
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	70%	70%	70%
Nameco (No. 346) Limited	70%	70%	70%
Pooks Limited	-	70%	70%
Charmac Underwriting Limited	-	70%	70%
Nottus (No 51) Limited	-	70%	70%
Chapman Underwriting Limited	-	-	70%
Helios UTG Partner Limited	-	-	-
Nomina No 035 LLP	-	-	-
Nomina No 342 LLP	-	-	-
Nomina No 380 LLP	-	-	-
Nomina No 372 LLP	-	-	-
Salviscount LLP	-	70%	70%
Inversanda LLP	-	70%	70%

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 the agreement, the Group accrued a net reinsurance premium payable of £1,474,000 (2017: £2,910,000) 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 2018

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			
		2015 £	2016 ¹ £	2017 £	2018 £
33	Hiscox Syndicates Limited	2,871,019	3,064,799	3,580,867	5,297,171
218	ERS Syndicate Management Limited	1,428,916	1,546,728	2,035,707	3,620,710
308	Tokio Marine Kiln Syndicates Limited	184,528	100,000	100,000	-
386	QBE Underwriting Limited	796,734	885,658	672,969	747,513
510	Tokio Marine Kiln Syndicates Limited	5,087,827	5,362,274	5,809,920	6,116,592
557	Tokio Marine Kiln Syndicates Limited	553,433	575,567	580,415	600,201
609	Atrium Underwriters Limited	3,142,475	3,365,822	3,422,705	3,905,698
623	Beazley Furlonge Limited	3,460,226	4,167,460	5,013,065	6,147,506
727	S A Meacock & Company Limited	1,011,479	1,038,878	1,046,360	1,070,909
958	Canopus Managing Agents Limited	268,646	-	-	-
1176	Chaucer Syndicates Limited	556,986	661,905	722,837	949,535
1200	Argo Managing Agency Limited	293,819	267,554	77,143	-
1729	Asta Managing Agency Limited	123,314	65,468	24,334	-
1884	Charles Taylor Managing Agency Limited	25,000	-	-	-
1910	Asta Managing Agency Limited	-	1,257,270	-	-
1991	R&O Managing Agency Limited	89,245	26,001	-	-
2010	Cathedral Underwriting Limited	891,939	971,014	991,475	1,068,231
2014	Pembroke Managing Agency Limited	1,600,287	1,632,349	1,027,113	-
2121	Argenta Syndicate Management Limited	260,341	-	-	-
2525	Asta Managing Agency Limited	173,799	217,715	219,859	301,196
2689	Asta Managing Agency Limited	-	-	835,100	-
2791	Managing Agency Partners Limited	3,923,678	4,128,424	4,179,131	4,390,188
2988	Brit Syndicates Limited	-	-	47,511	-
4444	Canopus Managing Agents Limited	-	101,429	-	548,447
5820	ANV Syndicates Limited	331,535	154,479	-	-
5886	Asta Managing Agency Limited	-	-	-	33,211
6103	Managing Agency Partners Limited	237,410	265,895	299,357	1,168,071
6104	Hiscox Syndicates Limited	1,357,666	1,324,201	950,646	954,481
6105	Ark Syndicate Management Limited	695,838	-	-	-
6107	Beazley Furlonge Limited	453,737	453,737	635,222	950,004
6111	Catlin Underwriting Agencies Limited	1,659,850	1,902,876	-	-
6117	Argo Managing Agency Limited	948,091	1,885,281	2,649,897	2,810,000
7200	Members' agent pooling arrangement	372,157	204,504	163,920	-
7201	Members' agent pooling arrangement	1,896,583	1,046,079	866,838	-
7202	Members' agent pooling arrangement	674,602	378,539	313,269	-
7203	Members' agent pooling arrangement	218,791	101,811	97,098	-
7211	Members' agent pooling arrangement	272,262	175,265	192,184	-
7215	Members' agent pooling arrangement	150,468	150,917	164,129	-
7217	Members' agent pooling arrangement	246,987	260,707	274,428	332,876
7227	Members' agent pooling arrangement	42,705	80,070	3,613	4,817
Total		36,302,373	37,820,676	36,997,112	41,017,357

Notes to the financial statements *continued*

Six months ended 30 June 2018

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 2018			30 June 2017			31 December 2017		
	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000
Assets									
Intangible assets	12,257	-	12,257	12,495	-	12,495	12,175	-	12,175
Financial assets at fair value through profit or loss	8,124	33,587	41,711	10,302	33,584	43,886	10,489	37,585	48,074
Reinsurance assets:									
– reinsurers' share of claims outstanding	449	13,715	14,164	-	8,840	8,840	-	14,836	14,836
– reinsurers' share of unearned premium	-	4,791	4,791	-	3,976	3,976	-	2,354	2,354
Other receivables, including insurance and reinsurance receivables	3,772	32,407	36,179	2,315	26,652	28,967	6,669	26,280	32,949
Deferred acquisition costs	-	4,382	4,382	-	4,218	4,218	-	4,420	4,420
Prepayments and accrued income	260	382	642	68	296	364	-	268	268
Cash and cash equivalents	4,139	3,900	8,039	2,414	4,439	6,853	1,078	1,766	2,844
Total assets	29,001	93,164	122,165	27,594	82,005	109,597	30,411	87,509	117,920
Liabilities									
Insurance liabilities:									
– claims outstanding	-	55,685	55,685	-	45,772	45,772	-	59,833	59,833
– unearned premium	-	20,773	20,773	-	19,193	19,193	-	15,916	15,916
Deferred income tax liabilities	2,094	-	2,094	2,943	-	2,943	2,963	-	2,963
Borrowings	-	-	-	-	-	-	1,094	-	1,094
Other payables, including insurance and reinsurance payables	1,678	19,831	21,509	1,915	13,358	15,273	3,397	12,161	15,558
Accruals and deferred income	826	305	1,131	3,988	429	4,417	993	553	1,546
Total liabilities	4,598	96,594	101,192	8,846	78,752	87,598	8,447	88,436	96,910
Equity attributable to owners of the Parent									
Share capital	1,510	-	1,510	1,460	-	1,460	1,510	-	1,510
Share premium	15,387	-	15,387	15,387	-	15,387	15,387	-	15,387
Other reserves	(50)	-	(50)	-	-	-	(50)	-	(50)
Retained earnings	7,556	(3,430)	4,126	1,901	3,253	5,154	5,117	(954)	4,163
Total equity	24,403	(3,430)	20,973	18,748	3,253	22,001	21,964	(954)	21,010
Total liabilities and equity	29,001	93,164	122,165	27,594	82,005	109,599	30,412	87,509	117,920

Notes to the financial statements *continued*

Six months ended 30 June 2018

17. Events after the financial reporting period

Fyshe Underwriting LLP

On 31 August 2018, Helios UTG Partner Limited, a 100% subsidiary of the Company, became a 100% corporate partner in Fyshe Underwriting LLP for a total consideration of £69,000. Fyshe Underwriting LLP is incorporated in England and Wales and is a corporate member of Lloyds.

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 £92,000 giving rise to Negative Goodwill of £23,000 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	-	154	154
Financial assets at fair value through profit or loss	506	-	506
Reinsurance assets:			
– reinsurers' share of claims outstanding	249	-	249
– reinsurers' share of unearned premium	36	-	36
Other receivables, including insurance and reinsurance receivables	320	-	320
Deferred acquisition costs	64	-	64
Prepayments and accrued income	2	-	2
Financial assets at fair value through profit or loss			
Cash and cash equivalents	89	-	89
Insurance liabilities:			
– claims outstanding	(916)	-	(916)
– unearned premium	(221)	-	(221)
Deferred income tax liabilities	-	(29)	(29)
Other payables, including insurance and reinsurance payables	(142)	-	(142)
Accruals and deferred income	(20)	-	(20)
Net assets acquired	(33)	(125)	92
Satisfied by:			
Cash and cash equivalents	69	-	69
Total consideration	69	-	69
Goodwill	102	-	(23)
	2016 year of account	2017 year of account	2018 year of account
Capacity acquired	495,450	486,041	500,150

Notes to the financial statements *continued*

Six months ended 30 June 2018

17. Events after the financial reporting period *continued*

Nomina No 505 LLP

On 25 September 2018, Helios UTG Partner Limited, a 100% subsidiary of the Company, became a 100% corporate partner in Nomina No 505 LLP for a total consideration of £318,000. Nomina No 505 LLP is incorporated in England and Wales and is a corporate member of Lloyds.

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 £254,000 giving rise to positive Goodwill of £64,000 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	4	214	218
Financial assets at fair value through profit or loss	815	-	815
Reinsurance assets:	-	-	-
– reinsurers' share of claims outstanding	388	-	388
– reinsurers' share of unearned premium	53	-	53
Other receivables, including insurance and reinsurance receivables	515	217	732
Deferred acquisition costs	118	-	118
Prepayments and accrued income	6	-	6
Financial assets at fair value through profit or loss			
Cash and cash equivalents	116	-	116
Insurance liabilities:			
– claims outstanding	(1,427)	-	(1,427)
– unearned premium	(395)	-	(395)
Deferred income tax liabilities	-	(82)	(82)
Other payables, including insurance and reinsurance payables	(263)	-	(263)
Accruals and deferred income	(25)	-	(25)
Net assets acquired	(95)	349	254
Satisfied by:			
Cash and cash equivalents	318	-	318
Total consideration	318	-	318
Goodwill	413	-	64

	2016 year of account	2017 year of account	2018 year of account
Capacity acquired	796,755	852,255	922,937

Share buy back

Since the balance sheet date, the Company has started a share buyback programme. The Company has purchased 136,778 shares for a total consideration of £171,000 as the time of these Financial Statements being signed. These shares will be held in Treasury. This brings the total shares in issue at (excluding Treasury shares) to 14,467,462 (note 11).

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)
Edward Fitzalan-Howard (Non-executive Director) – appointed 1 January 2018

Company secretary

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

Company number

05892671

Registered office

40 Gracechurch Street
London EC3V 0BT

Statutory auditors

PKF Littlejohn LLP

1 Westferry Circus
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

40 Gracechurch Street
London EC3V 0BT

Registrars

Neville Registrars Limited

Neville House
Steelpark Road
Halesowen B62 8HD

Independent Review Report to Helios Underwriting plc for the six months ended 30 June 2018

Introduction

We have been engaged by the Company to review the Condensed Consolidated set of Interim Financial Statements in the half yearly financial report for the six months ended 30 June 2018 which comprises the condensed consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial position, Condensed Consolidated Statement of Cash Flows, Condensed Consolidated Statement of Changes in Equity and related notes 1 to 17. 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 consolidated Financial Statements.

Directors' Responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Issuers. The annual Financial Statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The Interim Condensed set of Consolidated Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the Condensed Consolidated set of Financial Statements 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 Issuers. We do not, in producing this report, accept or assume responsibility to anyone, other than the Company, for this report or for the conclusions we have formed. This report may not be provided to third parties without our prior written consent.

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 2018 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 Issuers.

PKF Littlejohn LLP

Chartered Accountants
1 Westferry Circus
Canary Wharf
London E14 4HD

27 September 2018