





Tawa plc was formed in 2001 with the purpose of acquiring or developing assets and business in the insurance industry. Tawa is an acquirer of run-off portfolios of insurance and reinsurance companies, companies and businesses providing services to the run-off industry and a developer of its own products to serve the insurance market as a whole such as STRIPE®.

By creating a diversified portfolio of businesses at different stages of the run-off process and in the servicing business Tawa is a consolidator of this specific market in the UK, US, continental Europe, Bermuda, and elsewhere as opportunities arise.

Since its formation, Tawa has acquired CX Reinsurance Company Limited, KX Reinsurance Company Limited, PXRE Reinsurance Company and the PRO group of companies and is in the process of completing on Island Capital Limited.

The combined Tawa/PRO team of over 300 professionals service a number of the largest insurance businesses in the UK and Europe and deliver a market-wide, third-party run-off servicing capability as PRO services active underwriters as well as run-offs and covers London's company and Lloyd's markets as well as Europe and the USA.

Tawa also operates as an incubator for new projects and has recently launched STRIPE®, a new claims and post-placement transactions processing platform.

**Statement from Gilles Erulin,
Chief Executive Officer**

I am saddened to announce that Robin Jackson, Tawa's chairman and non-executive director, died on 23 September. Robin had served as a non-executive director of the Company since February 2002. He will be greatly missed and our thoughts are with his family and friends. At a board meeting of the Company on 8 October the board committed to restoring by the time of the Company's next AGM the balance of skills, knowledge and experience on the board. In the interim, Colin Bird, currently an executive director of the Company, has been appointed chairman of the Company.

Highlights

The consolidated net earnings of Tawa plc returned a Group net profit after tax of \$1.4 million, made of a benign half year period for our insurance risk carriers coupled with good performance from our servicing business. Those business results are impacted by accounting non cash entries, the largest of which is a \$4 million foreign exchange loss as a result of sterling's weakness against the US dollar on the assets held in the tax escrow fund. The strengthening of sterling against the dollar since June has reduced this exchange loss by \$2.7 million.

Ongoing operations contributed \$7.7 million to overall profits for the six months to 30 June 2010. A loss on discontinued operations of \$6.3 million resulted in a Group net profit of \$1.4 million. This compares with net profits of \$2.3 million in the six months to 30 June 2009.

As to cash generation capacity, which Tawa plc views as its main performance indicator, a capital extraction of \$35 million from KX Reinsurance Company Limited ('KX Re') was achieved at the end of March. This represents the extraction of trapped regulatory capital and is free cash available to Tawa plc. Tawa has also received approval for cumulative \$12 million of capital extraction from its Connecticut domiciled subsidiary PXRE Reinsurance Company ('PXRE'). The \$12 million will be used to repay debt. Both confirm the significant progress made in reduction of the volatility achieved by downscaling the liability portfolios owned by the Group.

Following its acquisition of the PRO Group of companies in November 2009 Tawa has been successfully integrating the two businesses and this has realised cost efficiencies to the Group in excess of \$1.5 million per annum. As of 1 January our work force was almost exclusively employed by PRO. In the first half PRO delivered a strong result of \$2.4 million net profit.

On 20 August 2010 the Group announced the acquisition of 94.3% of the shares of Island Capital Ltd for an initial consideration of \$7.4 million. The acquisition will give Tawa access to expertise in the credit and political risk insurance market place. Island Capital is also a licenced Class III Bermudian reinsurance company, giving the Group a receptacle to host run-off portfolio reinsurance deals in the future. It is intended that the acquisition will be financed from Tawa's existing cash resources. The transaction is subject to regulatory approval from the Bermuda Monetary Authority and the FSA. It is expected that such approval should be obtained by the year end.

Financial review

During the first six months of 2010, Tawa recognised net profits of \$1.4 million compared to net profits of \$2.3 million in the six months to 30 June 2009. During the period Group net assets decreased by \$4.5 million, from \$228.4 million at 31 December 2009 to \$223.9 million (\$1.98/£1.35 per share) at 30 June 2010 mainly as a result of a \$4 million dividend paid in June 2010.

Dividend and dividend policy

In line with the Group's dividend policy a final dividend for the year ended 31 December 2009 of 3.75 cents (2.5 pence) per share was paid in June 2010. Consistent with prior years the Group does not propose the payment of a dividend relating to the interim period.

Operational results

The Group's operations are underwriting run-off, insurance portfolios management, insurance services (PRO), development of IT tools for the insurance industry (STRIPE[®]) and other corporate activities.

Underwriting run-off

Underwriting run-off comprises the Group's insurance subsidiaries in run-off, namely KX Re and PXRE. The objective for the Group is to reduce insurance liabilities by accelerating the natural run-off of the portfolios to enable extraction of capital with regulatory consent while protecting policyholder's future rights. The underwriting run-off profit for the period was \$3.8 million. A dividend of \$35 million paid by KX Re, was paid in two instalments of \$10 million in April 2010 and \$25 million in June 2010.

Run-off management

Run-off management represents the results of the Group's providers of run-off management through its subsidiary Tawa Management Ltd. The revenue comprises income from run-off fees and expenses recharged within the Group. Profit for the period was \$1.8 million.

Insurance services (PRO)

The insurance services segment represents the results of the Group's subsidiary PRO which is a provider of insurance services to external clients. Profit for the period was \$2.4 million from total revenues of \$23.9 million.

Other corporate activities

Other corporate activities summarises acquisition activity, the Group's investment in its associated undertaking CX Reinsurance Company Limited ('CX Re'), the change in the deferred consideration attributable to the sale of 87.35% of the shares of CX Re in March 2006 and the costs of developing the Group's business.

Through the Group's remaining investment in CX Re and the deferred consideration, which is dependent on the ultimate earn-out of the company, the Group's results are affected by changes in the net assets of CX Re. During the interim period CX Re net assets decreased by \$7.2 million to \$54 million. The principal contributory factors were:

CX Re claims management

Net discounted claims reserves and provision for expenses reduced in the period from \$138.9 million to \$128.8 million. During the period there was a net incurred deterioration on insurance risks of \$2.7 million.

CX Re asset and liability management

The return on investments supporting the liabilities (excluding the impact of changes in interest rates) was \$3 million more than the unwinding of the discount. This was due to the continued improvement of credit spreads in corporate bonds and commercial mortgage backed securities. There was also a foreign exchange loss of \$4 million in the period.

CX Re operating expenses

Net operating expenses, which exclude those costs charged to unallocated loss adjustment expenses and allocated loss adjustment expenses in the period, were \$2.4 million, comprising management fees payable to Tawa Management Limited and staff bonus.

Future prospects

The Group has benefitted significantly from its acquisition of PRO which, as anticipated, enhanced its ability to access portfolio acquisition opportunities while providing a stable earning flow. The combined team over 300 professionals service a number of the largest insurance businesses in the UK and Europe. Through PRO, the Group now also services active underwriters as well as run-offs and covers London's company and Lloyd's markets as well as Europe and the USA. This move, at modest cost, has significantly enhanced Tawa's footprint and capabilities in the global insurance market.

As a provider of products to serve the insurance market as a whole, Tawa has launched STRIPE[®] in early 2010 with the prospect to sell IT solutions to the wider market. STRIPE[®] is a proprietary, web based platform allowing principal to principal processing of claims and other post placement transactions between ceding company and reinsurer.

Overall the Group's short term key goal remains extraction of capital from the insurance carriers in which it has invested as well as creating further value for its shareholders by making considered, appropriately priced investments in the global insurance market.

	Notes	6 months 30 Jun 2010 (Unaudited) \$m	6 months 30 Jun 2009 (Unaudited) \$m	12 months 31 Dec 2009 (Audited) \$m
Income continuing operations				
Insurance premium revenue		(0.8)	(1.2)	(1.2)
Insurance premium ceded to reinsurers		0.5	0.3	0.6
Net earned premium revenue		(0.3)	(0.9)	(0.6)
Revenue from consultancy and run-off services		20.1	4.3	14.4
Investment return		6.5	(0.9)	2.7
Interest Income		2.3	-	-
Other income		3.2	-	1.1
Total income		32.1	3.4	18.2
Insurance claims and loss adjustment expenses		(1.6)	12.5	12.2
Insurance claims and loss adjustment expenses recovered from reinsurers		2.0	(1.9)	(2.3)
Net insurance claims		0.4	10.6	9.9
Cost of consultancy and run-off services		(16.7)	(3.1)	(10.1)
Administrative expenses		(4.9)	(5.8)	(10.2)
Total expenses		(21.6)	(8.9)	(20.3)
Results of operating activities before impairment of goodwill		10.6	4.2	7.2
Impairment of goodwill		-	(5.0)	(5.0)
Results of operating activities		10.6	(0.8)	2.2
Share of results of associate		(0.9)	0.6	1.8
Finance costs		(2.0)	(1.9)	(4.9)
Profit/(loss) before taxation		7.7	(2.1)	(0.9)
Taxation		-	-	-
Profit/(loss) for the year from continuing operations		7.7	(2.1)	(0.9)
(Loss)/profit for the year from discontinued operations	5	(6.3)	4.4	12.1
Profit for the year		1.4	2.3	11.2
Attributable to:				
Equity holders of the Group		1.4	2.3	11.2
Earnings per share				
From continuing and discontinued operations				
Basic: Ordinary shares (\$ per share)	6	0.0124	0.0204	0.0991
Diluted: Ordinary shares (\$ per share)		0.0117	0.0196	0.0948
From continuing operations				
Basic: Ordinary shares (\$ per share)	6	0.0681	(0.0186)	(0.0080)
Diluted: Ordinary shares (\$ per share)		0.0645	(0.0179)	(0.0076)

	6 months 30 Jun 2010 (Unaudited) \$m	6 months 30 Jun 2009 (Unaudited) \$m	12 months 31 Dec 2009 (Audited) \$m
Profit for the year	1.4	2.3	11.2
Other comprehensive (losses)/income			
Currency translation differences	(2.3)	2.9	2.3
Total comprehensive (losses)/income for the year	(0.9)	5.2	13.5
Attributable to:			
Equity holders of the Group	(0.9)	5.2	13.5

Notes	30 Jun 2010 (Unaudited) \$m	30 Jun 2009 (Unaudited) \$m	31 Dec 2009 (Audited) \$m
Assets			
	60.9	22.0	30.9
Cash and cash equivalents			
	216.5	291.9	260.7
Financial assets - investments			
	53.5	44.5	61.2
Loans and receivables including insurance receivables			
	24.4	26.5	24.7
Reinsurers' share of technical provisions			
	1.8	1.1	1.6
Property, plant and equipment			
	65.6	67.4	74.3
Deferred assets	8		
Interest in associate			
	6.8	6.6	7.7
Other intangible assets			
	2.6	-	0.9
Goodwill			
	23.2	13.2	28.3
Total assets	455.3	473.2	490.3
Equity			
	22.2	22.2	22.2
Share capital			
	111.4	111.4	111.4
Share premium			
	2.9	1.7	2.5
Share based payments reserve			
	87.4	84.9	92.3
Retained earnings			
Total equity attributable to equity holders	223.9	220.2	228.4
Liabilities			
	61.2	64.3	66.8
Creditors arising out of insurance operations			
	18.0	6.0	25.5
Other liabilities			
	29.6	32.3	33.3
Financial liabilities - borrowings			
	122.6	150.4	136.3
Technical provisions			
Total liabilities	231.4	253.0	261.9
Total liabilities and equity	455.3	473.2	490.3

	Issued capital \$m	Share premium reserve \$m	Share based payments reserve \$m	Retained earnings \$m	Total \$m
Balance at 1 January 2009	22.2	111.4	1.3	79.7	214.6
Share based payments	-	-	0.4	-	0.4
Total comprehensive income for the period	-	-	-	5.2	5.2
Balance at 30 June 2009 (Unaudited)	22.2	111.4	1.7	84.9	220.2
Balance at 1 July 2009	22.2	111.4	1.7	84.9	220.2
Share based payments	-	-	0.8	-	0.8
Dividends paid	-	-	-	(0.9)	(0.9)
Total comprehensive income for the period	-	-	-	8.3	8.3
Balance at 31 December 2009 (Audited)	22.2	111.4	2.5	92.3	228.4
Balance at 1 January 2010	22.2	111.4	2.5	92.3	228.4
Share based payments	-	-	0.4	-	0.4
Dividends paid	-	-	-	(4.0)	(4.0)
Total comprehensive losses for the period	-	-	-	(0.9)	(0.9)
Balance at 30 June 2010 (Unaudited)	22.2	111.4	2.9	87.4	223.9

	Notes	6 months 30 Jun 2010 (Unaudited) \$m	6 months 30 Jun 2009 (Unaudited) \$m	12 months 31 Dec 2009 (Audited) \$m
Net cash used in operations	9	(14.6)	(0.7)	(13.3)
Investing activities				
Cash payments to acquire debt securities		(260.6)	(337.1)	(1,718.4)
Cash receipts from sale of debt securities		310.0	356.1	1,773.5
Cash transferred from investing activities		0.8	5.9	3.0
Cash receipts from interest		2.8	4.6	8.6
Purchases of property, plant and equipment		(0.6)	(0.2)	(6.7)
Acquisition of subsidiary net of cash and cash equivalents		-	-	(8.6)
Cash generated by investing activities		52.4	29.3	51.4
Financing activities				
Dividends paid		(4.0)	-	(0.9)
Proceeds from financial borrowings		-	7.8	1.7
Repayments of financial borrowings		(3.8)	(43.4)	(37.0)
Cash flows used in financing activities		(7.8)	(35.6)	(36.2)
Net increase/(decrease) in cash and cash equivalents		30.0	(7.0)	1.9
Cash and cash equivalents at beginning of year		30.9	29.0	29.0
Cash and cash equivalents at end of year		60.9	22.0	30.9

1 General information

Tawa plc (the “Company”) and its subsidiaries (together the “Group”) are engaged in three principal business activities:

- The acquisition and run-off of insurance companies that have ceased underwriting;
- The provision of run-off management services to acquired insurance companies; and
- The provision of insurance services to external clients.

The interim consolidated financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and should be read in conjunction with the Company’s consolidated financial statements for the year ended 31 December 2009. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors’ report on those accounts was not qualified, did not include a reference to any matters to which the auditors draw attention by way of emphasis without qualifying the report, and did not contain any statements under section 237(2) or (3) of the Companies Act 2006.

The Directors have considered the position of the Group’s investments and assets compared to the technical provisions and other liabilities. In addition they have assessed the Group’s liquidity with regard to expected future cash flows. They have also considered the performance of the business, as discussed in the interim results. On 23 March 2010 the Financial Services Authority confirmed that they had no objection to a \$35 million capital reduction from subsidiary KX Re, which was used to provide working capital at Group level. In light of these reviews the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the interim report.

The Directors confirm that the risks disclosed in the Company’s consolidated financial statements for the year ended 31 December 2009 are still relevant for the current period and the remaining period to the year end. A description of these risks is included in note 5 to the 31 December 2009 consolidated financial statements, namely; insurance risk, market risk (including interest rate risk), credit risk, liquidity risk, foreign currency risk and risk related to the Group’s deferred assets.

The interim results have been reviewed by the Group’s auditors, Deloitte LLP, and their review report is set out on page 18.

2 Significant accounting policies

The annual financial statements of Tawa plc are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2009.

During the period ended 30 June 2010 the Group adopted the following significant standards and revisions to standards:

- Amendments to IFRS 2 “Share-based payment” effective for annual periods beginning on or after 1 January 2010. Amendment for Group cash-settled share-based payment transactions;
- IFRS 3 (Revised 2008) “Business combinations” effective for annual periods beginning on or after 1 July 2009. A comprehensive revision on applying the acquisition method. Consequential amendments to IAS 27 “Consolidated and separate financial statements”, IAS 28 “Investments in associates” and IAS 31 “Interests in joint ventures”, effective for annual periods on or after 1 July 2009;
- IFRIC 17 “Distributions of non-cash assets to owners” effective for annual periods beginning on or after 1 July 2009; and
- Various annual improvements to IFRSs (2009) effective for annual periods beginning on or after 1 July 2009 or 1 January 2010.

3 Fair value adjustment

Acquisition of subsidiaries

On 20 November 2009, 100% of the issued share capital of the PRO group of companies comprising: PRO Insurance Solutions Limited, PRO IS, Inc and Participant Run-Off (PRO) Iberica, SLU were acquired by the Company. This transaction has been accounted for by the purchase method of accounting. The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Book value \$m	Fair value adjustments \$m	Fair value on acquisition \$m
Assets			
Intangible asset acquired	-	2.0	2.0
Cash and cash equivalents	0.1	-	0.1
Loans and receivables including insurance receivables	13.3	-	13.3
Property, plant and equipment	0.8	-	0.8
Liabilities			
Other liabilities	(10.0)	(1.5)	(11.5)
	4.2	0.5	4.7
Consideration paid in cash			8.7
Deferred consideration payable			5.3
Consideration paid net of cash and cash equivalents			6.7
Goodwill on acquisition			9.3

The initial accounting for the business combination and amounts recognised in the 2009 annual financial statements were provisional. The fair values of the acquired intangible assets were provisional pending the final valuations of these assets. The fair value exercise regarding the PRO acquisition has now been completed.

The deferred consideration of \$5.3 million (2009: \$9.1 million) has been taken into account in the calculation of the goodwill and is included in other liabilities in the statement of financial position. The Group now also recognises an intangible asset of \$2.0 million as part of the acquisition.

4 Segmental information

The Group's reportable segments under IFRS 8 are identified as follows:

- Underwriting run-off;
- Run-off management services;
- Insurance services (PRO); and
- Other corporate activities.

The other corporate activities segment includes corporate expenses and other activities not related to the core business segments and which are not reportable segments due to their immateriality. Certain expenses and taxes are not allocated across the segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central corporate expenses and tax expense. This is the measure reported to the Group Chief Executive for the purposes of resource allocation and assessment of segment performance.

4 Segmental information continued

Segment income and results

The following is an analysis of the Group's revenue and result by reportable segment.

For the period ended 30 June 2010	Under-writing run-off \$m	Run-off management \$m	Insurance services (PRO) \$m	Other corporate activities \$m	Intra-group \$m	Total \$m
Income continuing operations						
Insurance premium expense	(0.8)	-	-	-	-	(0.8)
Insurance premium ceded to reinsurers	0.5	-	-	-	-	0.5
Net earned premium expense	(0.3)	-	-	-	-	(0.3)
Revenue from consultancy and run-off services	-	2.3	22.9	4.0	(9.1)	20.1
Investment return	6.4	-	-	0.1	-	6.5
Interest income	2.3	-	-	-	-	2.3
Other income	2.1	-	1.0	0.1	-	3.2
Segment income	10.8	2.3	23.9	4.2	(9.1)	32.1
Insurance claims and loss adjustment expenses	(4.0)	-	-	2.4	-	(1.6)
Insurance claims and loss adjustment expenses recovered from reinsurers	2.4	-	0.1	(0.5)	-	2.0
Net insurance claims	(1.6)	-	0.1	1.9	-	0.4
Cost of consultancy and run-off services	-	-	(20.4)	(4.2)	7.9	(16.7)
Administrative expenses	(5.1)	(0.5)	0.1	(0.6)	1.2	(4.9)
Segment expenses	(5.1)	(0.5)	(20.3)	(4.8)	9.1	(21.6)
Segment results of operating activities	3.8	1.8	3.7	1.3	-	10.6
Share of results of associate	-	-	-	(0.9)	-	(0.9)
Finance costs	-	-	-	(2.0)	-	(2.0)
Taxation	-	-	(1.3)	1.3	-	-
Loss for the period from discontinued operations	-	-	-	(6.3)	-	(6.3)
Segment profit/(loss) for the period	3.8	1.8	2.4	(6.6)	-	1.4

4 Segmental information continued

Segment income and results continued

For the period ended 30 June 2009	Underwriting run-off \$m	Run-off management \$m	Other corporate activities \$m	Intra-group \$m	Total \$m
Income continuing operations					
Insurance premium expense	(1.2)	-	-	-	(1.2)
Insurance premium ceded to reinsurers	0.3	-	-	-	0.3
Net earned premium expense	(0.9)	-	-	-	(0.9)
Revenue from consultancy and run-off services	-	11.6	0.2	(7.5)	4.3
Investment return	(1.0)	-	0.1	-	(0.9)
Segment income	(1.0)	11.6	0.3	(7.5)	3.4
Insurance claims and loss adjustment expenses	10.0	(0.7)	2.3	0.9	12.5
Insurance claims and loss adjustment expenses recovered from reinsurers	(1.3)	-	(0.6)	-	(1.9)
Net insurance claims	8.7	(0.7)	1.7	0.9	10.6
Cost of consultancy and run-off services	(0.1)	(9.0)	(0.6)	6.6	(3.1)
Administrative expenses	(1.0)	(0.5)	(4.3)	-	(5.8)
Segment expenses	(1.1)	(9.5)	(4.9)	6.6	(8.9)
Segment results of operating activities before impairment of goodwill recognised	5.7	1.4	(2.9)	-	4.2
Impairment of goodwill	-	(5.0)	-	-	(5.0)
Segment results of operating activities	5.7	(3.6)	(2.9)	-	(0.8)
Share of results of associate	-	-	0.6	-	0.6
Finance costs	-	-	(1.9)	-	(1.9)
Profit for the period from discontinued operations	-	-	4.4	-	4.4
Segment profit/(loss) for the period	5.7	(3.6)	0.2	-	2.3

Segment assets, liabilities and other information

The following is an analysis of the Group's net assets, capital expenditure, impairment losses, depreciation and amortisation by reportable segment.

As at 30 June 2010	Underwriting run-off \$m	Run-off management \$m	Insurance services (PRO) \$m	Other corporate activities \$m	Total \$m
Segment assets	313.1	7.4	17.2	117.6	455.3
Segment liabilities	(179.2)	(2.6)	(11.3)	(38.3)	(231.4)
Segment net assets	133.9	4.8	5.9	79.3	223.9
Capital expenditure	-	-	(0.8)	-	(0.8)
Depreciation	-	-	(0.2)	-	(0.2)
Amortisation of risk premium	-	-	-	1.9	1.9

4 Segmental information continued

Segment assets, liabilities and other information continued

As at 30 June 2009	Underwriting run-off \$m	Run-off management \$m	Other corporate activities \$m	Total \$m
Segment assets	374.4	11.2	87.6	473.2
Segment liabilities	(205.4)	(4.6)	(43.0)	(253.0)
Segment net assets	169.0	6.6	44.6	220.2
Capital expenditure	-	0.2	-	0.2
Depreciation	-	(0.2)	-	(0.2)
Impairment of goodwill	-	(5.0)	-	(5.0)
Amortisation of risk premium	-	-	1.9	1.9

For the purposes of monitoring segment performance and allocating resources between segments, the Group Chief Executive monitors the tangible, intangible and financial assets and liabilities of each segment. All assets and liabilities are allocated to reportable segments.

Revenue from major products and services

The Group's revenue from major products and services is disclosed in the segment income tables.

Geographical information

The Group's revenue and information about its segment net assets by geographical location are as follows:

As at 30 June 2010	United Kingdom \$m	United States of America \$m	Total \$m
Segment revenue	29.9	1.9	31.8
Segment net assets	152.8	71.1	223.9

As at 30 June 2009	United Kingdom \$m	United States of America \$m	Total \$m
Segment revenue	1.3	1.2	2.5
Segment net assets	144.5	75.7	220.2

Information about major customers

The Group does not derive revenue from an individual policyholder or intermediary that represents 10% or more of the Group's total revenue.

5 Discontinued operation

On 21 March 2006, the Company sold a significant proportion (87.35%) of its "A" shareholding in CX Re to a consortium in which the Company participates. The majority of the consideration receivable is in the form of deferred consideration, any adjustments to the deferred consideration are accounted for as a profit/(loss) on sale of investment in the period in which the adjustments to the deferred consideration arise. The results of the discontinued operation which have been included in the consolidated income statement are as follows:

	30 Jun 2010 \$m	30 Jun 2009 \$m	31 Dec 2009 \$m
(Loss)/profit on sale of investment	(6.3)	4.4	12.1
(Loss)/profit for the year	(6.3)	4.4	12.1

6 Earnings per share

Earnings	30 Jun 2010 \$m	30 Jun 2009 \$m	31 Dec 2009 \$m
Earnings for the purposes of basic earnings per share from continuing and discontinued operations being net profit attributable to equity holders of the Group	1.4	2.3	11.2
Earnings for the purposes of basic earnings per share from continuing operations being net profit/(loss) attributable to equity holders of the Group	7.7	(2.1)	(0.9)
Number of shares	30 Jun 2010	30 Jun 2009	31 Dec 2009
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	112,987,164	112,987,164	112,987,164
Effect of dilutive potential Ordinary Shares: Share options	6,378,232	4,435,532	5,116,563
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	119,365,396	117,422,696	118,103,727
Basic earnings per share	30 Jun 2010 \$	30 Jun 2009 \$	31 Dec 2009 \$
From continuing and discontinued operations			
Basic: Ordinary Shares (\$ per share)	0.0124	0.0204	0.0991
Diluted: Ordinary Shares (\$ per share)	0.0117	0.0196	0.0948
From continuing operations			
Basic: Ordinary Shares (\$ per share)	0.0681	(0.0186)	(0.0080)
Diluted: Ordinary Shares (\$ per share)	0.0645	(0.0179)	(0.0076)

7 Dividends

The group does not propose the payment of a dividend to shareholders in relation to the interim period (June 2009: nil).

8 Deferred assets

Deferred assets relate to the consideration outstanding on the disposal of a subsidiary CX Re, as described in note 5, and a transaction facilitation fee. Part of the deferred consideration is related to the net asset value of CX Re and is subject to net asset value adjustments through the income statement.

	30 Jun 2010 \$m	30 Jun 2009 \$m	31 Dec 2009 \$m
Facilitation fee	18.5	20.6	20.8
Deferred consideration	47.1	46.8	53.5
Deferred assets	65.6	67.4	74.3

9 Cash used in operating activities

	6 months to 30 Jun 2010			6 months to 30 Jun 2009			12 months to 31 Dec 2009		
	Contin- uing \$m	Discon- -tinued \$m	Total \$m	Contin- uing \$m	Discon- -tinued \$m	Total \$m	Contin- uing \$m	Discon- -tinued \$m	Total \$m
Profit/(loss) for the year	7.7	(6.3)	1.4	(2.1)	4.4	2.3	(0.9)	12.1	11.2
Adjustments for:									
- share of results of associate	0.9	-	0.9	(0.6)	-	(0.6)	(1.8)	-	(1.8)
- discontinued operations	-	6.3	6.3	-	(4.4)	(4.4)	-	(12.1)	(12.1)
- impairment of goodwill	-	-	-	5.0	-	5.0	5.0	-	5.0
- investment return for the year transferred to investing activities	(3.4)	-	(3.4)	(4.4)	-	(4.4)	(8.2)	-	(8.2)
- realised gains on investments	(0.1)	-	(0.1)	(0.5)	-	(0.5)	(0.4)	-	(0.4)
- unrealised (gains)/losses on investments	(3.0)	-	(3.0)	5.8	-	5.8	5.9	-	5.9
- finance costs	2.0	-	2.0	1.9	-	1.9	4.9	-	4.9
- depreciation	0.2	-	0.2	0.2	-	0.2	6.1	-	6.1
- share based payment expense	0.4	-	0.4	0.4	-	0.4	1.2	-	1.2
- amortisation of risk premium	(1.9)	-	(1.9)	(1.9)	-	(1.9)	(3.8)	-	(3.8)
- amortisation of intangible asset	(0.3)	-	(0.3)	-	-	-	-	-	-
- adjustment to amortised cost	4.1	-	4.1	-	-	-	-	-	-
- other gains and losses	(2.3)	-	(2.3)	2.9	-	2.9	(2.3)	-	(2.3)
	4.3	-	4.3	6.7	-	6.7	5.7	-	5.7
Change in operating assets and liabilities									
Net increase in insurance receivables and liabilities	(0.6)	-	(0.6)	(17.8)	-	(17.8)	(27.1)	-	(27.1)
Net (decrease)/increase in loans and receivables	(8.8)	-	(8.8)	15.1	-	15.1	16.2	-	16.2
Net decrease in other operating liabilities	(7.5)	-	(7.5)	(2.9)	-	(2.9)	(4.0)	-	(4.0)
Cash (used in)/generated by operations	(12.6)	-	(12.6)	1.1	-	1.1	(9.2)	-	(9.2)
Finance costs	(2.0)	-	(2.0)	(1.8)	-	(1.8)	(4.1)	-	(4.1)
Net cash used in operations	(14.6)	-	(14.6)	(0.7)	-	(0.7)	(13.3)	-	(13.3)

10 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associate are disclosed below.

Trading transactions

Tawa Management Limited provides insurance run-off management services to CX Reinsurance Company Limited an associate of the Group in which the Company has a 12.65% share interest and a 49.95% voting interest.

Run-off services are provided on a negotiated fee basis, the terms and pricing of which are at arm's length. Run-off management expenses are recharged at cost by Tawa Management Limited.

During the year Group companies entered into the following transactions with related parties who are not members of the Group:

	Group income received		
	30 Jun 2010	30 Jun 2009	31 Dec 2009
	\$m	\$m	\$m
From associate CX Re for a management fee	1.3	1.5	3.0
From associate CX Re for expenses recharged	4.1	3.1	6.5
From associate CX Re for consultancy fees	-	0.2	0.1
	5.4	4.8	9.6

The following amounts were outstanding:

	Amounts owed (to) / from related parties		
	30 Jun 2010	30 Jun 2009	31 Dec 2009
	\$m	\$m	\$m
Amounts due from associate CX Re	2.7	0.2	0.4

Key management personnel

The Group considers its key management personnel to include its Executive and Non-Executive Directors and those members of management reporting directly to its Board that have executive management responsibility for Group-wide operations.

Remuneration of key management personnel

The remuneration of key management included in the income statement is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Remuneration of key management included in income statement

	30 Jun 2010	30 Jun 2009	31 Dec 2009
	\$m	\$m	\$m
Short-term employee benefits	3.6	2.7	5.2
Post-employment benefits	0.3	0.4	0.7
Termination benefits	-	0.1	0.1
Share based payments	0.4	0.3	0.9
Management remuneration	4.3	3.5	6.9

Immediate and ultimate parent company

In the opinion of the Directors, the immediate and ultimate parent is Financière Pinault S.C.A., a Société en commandite par actions incorporated in France. The group financial statements of Financière Pinault S.C.A. may be obtained from the Tribunal de Commerce de Paris, 1 Quai de Corse, 75004 Paris, France.

11 Contingent liabilities

Certain of the Group's subsidiaries and its associate are routinely involved in litigation or potential litigation related to primarily the settlement of insurance claims liabilities. However, none of such actual or proposed litigation that had not been provided for met the definition of a contingent liability. Consequently, the Group had no insurance related, or other, contingent liabilities as at 30 June 2010 (30 June 2009 and 31 December 2009: no contingent liabilities).

12 Events after reporting period

On 20 August 2010 the Group announced the acquisition of 94.3% of the shares of Island Capital Ltd for an initial consideration of \$7.4 million. It is intended that the acquisition will be financed from Tawa's existing cash resources. The transaction is subject to regulatory approval from the Bermuda Monetary Authority and the FSA. It is expected that such approval should be obtained by the year end.

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the consolidated income statement, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity and related notes 1 to 12. 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.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

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 of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with 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 set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
23 September 2010

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Colin Bird

Chairman

Gilles Erulin

Chief Executive Officer

David Vaughan

Chief Operating Officer

Anthony Hamilton

Independent Non-Executive Director

John Hendrickson

Independent Non-Executive Director

Patricia Barbizet

Non-Executive Director

Gilles Pagniez

Non-Executive Director

Loïc Brivezac

Non-Executive Director

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