

Company [Hampden Underwriting Plc](#)
TIDM HUW
Headline Half Yearly Report
Released 07:00 30-Sep-2010
Number 5492T07

RNS Number : 5492T
Hampden Underwriting Plc
30 September 2010

30 September 2010

Hampden Underwriting PLC
"Hampden Underwriting" or the "Company")

Interim results for the six months ended 30 June 2010

Hampden Underwriting, which provides investors with a limited liability direct investment into the Lloyd's insurance market, announces its unaudited results for the six months ended 30 June 2010.

Highlights

- Premium written during the period totalled £5.7m (an increase of 7% over the same period last year).
- Net loss of £58,000 (compared to a profit of £138,000 over the same period last year).
- Earnings per share of (0.78)p (compared to 1.86p over the same period last year).
- Net assets remain at £7.7m.

For further information please contact:

Hampden Underwriting	Jeremy Evans	020 7863 6567
Smith & Williamson Corporate Finance Limited	David Jones Barrie Newton	020 7131 4000

Chairman's Statement

Our result at mid-year has been adversely affected by both the catastrophe losses in the first six months and by the much publicised deterioration in the operating performance of UK motor business which has impacted the 2008, 2009 and 2010 years of account reducing our result for the period by some £350,000. It is important to remember however, that the full year results normally tell a different story to the half year, as indeed was the case last year and in the absence of an abnormal loss pattern in the remaining months of the year, we fully expect a satisfactory outcome for 2010. On a three year account basis, the portfolio of syndicates supported by Hampden Underwriting continues to outperform Lloyd's on both the 2008 and 2009 accounts with Hampden Agencies (our Lloyd's adviser) estimating profits of 6.11% on capacity for 2008 and 12.68% for 2009. They are currently targeting a profit of 5% on

capacity for the 2010 year of account although it must be borne in mind that the hurricane season usually continues until the end of November. In this respect the current year is still very much on risk.

Whilst current prospects are undoubtedly more challenging, we remain confident of the resilience of the syndicates in our portfolio.

I said in my statement in 2009 that our policy of expansion through the acquisition of Namecos remained an important part of our strategy and therefore I am delighted to report that in August this year we were able to buy Nameco (No 321) Ltd., thereby increasing our underwriting by a further £800,000. It is also gratifying that despite the mid-year result, the cash balance, held by the Group, has increased by £571,000.

Sir Michael Oliver
Chairman
29 September 2010

Condensed Group Income Statement

Six months ended 30 June 2010

	Note	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Gross premium written		5,723	5,344	8,610
Reinsurance premium ceded		(1,127)	(1,255)	(1,753)
Net premiums written		4,596	4,089	6,857
Change in unearned gross premium provision		(1,776)	(1,554)	(8)
Change in unearned reinsurance premium provision		373	649	116
		(1,403)	(905)	108
Net earned premium	2	3,193	3,184	6,965
Net investment income	4	201	140	375
Other underwriting income		4	9	24
Other income	2	3	173	337
		208	322	736
Revenue		3,401	3,506	7,701
Gross claims paid		(2,058)	(1,184)	(2,836)
Reinsurance share of gross claims paid		344	176	472
Claims paid, net of reinsurance		(1,714)	(1,008)	(2,364)
Change in provision for gross claims		(657)	(1,013)	(1,457)
Reinsurance share of change in provision for gross claims		(46)	123	170
Net change in provision for claims		(703)	(890)	(1,287)
Net insurance claims and loss adjustment expenses	2	(2,417)	(1,898)	(3,651)
Expenses incurred in insurance activities	2	(812)	(1,175)	(2,513)

Other operating expenses	2	(252)	(307)	(552)
Operating expenses		(1,064)	(1,482)	(3,065)
Operating (loss)/profit before tax	2	(80)	126	985
Income tax credit/(expense)	5	22	12	(261)
(Loss)/profit attributable to equity shareholders	9	(58)	138	724
Earnings per share attributable to equity shareholders				
Basic and diluted	6	(0.78)p	1.86p	9.77p

Condensed Group Balance Sheet

At 30 June 2010

	Note	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Assets				
Intangible assets		1,101	1,241	1,216
Financial investments		13,025	10,578	10,441
Reinsurance share of insurance liabilities				
- Reinsurers' share of outstanding claims		2,383	1,726	1,581
- Reinsurers' share of unearned premiums		935	775	349
Other receivables, including insurance receivables		7,982	4,915	4,910
Prepayments and accrued income		1,086	879	873
Deferred income tax assets		-	-	12
Cash and cash equivalents		3,408	2,656	2,111
Total assets		29,920	22,770	21,493
Liabilities				
Insurance liabilities				
- Claims outstanding		11,988	8,610	7,301
- Unearned premiums		5,557	3,796	3,402
Other payables, including insurance payables		3,513	2,651	2,215
Accruals and deferred income		603	233	226
Current income tax liabilities		108	5	106
Deferred income tax liabilities		469	321	503
Total liabilities		22,238	15,616	13,753
Shareholders' equity				
Share capital	8	741	741	741
Share premium	8	6,261	6,261	6,261
Retained earnings	9	680	152	738
Total shareholders' equity		7,682	7,154	7,740
Total liabilities and shareholders' equity		29,920	22,770	21,493

Condensed Group Cash Flow Statement

Six months ended 30 June 2010

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Cash flow from operating activities			
Results of operating activities	(80)	126	985
Interest received	(9)	(21)	(47)
Investment income	(159)	(119)	(179)
Dividend received	-	-	-
Income tax paid	(1)	(26)	159
Recognition of negative goodwill	-	(173)	(206)
Amortisation of intangible assets	118	104	217
Profit on sale of intangible assets	-	-	(133)
Change in fair value of investments recognised in the income statement	-	112	(88)
Changes in working capital:			
Increase in other receivables	(3,285)	(2,625)	(2,616)
Increase in other payables	1,675	2,055	1,613
Net increase in technical provisions	5,454	5,605	4,472
Net cash inflow from operating activities	3,713	5,038	4,177
Cash flows from investing activities			
Interest received	9	21	47
Investment income	159	119	179
Dividend received	-	-	-
Purchase of intangible assets	-	-	(67)
Proceeds from disposal of intangible assets	-	28	135
Purchase of financial investments	(2,584)	(6,447)	(6,310)
Acquisition of subsidiary, net of cash acquired	-	(34)	19
Net cash used in investing activities	(2,416)	(6,313)	(5,997)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	-	-	-
Net cash used in financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	1,297	(1,275)	(1,820)
Cash and cash equivalents at beginning of period	2,111	3,931	3,931
Cash, cash equivalents and bank overdrafts at end of period	3,408	2,656	2,111

Condensed Group Statement of Changes in Shareholders' Equity

	Ordinary Share Capital £'000	Preference share capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
At 1 January 2009	741	-	6,261	14	7,016
Profit for the year attributable to equity shareholders	-	-	-	724	724
At 31 December 2009	741	-	6,261	738	7,740
At 1 January 2010	741	-	6,261	738	7,740
Loss for the period attributable to equity shareholders	-	-	-	(58)	(58)
At 30 June 2010	741	-	6,261	680	7,682

Notes to the Interim Financial Statements

Six months ended 30 June 2010

1. Accounting policies

Basis of preparation

The 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 Interim Financial Statements are prepared for the six months ended 30 June 2010.

The Interim Financial Statements incorporate the results of Hampden Underwriting plc, Hampden Corporate Member Limited, Nameco (No. 365) Limited and Nameco (No. 605) Limited.

The Interim Financial Statements are unaudited, but have been subject to review by the Group's auditors. The Interim Financial Statements have been prepared in accordance with the accounting policies adopted for the period ended 31 December 2009.

The comparative figures are based upon the Group Financial Statements for the period ended 31 December 2009, and have been reported on by the Group's auditors and were delivered to the Registrar of Companies on 22 June 2010.

The underwriting data on which these 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 Interim Financial Statements have been prepared under the historical cost convention. The same accounting policies, presentation and methods of computation are followed in these Interim Financial Statements as were applied in the preparation of the Group Financial Statements for the period ended 31 December 2009.

2. Segmental information

Primary segment information

The Group has three primary segments which represent the primary way in which the Group is managed:

- Syndicate participation;
- Investment management;
- Other corporate activities.

6 months ended 30 June 2010

	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	3,193	-	-	3,193
Net investment income	140	61	-	201
Other underwriting income	4	-	-	4
Other income	-	-	3	3
Net insurance claims and loss adjustment expenses	(2,417)	-	-	(2,417)
Expenses incurred in insurance activities	(812)	-	-	(812)
Amortisation of syndicate capacity	-	-	(76)	(76)
Other operating expenses	-	-	(176)	(176)
Results of operating activities	108	61	(249)	(80)

6 months ended 30 June 2009

	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	3,184	-	-	3,184
Net investment income	108	32	-	140
Other underwriting income	9	-	-	9
Other income	-	-	173	173
Net insurance claims and loss adjustment expenses	(1,898)	-	-	(1,898)
Expenses incurred in insurance activities	(1,175)	-	-	(1,175)
Amortisation of syndicate capacity	-	-	(76)	(76)
Other operating expenses	(6)	-	(225)	(231)
Results of operating activities	222	32	(128)	126

12 months ended 31 December
2009

	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	6,965	-	-	6,965
Net investment income	228	147	-	375
Other underwriting income	24	-	-	24
Other income	-	-	337	337
Net insurance claims and loss adjustment expenses	(3,651)	-	-	(3,651)
Expenses incurred in insurance activities	(2,513)	-	-	(2,513)
Amortisation of syndicate capacity	-	-	(217)	(217)
Other operating expenses	(57)	-	(278)	(335)
Results of operating activities	996	147	(158)	985

Secondary segment information

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

3. Insurance liabilities and reinsurance balances

Movement in claims outstanding

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2010	7,301	1,581	5,720
Movement of reserves	657	(46)	703
Net exchange differences and changes in syndicate participation	4,030	848	3,182
At 30 June 2010	11,988	2,383	9,605

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2010	3,402	349	3,053
Movement in premiums earned in the year	1,776	373	1,403
Net exchange difference and changes in syndicate participation	379	213	166
At 30 June 2010	5,557	935	4,622

4. Net investment income

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Investment income at fair value through income statement	159	119	179
Realised gains on financial investments at fair value through income statement	-	-	169
Unrealised gains/(losses) on financial investments at fair value through income statement	33	-	88
Investment management expenses	-	-	(108)
Bank interest	9	21	47
Net investment income	201	140	375

5. Income tax expense

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Income tax credit/(expense)	22	12	(261)

The income tax credit/(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 28% (2009: 28%). Material disallowed items have been adjusted for in the income tax calculation.

6. Earnings per share

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

The Group has no dilutive potential ordinary shares.

Earnings per share have been calculated in accordance with IAS 33.

Reconciliation of the earnings and weighted average number of shares used in the calculation is set out below.

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
(Loss)/profit for the period	(58)	138	724
Weighted average number of shares in issue	7,413	7,413	7,413
Basic and diluted earnings per share (p)	(0.78)p	1.86p	9.77p

7. Dividends

No equity dividends were proposed, declared or paid in the period (2009 - £Nil).

8. Share capital and share premium

	Ordinary Share Capital £'000	Share Premium £'000	Total £'000
Allotted, called up and fully paid			
7,413,376 ordinary shares of 10p each and share premium at 1 January 2010	741	6,261	7,002
7,413,376 ordinary shares of 10p each and share premium at 30 June 2010	741	6,261	7,002

9. Retained earnings

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Group			
At 1 January 2010	738	14	14
(Loss)/profit attributable to equity shareholders	(58)	138	724
At 30 June 2010	680	152	738

10. Related party transactions

The table set out below illustrates the Parent Company inter-company balances at the period end.

30 June	30	31
---------	----	----

Company	2010 £'000	June 2009 £'000	December 2009 £'000
Balances due from Group companies at the period end:			
Hampden Corporate Member Limited	3,693	3,671	3,682
Nameco (No. 365) Limited	133	125	133
Nameco (No. 605) Limited	960	900	957
Total	4,786	4,696	4,772

Hampden Underwriting plc has provided an inter-company loan to Hampden Corporate Member Limited, a 100% subsidiary of the company. The amount outstanding as at 30 June 2010 is £3,693,000 (2009: £3,671,000). Interest is charged on the loan at base rate plus 0.125%. The loan is repayable on three months notice provided it does not jeopardise the ability of Hampden Corporate Member Limited to meet its liabilities as they fall due.

Hampden Underwriting plc has provided an intercompany loan to Nameco (No.365) Limited, a 100% subsidiary of the Company. The amount outstanding as at 30 June 2010 is £133,000 (2009: £125,000). Interest is charged on the loan at base rate plus 0.125%. The loan is repayable on three months notice provided it does not jeopardise the ability of Nameco (No.365) Limited to meet its liabilities as they fall due.

Hampden Underwriting plc has provided an intercompany loan to Nameco (No.605) Limited, a 100% subsidiary of the Company. The amount outstanding as at 30 June 2010 is £960,000 (2009: £900,000). Interest is charged on the loan at base rate plus 0.125%. The loan is repayable on three months notice provided it does not jeopardise the ability of Nameco (No.605) Limited to meet its liabilities as they fall due.

Hampden Underwriting plc and Hampden Corporate Member Limited, a 100% subsidiary of the company, have entered into a management agreement with Nomina plc. Jeremy Richard Holt Evans, a Director of Hampden Underwriting plc and Hampden Corporate Member Limited 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 £2,625 (2009: £10,000). No fees have been paid by the Group in the period.

Hampden Corporate Member Limited, a 100% subsidiary of the company, has entered into a member's agent agreement with Hampden Agencies Limited. Jeremy Richard Holt Evans, a Director of Hampden Underwriting plc and Hampden Corporate Member Limited, and Sir James Michael Yorrick Oliver, a Director of Hampden Underwriting plc, are also a Directors of Hampden Capital plc which controls Hampden Agencies Limited. Under the agreement, Hampden Corporate Member Limited will pay Hampden Agencies Limited a fee based on a fixed amount, which will vary depending upon the number of syndicates the company underwrites on a bespoke basis, and a variable amount depending on the level of underwriting through the members' agent pooling arrangements. In addition, the Company will pay profit commission on a sliding scale from 1% of the net profit up to a maximum of 10%. The total fee payable for 2010 will be £16,964 (2009: £16,694).

Nameco (No.365) Limited has entered into a management agreement with Nomina plc and a members agent agreement with Hampden Agencies Limited. Under the management agreement Nameco (No.365) Limited pays Nomina plc £2,625 (2009: £2,625) for management, administration, financial, tax and accounting services. Under the members agencies agreement Nameco (No.365) Limited will pay Hampden Agencies Limited a fee based on a fixed amount, which will vary depending upon the number of syndicates the company underwrites on a bespoke basis, and a variable amount depending on the level of underwriting through the members' agent pooling arrangements. In addition, the Company will pay profit commission on a sliding scale from 1% of the net profit up to a maximum of 10%. The total fee payable for 2010 will be £5,292 (2009: £4,802).

Nameco (No.605) Limited has entered into a management agreement with Nomina plc and a member's agency agreement with Hampden Agencies Limited. Under the management agreement Nameco (No.605) Limited pays Nomina plc £2,625 (2009: £2,625) for management, administration, financial, tax and accountancy services. Under the members' agency agreement Nameco (No.605) Limited will pay Hampden Agencies Limited a fee based on a fixed amount, which will vary depending upon the number of syndicates the company underwrites on a bespoke basis, and a variable amount depending on the level of underwriting through the members' agent pooling arrangements. In addition, the Company will pay profit commission on a sliding scale from 1% of the net profit up to a maximum of 10%. The total fee payable for 2010 will be

£10,608 (2009: £10,006).

Hampden Underwriting plc has entered into a company secretarial agreement with Hampden Legal plc. Under the agreement, Hampden Legal plc provides company secretarial services to the Group for an annual fee of £35,000 (2009: £38,000). Hampden Holdings Limited has a controlling interest in both Hampden Legal plc and Hampden Capital plc.

The Group has entered into a reinsurance arrangement with an insurance company owned by Hampden Capital plc. The total premium payable for 2010 will be £920 (2009: £35,239). The reinsurance arrangement was at market rates. Hampden Capital plc is the holding company of Nomina plc.

11. Syndicate participations

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

Syndicate or MAPA Number	Managing or Members' Agent	Allocated capacity Year of account		
		2008	2009	2010
218	Equity Syndicates Management Limited	42,851	43,851	147,138
318	Beaufort Underwriting Agency Limited	22,826	-	-
510	RJ Kiln & Co. Limited	38,572	38,572	56,328
557	RJ Kiln & Co. Limited	175,000	175,000	195,000
609	Atrium Underwriters Limited	41,718	41,718	57,431
623	Beazley Furlonge Limited	37,960	37,960	57,081
958	Omega Underwriting Agency Limited	55,500	55,500	62,301
1200	Heritage Managing Agency Limited	21,507	21,507	23,125
2121	Argenta Syndicate Management Limited	349,999	404,441	100,000
2791	Managing Agency Partners Limited	63,953	62,953	245,000
6103	Managing Agency Partners Limited	110,000	282,028	225,000
6104	Hiscox Syndicates Limited	200,000	200,000	225,000
6106	Amlin Underwriting Limited	-	104,334	175,000
6107	Beazley Furlonge Limited	-	-	15,000
7200	Members' Agents Pooling Arrangement	209,913	194,532	245,501
7201	Members' Agents Pooling Arrangement	1,113,142	1,028,781	1,278,668
7202	Members' Agents Pooling Arrangement	402,413	373,051	458,211
7203	Members' Agents Pooling Arrangement	38,906	35,673	44,288
7208	Members' Agents Pooling Arrangement	5,000,000	4,416,400	5,086,898
7217	Members' Agents	-	59,320	70,235

premiums	-	5,557	5,557	-	3,796	3,796	-	3,402	3,402
Other payables, including insurance payables	118	3,395	3,513	117	2,534	2,651	120	2,095	2,215
Accruals and deferred income	507	96	603	191	42	233	233	(7)	226
Current income tax liabilities	108	-	108	5	-	5	106	-	106
Deferred income tax liabilities	469	-	469	321	-	321	503	-	503
Total liabilities	1,202	21,036	22,238	634	14,982	15,616	962	12,791	13,753
Shareholders' equity									
Share capital	741	-	741	741	-	741	741	-	741
Share premium	6,261	-	6,261	6,261	-	6,261	6,261	-	6,261
Retained earnings	(509)	1,189	680	(447)	599	152	(770)	1,508	738
Total shareholders' equity	6,493	1,189	7,682	6,555	599	7,154	6,232	1,508	7,740
Total liabilities and shareholders' equity	7,695	22,225	29,920	7,189	15,581	22,770	7,194	14,299	21,493

14. Announcement

A copy of this announcement will be available on the Company's website: www.hampdenplc.com

This information is provided by RNS
The company news service from the London Stock Exchange

END

IR PGUUGBUPUGQB

CLOSE

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2009 London Stock Exchange plc. All rights reserved

Regulatory