Goshawk Insurance Holdings PLC
15 September 2005

GOSHAWK INSURANCE HOLDINGS PLC
('GoshawK', 'the Group' or 'the Company')

INTERIM RESULTS
SIX MONTHS ENDED 30 JUNE 2005

FINANCIAL AND OPERATIONAL SUMMARY

- Increase in gross premiums written of 30% over 2004, mainly driven by growth in the US
- Operating profit of $4.7 million (2004: $8.0 million)
- Group loss after tax of $0.5 million (2004: profit of $9.2 million) representing nil cents per share (2004: earnings per share of 5 cents).
- Net assets per share unchanged at $0.99 (55p) compared to $0.99 (51p) at 31 December 2004
- Group results presented under International Financial Reporting Standards ('IFRS') for the first time. Impact of IFRS not material on results or financial position; comparatives restated.
- Catastrophe activity low for first half; but increases on 2004 catastrophe estimates
- Hurricane Katrina net losses initially estimated in range of $25 million to $30 million
- $1.6 million (1 cent per share) added to net asset value in August 2005

resulting from sale of former corporate member at Lloyd's.

Russell Brooke, Chief Executive commented:

'We achieved our most important goal in 2005, the generation of growth in our underwriting portfolio, which reflects the traction of our strategy and increased franchise value. Rosemont Re has been severely tested in its first two years as a short tail specialist, which are the worst consecutive catastrophe years in history. Underwriting conditions are expected to improve significantly following Hurricane Katrina and we are currently working on increasing our capital base to maximise the resulting opportunity.'

15th September 2005

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Chief Executive's Statement

GoshawK returned a marginal loss in the first half of 2005. Tangible net asset value per share was unchanged compared to 31 December 2004, and was increased post period end by the first installment of proceeds from the sale of the Group's former corporate capital vehicle at Lloyd's.

Rosemont Re's 2005 underwriting year performance was excellent in the first half. We have achieved significant growth in our US portfolio and have been able to access business where margins have increased substantially due to loss impact from 2004. This has been particularly evident in Florida. In territories where prices have continued to fall we have reduced our participations as appropriate. Rosemont Re now has a much better portfolio balance, with the U.S. representing fifty percent of our income.

Despite loss activity in the first half being relatively light, we announced on 19 August 2005 that loss development from 2004's hurricane Ivan would negatively impact the result for the half year. The primary reason for this was the receipt of late loss advices on certain offshore energy accounts.

Hurricane Katrina will be a significant market event, with current insured loss estimates ranging between $20 billion and $60 billion. A range this wide and the logistical challenges in assessing this loss mean it will be some time before any certainty emerges. Events such as hurricane Katrina illustrate why Rosemont Re sets aside a substantial portion of its annual premiums to meet potential second half losses.

The Company has commenced certain capital raising initiatives with the aim of maximising its opportunities in the forthcoming 2006 renewals where we expect to see significant rate increases.

Financial Results and Dividend

GoshawK reported a loss after tax of $0.5 million (nil cents per share) for the

six months ended 30 June 2005 compared to a profit after tax of $9.2 million (5 cents per share) for the six months ended 30 June 2004. Net tangible asset value was $0.99 per share compared to $0.99 per share at 31 December 2004 and $1.06 per share at 30 June 2004. No interim dividend is proposed.

The results have been prepared under International Financial Reporting Standards ('IFRS') for the first time and comparatives have been restated accordingly. The impact of IFRS was not material on results or the Company's financial position. More details, and reconciliation between UK GAAP and IFRS, are presented in the notes to the interim accounts.

The profit for the period was represented, in $ millions, by:

	HY 2005	HY 2004
Pro forma operating profit	11.7	8.0
Net negative development of prior year losses	(7.0)	-
Net operating profit	4.7	8.0
Central overheads	(2.2)	(3.6)
Finance charges	(3.0)	(2.2)
Release of provision on discontinued business	-	4.7
Non-recurring interest on FAL, commission income	-	2.3
NET (LOSS) / PROFIT AFTER TAX	(0.5)	9.2

Rosemont Re operations

Gross premiums written increased by 30% over the first half of 2004 and have increased by 35% inclusive of the 1 July renewals. We have taken advantage of increased pricing in territories that were loss affected in 2004 but have scaled back elsewhere as prices have continued to decline. Our portfolio growth has mainly been driven by the U.S. Forty six percent of the US business incepts at 1st July so the increased earned premium will benefit the Company in the second half.

Reinsurance premiums ceded are higher than 2004 reflecting more extensive retrocessional protections that Rosemont Re has purchased as the portfolio has grown. The Company has benefited from improved economies of scale and is better protected against both frequency and severity of losses than it was in 2004. We have also elected to protect some of the old year business written in 2002 and 2003, particularly the Company's exposure to satellite and space business. As a result, net premiums earned are lower than 2004.

The combined ratio at Rosemont Re for the first half was 98% (2004: 90%), comprising a 65% loss ratio (2004: 57%) and a 33% (2004: 33%) expense ratio.

Loss activity

There has been some negative development in the catastrophe losses from 2004. The main cause has been the business interruption loss in the marine offshore energy market resulting from hurricane Ivan. The net impact of this deterioration has been approximately $7 million.

The first half of 2005 has seen little loss activity for Rosemont Re. The two headline events in the first half were winter storm Erwin in Scandinavia and an explosion at the Suncor energy plant in Canada. Neither of these events has produced material losses to Rosemont Re.

Hurricane Katrina is likely to create the largest individual catastrophe loss in the reinsurance market ever. Due to Katrina's track close to the centre of New Orleans, damage to property from wind and flood is truly catastrophic and a market changing event. Unlike the smaller events in 2004 the reinsurance and retrocession markets will bear a substantial portion of this loss.

Rosemont Re's property portfolio will be partially shielded due to the regional clients we target. However, our initial estimate is that the loss will have a net negative impact in the range of $25 million to $30 million on the Company's financial result for the year. The losses from Hurricane Katrina will take some

time to become clear. Accordingly, our initial estimate is subject to change, perhaps materially. The estimate may reduce should the gross loss to the Company not penetrate the Company's retrocessional protections to the full extent. The estimate may increase should the gross loss exceed the Company's retrocessional protections.

Preceding Katrina, neither hurricanes Dennis nor Emily will result in material losses for us. We do not expect any loss from the Mumbai floods and our ONGC (Indian Ocean oil rig explosion and fire) loss is capped at $2 million.

Rating

Rating agency A.M. Best announced on 8 September 2005 that it was putting the financial strength rating of Rosemont Re under review with negative implications, citing the impact to the Company's earnings and prospective risk-adjusted capitalisation from Hurricanes Katrina and Ivan.

The board assesses the capital requirements of the Company on a continual basis in the context of the strategy, risk profile and the reinsurance market environment. Given the significant increase in reinsurance premium rates that are expected to be evident in 2006 as a result of Hurricane Katrina, the board is pursuing certain capital raising initiatives. These initiatives will be discussed with A.M. Best shortly and further announcements will be made as required.

Rosemont Re is rated A- (Excellent) by A.M. Best. The result of A.M. Best's review could be reaffirmation of the rating, reaffirmation of the rating, but with a negative outlook, or a downgrade. In the event the rating is downgraded, the Company's ability to earn existing unearned premium or write new business will be severely impaired.

Investment Income

The net investment return for the first half of 2005 was $4.2 million (2004: $4.0 million).

The main factor behind the return for the period was rising interest rates in the US, which reduced the market value of the fixed income portfolio. The board's decision for the short duration positioning of the fixed income portfolio shielded the Company from a negative return during the period, with an annualised return of just over 1% on the fixed income element of the portfolio. Many of our peer companies in Bermuda suffered negative investment returns in the first half on their fixed income portfolios due to having longer duration positioning. During the period, over 85% of the asset portfolio was invested in short duration US fixed income securities, invested with well respected managers, and cash or cash equivalents. This asset allocation continues to be appropriate for the underwriting strategy we follow as it minimizes credit risk, interest rate risk, illiquidity and reflects the wishes and interests of the shareholders. Recent events have validated this approach.

At the period end, 14% of the portfolio was invested in equity securities comprising approximately $20 million in the GHK First Equity fund, an absolute return fund which invests long/short in UK equities, and $34 million in Wellington Management's fund of funds product, which invests, with a net long bias, in US equities. Both funds performed well, with blended annualised total returns for the period in excess of 5%. However the weakening of sterling against the dollar negatively impacted the return of the GHK First Equity fund in dollars reducing the annualised equity portfolio return for the period to less than 1%.

Non-Strategic Group Operations

In February 2005, the Group sold its former corporate capital vehicle at Lloyd's, GoshawK Dedicated (No.2) Limited ('GD2'). This was a major step in divesting of non-core businesses and represented the end of any material capital

participation at Lloyd's. In addition, the transaction provides potential future benefit to the Group through the monetisation of tax losses generated within the vehicle from underwriting losses at Syndicate 102. Syndicate 102 produced further significant losses in 2004 and Rosemont Re provided for such losses at the end of 2004. The further losses at Syndicate 102 resulted in additional potential value from the transaction.

Post the period end, the Group net asset value has increased by $1.6 million (1 cent per share) resulting from this transaction. We estimate that, at least, a further $2.2 million (1 cent per share) will be added to net asset value prior to year end with a further $4.3 million (3 cents per share) during 2006. Further losses remain available to be claimed by the purchasers in 2005 and 2006 which could result in the proceeds accruing to the Group being even higher.

Board and Shareholders

The board has conducted many discussions with its shareholders recently in light of the public statements made by Phoenix Asset Management Partners ('Phoenix'), the Company's largest shareholder, over the last three months. The board is firmly of the view that it is acting in the best interests of all shareholders, the Company's strategy is appropriate and its business is well managed.

Financing

When the Company's debt facilities were renegotiated in late 2003, the Company agreed to issue the lenders with warrants, in three tranches, over shares representing 5% of the issued share capital of the Company at the time. The final tranche of warrants over shares totaling 1% of the issued share capital of the Company is scheduled to be issued to the lenders on 1 January 2006, should the facilities not be repaid prior to then. Due to the approach by Phoenix to take control of the Group, management was prevented from completing refinancing discussions with rating agencies and potential financiers during July and

August. Due to this delay, it is possible that such a refinancing may not take place before 1 January 2006 and accordingly the final tranche of warrants may be issued to the lenders.

The Company announced on 9 September 2005 that it was engaged in capital raising initiatives in response to the prospective improvement in underwriting conditions as a result of the losses from hurricane Katrina. If the Company is unsuccessful in raising capital a negative rating action would be expected. Alternative strategies are then possible, however these may result in a potential significant reduction in shareholder value.

Outlook

We continue to gain momentum in our core lines of business and franchise value has been increased. We intend to continue to target growth through a combination of profitable underwriting and appropriate investment strategy. While the impact of hurricane Katrina will reduce the expected outcome for 2005, we believe that the expanded retrocessional protections we have put in place will limit the impact to shareholders and that the Company will outperform relative to its peers. Business conditions are set to improve quite significantly, and we intend to position the Company to benefit.

Russell Brooke
Chief Executive

15 September 2005

Consolidated Statements of Income (unaudited)

(Expressed in thousands of United States Dollars, except per share amounts)	Notes	Six months ended 30 June 2005	Six months ended 30 June 2004
Revenue			
Gross premiums written	2	$83,702	$61,131
Change in unearned premiums		(29,110)	(8,141)
Gross premiums earned		54,592	52,990
Reinsurance premiums ceded		(28,254)	(9,916)
Change in deferred premiums ceded		12,952	1,554
Reinsurance premiums ceded		(15,302)	(8,362)
Net premiums earned		39,290	44,628
Net investment income		5,374	3,892
Net realised (losses) gains on investments		(795)	13,373
Net unrealised (losses) gains on investments		(400)	(13,233)
Other income		-	422
Total revenues		43,469	49,082
Expenses			
Net losses and loss adjustment expenses		25,504	25,340
Net acquisition expenses		7,898	10,167
General and administrative expenses	7	7,178	8,613
Finance costs		2,976	2,169
Net foreign exchange loss (gain)		343	394
Total expenses		43,899	46,683
(Loss) profit before tax		(430)	2,399
Income tax expense		-	-
Net (loss) profit after tax - continuing operations		(430)	2,399
(Loss) profit from discontinued operations	12	(57)	6,815
Net (loss) profit after tax	11	(487)	9,214
Basic net (loss) income per common share	3		
Continuing operations		$0.00	$0.01
Discontinued operations		$0.00	$0.04

Total		$0.00	$0.05
Diluted net (loss) income per common share	3		
Continuing operations		$0.00	$0.01
Discontinued operations		$0.00	$0.04
Total		$0.00	$0.05
Weighted average number of common shares - basic	3	173,135,130	172,781,596
Weighted average number of common shares - diluted	3	173,135,130	173,048,147

See accompanying notes to interim consolidated financial statements.

Consolidated balance sheets (unaudited)

(Expressed in thousands of United States Dollars, except per share amounts)	Notes	As at 30 June 2005 (unaudited)	As at 30 June 2004 (unaudited)
Assets			
Cash and cash equivalents	8	$39,359	$183,699
Fixed maturity investments, at fair value	8	284,690	275,213
Equity investments, at fair value	8	54,153	19,345
Accrued investment income		1,779	1,375
Reinsurance premiums receivable		134,428	79,327
Loss and loss adjustment expenses recoverable	9	22,398	8,226
Deferred premiums ceded		18,811	7,099
Deferred acquisition costs		7,403	6,188
Other receivables		-	1,182
Prepaid expenses and other assets		1,669	3,202
Assets of disposal group held for sale	12	6,060	-

	Note		
Total assets		570,750	584,856
Liabilities			
Reserve for losses and loss adjustment expenses	9	266,561	175,893
Unearned premiums		46,883	43,493
Reinsurance balances payable		11,119	2,934
Loans payable	5	64,371	50,692
Accounts payable and accrued liabilities		3,809	11,871
Provision for other risks and charges		-	114,197
Derivative liability	6	2,338	1,995
Liabilities of disposal group held for sale	12	4,814	-
Total liabilities		399,895	401,075
Shareholders' equity			
Share capital		15,745	15,745
Additional paid-in capital		283,584	283,584
Reserve for share based compensation		(1,180)	(1,462)
Other reserves		9,863	7,662
Retained losses		(137,157)	(121,748)
Total shareholders' equity	10	170,855	183,781
Total liabilities and shareholders' equity		$570,750	$584,856
Net assets per share	4	$0.99	$1.06

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Cash Flows (unaudited)

(Expressed in thousands of United States Dollars, except per share amounts)	Six months ended	Six months ended

	30 June 2005	30 June 2004
Cash flows from operating activities		
Net (loss) income	$(487)	$9,214
Adjustments to reconcile net income to cash provided by operating activities:		
Net realised gains (losses) on sales of investments	795	(13,375)
Net unrealised gains (losses) on sales of investments	400	14,187
Depreciation	575	557
Other non-cash transactions	973	(4,296)
Changes in:		
Reinsurance premiums receivable	(23,980)	1,418
Deferred premiums ceded	(12,951)	(1,554)
Loss and loss adjustment expenses recoverable	(16,913)	(1,403)
Accrued investment income	(269)	(1,375)
Deferred acquisition costs	(4,018)	433
Other debtors, prepaid expenses and other assets	1,351	2,336
Reserve for losses and loss adjustment expenses	14,573	22,048
Unearned premiums	29,110	8,140
Reinsurance balances payable	9,786	698
Income taxes payable	-	-
Accounts payable and accrued liabilities	(3,233)	723
Release of provision for other risks and charges	-	(2,481)
Cash flows from discontinued operations	(585)	-
Cash (utlised) provided by operating activities	(4,873)	35,270
Cash flows from investing activities		
Purchases of fixed maturity investments	(188,657)	(458,083)
Proceeds from sales and maturities of fixed maturity investments	191,768	358,537
Purchases of equity investments	-	-
Proceeds from sales of equity investments	-	63,977
Change in deposits	-	75,124

Fixed assets	(138)	(1,315)
Cash provided by (used in) investing activities	2,973	38,240
Cash flows from financing activities		
Repayment of credit facilities	-	-
Increase in credit facilities	-	-
Restructuring fees	(700)	-
Cash provided by financing activities	(700)	-
Net cash (outflow) inflow	(2,600)	73,510
Cash and cash equivalents, beginning of period	49,153	109,281
Effect of exchange rate changes on cash and cash equivalents	(2,563)	908
Less: discontinued operations	(4,631)	-
Cash and cash equivalents, end of period - continuing operations	$39,359	$183,699

Consolidated Statements of Changes in Equity (unaudited)

(Expressed in thousands of United States Dollars, except per share amounts)	Notes	Six months ended 30 June 2005	Six months ended 30 June 2004
Common shares par value £0.01			
Balance, beginning of period		$15,745	$15,745
Additional shares issued		-	-
Balance, end of period		$15,745	$15,745
Additional paid in capital			
Balance, beginning of period		$283,584	$283,584
Additional paid-in capital on shares issued		-	-

Balance, end of period	$283,584	$283,584
Other reserves		
Balance, beginning of period	$12,635	$20,583
Transfer (to) from retained earnings	(2,772)	(12,921)
Balance, end of period	$9,863	$7,662
Reserve for share based compensation		
Balance, beginning of period	$(1,262)	$(1,727)
Share based expense recognised in income statement	80	288
Currency translation differences	2	(23)
Balance, end of period	$(1,180)	$(1,462)
Retained earnings		
Balance, beginning of period	$(139,440)	$(139,916)
Net (loss) income	(487)	9,214
Currency translation differences	(2)	(3,967)
Transfer from other reserves	2,772	12,921
Balance, end of period	$(137,157)	$(121,748)
Total shareholders' equity	$170,855	$183,781

Notes to the Interim Financial Statements (unaudited)

1. PRINCIPAL ACCOUNTING POLICIES

GoshawK Insurance Holdings plc (the 'Company'), a public limited company incorporated and domiciled in the United Kingdom ('UK'), together with its subsidiaries (collectively, the 'Group' or 'GoshawK') transacts reinsurance business predominantly through its Bermuda based subsidiary Rosemont Reinsurance Ltd. ('Rosemont Re').

Through Rosemont Re, the Group provides catastrophe reinsurance of property and marine risks worldwide. Catastrophe reinsurance covers unpredictable events

such as hurricanes, windstorms, hailstorms, earthquakes, volcanic eruptions, fires, freezes, industrial explosions and other man-made or natural disasters. Rosemont Re's loss experience will generally include infrequent events of great severity. Rosemont Re's clients include many leading insurance companies in the industrialised world.

The principal accounting policies adopted in the preparation of these interim statements are set out below.

(a) Basis of accounting presentation

From 1 January 2005 all European Union listed companies are required to prepare their consolidated financial statements using standards issued by the International Accounting Standards Board ('IASB') and endorsed by the European Union. This interim statement has been prepared using the accounting policies set out below, which are in accordance with International Financial Reporting Standards ('IFRS') issued by the IASB. The European Union has endorsed all relevant IFRS with the exception of the amendments to IAS 39 'The Fair Value Option' published by the IASB in June 2005.

The IFRSs themselves are subject to possible amendment by interpretative guidance from the IASB or external bodies and are therefore subject to change prior to publication of the Group's full year financial statements for the year ending 31 December 2005. The Group's full year financial statements at 31 December 2005 will be prepared in accordance with these endorsed IFRSs and these interim statements reflect the accounting policies expected to apply at 31 December 2005.

In accordance with the standard for Phase I of insurance contracts, IFRS 4, GoshawK has applied existing accounting practices for insurance contracts, further details are given in note 1 (e) below.

This is the Group's first set of financial results prepared in accordance with IFRS accounting policies and its previously reported 2004 consolidated financial

statements have accordingly been restated for comparative purposes to comply with IFRS, with the date of transition to IFRSs being 1 January 2004. Details are shown in notes 10 and 11.

The financial information contained in these interim financial statements does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 December 2004, prepared under UK GAAP, which received an unqualified audit opinion have been delivered to the Registrar of Companies.

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the 'functional currency'). The consolidated financial statements are stated in United States Dollars, which is the Company's functional and presentation currency.

(b) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect items reported in the consolidated balance sheet and income statement. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results may ultimately differ from those estimates, possibly significantly.

(c) Consolidation principles

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. Subsidiaries are those entities in which the Company has the power to exercise control over financial and operating policies in order to gain economic benefits. Subsidiaries are consolidated from the date on which effective control was transferred to the Group and are excluded from consolidation from the date of disposal or when control no longer exists over financial and operating policies.

GoshawK Dedicated Limited, a wholly owned subsidiary company, underwrote as a corporate member of Lloyd's on syndicates managed by the Group (managed syndicates) and participated in 1999 on non-managed syndicates. The capacity for Syndicate 102 was transferred from GoshawK Dedicated Limited to GoshawK Dedicated (No.2) Limited for the 2001 and subsequent years of account. GoshawK Dedicated (No.2) Limited has been excluded from consolidation with effect from 31 October 2003 on the basis that from that date there have been severe long term restrictions that substantially hinder the exercise of the rights of the parent company over the assets and management of GoshawK Dedicated (No.2) Limited. GoshawK Dedicated (No.2) Limited was sold in February 2005.

All significant intercompany accounts and transactions have been eliminated.

(d) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Foreign currency monetary balances are retranslated at exchange rates ruling at the balance sheet date with exchange differences arising being recognised in the income statement.

Income statements and cash flows of entities with a functional currency other than United States dollars are translated into the Group's presentation currency at average rates while balance sheets are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising from retranslation of opening net assets are taken directly to reserves.

(e) Reinsurance operations

i Premiums

Gross premiums written represent premiums on business incepting during the year. Gross premiums written on non-proportional business are accounted for on the basis of the contractually stated minimum and deposit premium, which is then adjusted upon contractual terms in later years. Gross premiums written on proportional business are accounted for when reported to the company by the cedant or broker. Gross premiums written are stated before deduction of known commissions, taxes, duties levied on premiums and other deductions.

Reinsurance premiums ceded are accounted for in the same accounting period as the related direct or inwards reinsurance business.

ii Unearned premiums and deferred reinsurance premiums ceded

Unearned premiums represent the portion of premiums written which is applicable to the unexpired terms of the policies in force at the relevant balance sheet date. Ceded reinsurance premiums are similarly pro-rated over the terms of the contracts with the unexpired portion deferred in the balance sheet.

iii Deferred acquisition costs

Acquisition costs represent the expenses of acquiring reinsurance policies written during the financial period. Acquisition costs are deferred and amortised over the period in which the premium is earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

iv Losses and loss adjustment expenses

Claims incurred comprise claims and settlement expenses (both internal and external) paid in the period and the movement in provisions for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date but not reported until after the balance sheet date.

The provision for claims comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The provision is set by management based on loss development patterns, the policy wording and historical experience. The Group's actuary reviews the provision quarterly using a variety of generally accepted methodologies to determine estimated ultimate claims, including 'Bornhuetter-Ferguson' incurred loss method and frequency and severity approaches. The reserves are also subject to review twice yearly by external consulting actuaries.

Actuarial methods extrapolate the development of premiums, and paid and incurred claims for each year, based upon the observed development of earlier years and expected loss ratios. The main assumption underlying these techniques is that past claims experience can be used to project ultimate claims costs and that no changes to past trends, such as public attitudes to claiming or inflation occur. The approach adopted takes into account the nature and materiality of the business and the type of data available. Additional qualitative input, such as allowance for one off occurrences or changes in legislation, policy conditions or portfolio mix, is also used in arriving at the estimated ultimate cost of claims, in order that it represents the most likely outcome taking account of all uncertainties involved.

Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for reinsurers' share. The asset includes amounts recoverable from reinsurers for paid and unpaid losses and loss adjustment expenses. If a recoverable is impaired the Group reduces its carrying amount accordingly and will immediately recognise the impairment loss in the income statement. A reinsurance recovery will be deemed to be impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the recovery, that the Group will not receive all amounts due to it under the reinsurance contract, and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

While the directors consider that the provisions for claims outstanding are fairly stated on the basis of the information available to them at the date

of these financial statements, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the losses foreseen. Adjustments to the amounts of the provisions are reflected in the accounts for the period in which the adjustments are made.

v Unexpired risk provisions

A provision for unexpired risks is made when it is anticipated that unearned premiums will be insufficient to meet future claims and claims settlement expenses of business in force at the period end. The provision for unexpired risks is included within technical provisions in the balance sheet.

(f) Investment income

Investment income consists of dividends and interest receivable for the period, movements in amortised cost on debt securities, realised gains and losses and unrealised gains and losses on investments. Dividends on equity securities are recorded as revenue on the ex-dividend date. Interest income is recognised as it accrues, taking into account the effective yield on the investment.

Realised gains and losses are calculated as the difference between the net sales proceeds and their amortised cost at the date of sale. Unrealised gains and losses on investments represent the difference between the carrying value at the period end and the carrying value at the previous period end, or the purchase value during the period. Unrealised investment gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years which have been realised during the period and are reported as realised gains and losses in the current income statement.

(g) Other income

Other income comprises consortium management, consultancy and asset management fees. These are credited to the income statement as they are earned.

(h) Income taxes and deferred taxation

The current tax expense is based on the taxable profits for the period, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before tax and amounts charged or credited to reserves as appropriate.

Deferred taxation is recognised in respect of all taxable temporary differences that have originated but not reversed at the balance sheet date where transaction or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is not made for deferred tax that would arise on the retained earnings of overseas subsidiaries where the Company has determined that these earnings will not be distributable in the foreseeable future; and

- deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(i) Property, plant and equipment

Leasehold improvements, computer equipment and office equipment are carried at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write down the cost of the asset to their residual values over their estimated useful lives as follows:

Leasehold improvements	Three years
Computer and office equipment	Three years

(j) Investments

The Group classifies its investments as financial assets at fair value through profit and loss in accordance with IFRS IAS 39 'Financial Instruments: Recognition and Measurement'.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the assets, at their fair value less transaction costs.

The fair values of investments are based on quoted bid prices where available. The fair values of unlisted investments are based upon the fair values of the underlying securities.

(k) Derivative instruments

The Group uses certain derivative instruments, such as interest rate futures, to manage the duration of its fixed income investments. Such instruments are measured at fair value at the balance sheet date and gains or losses thereon are recognised in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash held at banks and in hand, deposits held on call with banks and other short-term highly liquid securities with less than ninety days maturity from the date of acquisition. For the purposes of the cash flow statement, cash and cash equivalents also include bank overdrafts, which are included within payables and other financial liabilities on the balance sheet.

(m) Leases

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are classified as operating leases. Payments made as lessees under operating leases are charged to the income statement on a straight line basis over the period of the lease.

(n) Employee benefits

Pension plans

The Group operates a defined contribution scheme. Once the contributions have been paid, the Group, as employer, has no further payment obligations. The Group's contributions are charged to the income statement in the year to which they relate and are included in staff costs.

Equity compensation plans

The Group offers share award plans over the Company's ordinary shares for certain employees.

The Group accounts for awards under equity compensation plans, which were granted after 7 November 2002, until such time as they are fully vested, using the fair value method of accounting. Under this method, the cost of providing equity compensation plans is based on the fair value of share awards at the date of grant. The fair value is amortised to the income statement over the expected service period of the relevant employees and credited to the reserve for share based compensation, part of shareholders' funds.

Shares purchased by employee share trusts to fund these awards are shown as a deduction from shareholders' funds at original cost.

When new shares are issued, the proceeds received, net of any transaction costs, are credited to share capital at par value and the balance is credited to

additional paid in capital. Where the shares are already held by employee trust, any net proceeds are credited to this account, with the difference between cost and proceeds being taken to retained earnings. In both cases, the relevant amount in the reserve for share based compensation is then credited to retained earnings.

(o) Borrowings

Borrowings are initially stated at fair value. Subsequently, borrowings are stated at amortised cost and any difference between amortised cost and redemption value is recognised in the income statement on the effective interest method over the period of the borrowings.

(p) Warrants and potential warrants

Warrants to acquire Goshawk ordinary shares and potential warrants embedded within the Group's borrowing facility are accounted for as derivative financial instruments as they do not meet the definition of an equity instrument. Accordingly the warrants and potential warrants are stated at fair value and are shown on the balance sheet as a liability. The fair value is measured at each balance sheet date with the movement recognised in the income statement.

(q) Earnings per share

Basic earnings per share is calculated by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of shares purchased by the Group and by the employee trust.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary shares, such as warrants and share options granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

2. SEGMENTAL ANALYSIS

(Expressed in thousands of United States Dollars)	Six months ended 30 June 200			
	Property	Marine	SCPIE	Ot
Gross premiums written	$59,689	$20,590	$-	$3,
Net premiums written	44,799	11,518	-	(8
Net premiums earned	28,277	8,570	-	2,
Net losses and loss adjustment expenses	(15,032)	(12,149)	-	1,
Net acquisition expenses	(5,567)	(1,250)	-	(1,0
Profit (loss) before expenses, investment income, finance costs and foreign exchange	7,678	(4,829)	-	3,
Net investment result				
Other income				
General and administrative expenses				
- reinsurance operations				
- corporate				
Finance costs				
Net foreign exchange loss				
Net profit (loss) before tax				
- continuing operations				

(Expressed in thousands of United States Dollars)	Six months ended 30 June 200			
	Property	Marine	SCPIE	Ot
Gross premiums written	$46,280	14,903	$(6,787)	$6,
Net premiums written	42,182	11,881	(6,787)	3,
Net premiums earned	28,723	7,405	1,818	6,
Net losses and loss adjustment expenses	(15,049)	(347)	(6,116)	(3,8
Net acquisition expenses	(5,571)	(1,009)	(2,211)	(1,3

Profit (loss) before expenses, investment income, finance costs and foreign exchange	8,103	6,049	(6,509)	1,
Net investment result				
Other income				
General and administrative expenses				
- reinsurance operations				
- corporate				
Finance costs				
Net foreign exchange (loss)				
Net profit (loss) before tax				
- continuing operations				

(Expressed in thousands of United States Dollars)	Year ended 31 December 2004			
	Property	Marine	SCPIE	Oth
Gross premiums written	$61,683	$19,618	$37,377	$28,3
Net premiums written	51,459	16,583	35,476	28,3
Net premiums earned	50,042	16,309	47,302	36,1
Net losses and loss adjustment expenses	(38,215)	(5,559)	(41,102)	(43,26
Net acquisition expenses	(9,013)	(2,297)	(6,147)	(5,26
Profit (loss) before expenses, investment income, finance costs and foreign exchange	2,814	8,453	53	(12,42
Net investment result				
Other income				
General and administrative expenses				
- reinsurance operations				
- corporate				
Finance costs				
Net foreign exchange gain				
Net profit (loss) before tax				
- continuing operations				

3. EARNINGS PER SHARE

The following table sets forth the calculation of basic and diluted earnings per share:

(Expressed in thousands of United States Dollars, except per share amounts)	Six months ended 30 June 2005	Six months ended 30 June 2004
Basic earnings per share		
Net (loss)income	$(487)	$9,214
Weighted average common shares outstanding	173,135,130	172,781,596
Basic net (loss) income per share	$0.00	$0.05
Diluted earnings per share		
Net (loss) income	$(487)	$9,214
Weighted average common shares outstanding	173,135,130	172,781,596
Share equivalents:		
Warrants*	-	266,551
Options	-	-
Weighted average common shares and common share equivalents outstanding - diluted	173,135,130	173,048,147
Diluted net (loss) income per share	$0.00	$0.05

* The exercise of the warrants would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS 33.

4. NET ASSETS PER SHARE

The following table sets forth the calculation of net assets per share:

(Expressed in thousands of United States Dollars, except per share amounts)	At 30 June 2005	At 30 June 2004
Net assets per share		
Shareholders' funds	$170,855	$183,781
Common shares in issue	173,135,130	172,781,596
Net assets per share	$0.99	$1.06

5. CREDIT FACILITIES

A summary of the Group's credit facilities is shown in the table below:

	At 30 June 2005	At 30 June 2004
(Expressed in thousands of United States Dollars)		
Amounts repayable in:		
Less than one year	$13,000	$13,000
In more than one year but not more than two years	13,000	13,000
In more than one year but not more than five years	40,072	26,000
	66,072	52,000
Less amortisation and issuance costs	(1,701)	(1,308)
Amortised cost at end of period	$64,371	$50,692

The credit facilities contain various loan covenants that include, among other things, the requirement that GoshawK maintain a minimum level of capital and surplus and a maximum debt to equity ratio. The Company was in compliance with all covenants contained in the credit facilities at 30 June 2005.

6. WARRANTS AND POTENTIAL WARRANTS

The Company issued 'A' warrants to the lenders participating in the credit facilities over 5,277,722 ordinary shares representing some 3% of its issued share capital at 18 December 2003. The warrants can be exercised at 35.25p, being the closing mid-market price of the shares on 18 December 2003. The Company issued a further 1,759,240 'B' warrants, on 1 January 2005.The 'B' warrants have an exercise price of 35.25p A further 1,759,240 'C' warrants will be issued if the credit facilities have not been repaid or terminated by 1 January 2006. The warrants are exercisable as follows:

- 'A' warrants are exercisable from 20 December 2003 to 23 January 2008
- 'B' warrants are exercisable from 1 January 2005 to 23 January 2008
- 'C' warrants are exercisable from 1 January 2006 to 23 January 2008

In total these 8,796,202 warrants represent 5% of the Company's current issued share capital.

In accordance with IAS 39 'Financial Instruments: Recognition and Measurement' the Company reassesses the fair value of these warrants and potential warrants, creating a derivative and embedded derivative liability, respectively, at each balance sheet and the movements between accounting periods is recognised in the income statement.

7. OPERATING EXPENSES

(Expressed in thousands of United States Dollars)	Six months ended 30 June 2005	Six months ended 30 June 2004
Acquisition costs	$11,916	$9,734
Change in deferred acquisition costs	(4,018)	433
Administration costs - reinsurance operations	5,106	5,008
Administration costs - corporate	2,072	3,605
	$15,076	$18,780

8. INVESTMENTS

a) The following table summarizes the composition of the fair value of all cash and cash equivalents and fixed maturity investments by rating:

(Expressed in thousands of United States Dollars)	At 30 June 2005	At 30 June 2004
Cash and cash equivalents	$39,359	$179,215
U.S. Government and government agencies	77,154	131,020
Asset backed securities	63,514	39,070
Mortgage backed securities	92,883	55,417
AAA	3,706	1,298
AA	15,358	7,113
A	20,256	25,323
BBB	11,819	4,788
Deposits with credit institutions	-	11,184
	$324,049	454,428

The primary rating source is Moody's Investors Service Inc. ('Moody's'). When no Moody's rating is available, Standard & Poor's Corporation ('S & P') ratings are used and where split ratings exist, the higher of Moody's and S & P is used.

b) The contractual maturity dates of fixed maturity investments as at 30 June 2005 are as follows:

(Expressed in thousands of United States Dollars)	Amortised cost
Due in one year or less	$45,780
Due after one year through five years	213,263
Due after five years through ten years	4,713
Due after more than ten years	22,312
	$286,068

Actual maturities may differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

9. RESERVE FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

Movements in the reserve for losses and loss adjustment expenses are summarised as follows:

(Expressed in thousands of United States Dollars)	Six months ended 30 June 2005	Six months ended 30 June 2004
Gross loss reserves, beginning of period	$251,988	$153,845
Loss reserves recoverable, beginning of period	(5,485)	(6,824)
Total net reserves, beginning of period	246,503	147,021
Claims paid:		
Gross amount	(26,968)	(4,694)
Reinsurance recovered	-	-
Net claims paid	(26,986)	(4,694)
Change in provision for claims		
Gross amount	42,416	26,742
Reinsurance recoverable	(16,912)	(1,402)
Net change in provision for claims	25,504	25,340
Effect of foreign exchange movements	(885)	-
Total net reserves, end of period	244,163	167,667
Loss reserves recoverable, end of period	22,398	8,226
Gross loss reserves, end of period	$266,561	$175,893

Losses incurred in the six months ended 30 June 2005 include deterioration on 2004 catastrophe losses of approximately $12 million, net of reinsurance recoveries, and a release of redundant reserves for 2003 property and marine business of $5 million. In addition, losses relating to a Canadian energy

installation and to the European winter storm 'Erwin' were incurred in the first half of 2005, amounting to approximately $4 million.

During the comparative six months ended 30 June 2004, loss advices were received on a U.S. bail bond contract that originally formed part of the SCPIE retrocession contract written by Rosemont Re. Rosemont Re has investigated these claims and has engaged legal representation. Based on the findings of these investigations and an independent audit, management is contesting the claims.

Rosemont Re provided certain reinsurances of Syndicate 102 for underwriting years 2001, 2002 and 2003. In particular it provided indirect Qualifying Quota Share coverage for those years in shares of 2.40%, 6.85% and 7.69% respectively. Rosemont Re assessed the impact to those years from the reserve strengthening and increased its reserve position on these contracts by $7 million at 31 December 2004. There has been no change reported in this position during 2005.

In the year to 31 December 2004 Rosemont Re incurred losses related to the hurricane activity in Florida and the Gulf of Mexico and the record typhoon activity in Japan. The total impact of these losses, net of reinsurance and reinstatements was approximately $40 million in that year. The levels of property loss in Japan and in the marine book penetrated Rosemont Re's retrocession program.

10. RECONCILIATION OF EQUITY REPORTED UNDER UK GAAP TO EQUITY REPORTED UNDER IFRS

(Expressed in thousands of United States Dollars)	At 30 June 2004	At 31 December 2004
Equity as reported under UK GAAP	$184,762	$172,265
Adjusted for:		

Fair value of warrants and potential warrants (note 1)	(1,995)	(1,941)
Amortisation of loans payable (note 2)	1,014	938
Equity as reported under IFRS	$183,781	$171,262

Note 1: Warrants and potential warrants

As a result of applying IAS 32 and IAS 39 the warrants and potential warrants issued to the Company's lenders under its credit facilities have been classified as derivative and embedded derivative liabilities respectively. The warrants and potential warrants will be classified as derivative liabilities until such time as they expire or that they are settled by a delivery of shares. Previously under UK GAAP the warrants and potential warrants were treated as equity instruments that had been issued at no cost.

The fair value of the warrants and potential warrants is reassessed at each balance sheet date and the movement is credited or debited to the income statement as appropriate.

Note 2: Loans payable

The Company has treated the restructuring of the loan facilities during December 2003 as an extinguishment of the original facilities. As a consequence the value of the facilities was remeasured at that time at fair value, with the difference being adjusted against retained earnings. Due to this restructuring of the loan facilities the costs associated with the original facility, that were previously capitalised, have been expensed to retained earnings.

11. RECONCILIATION OF INCOME (LOSS) REPORTED UNDER UK GAAP TO EQUITY REPORTED UNDER IFRS

(Expressed in thousands of United States	Six months ended

Dollars)	30 June 2004
Profit (loss) reported under UK GAAP	$10,026
Adjusted for:	
Fair value of warrants and potential warrants (note 1)	(480)
Amortisation of loans payable (note 2)	(75)
Share based compensation (note 3)	(257)
Profit (loss) reported under IFRS	$9,214

Note 1: Warrants and potential warrants

As a result of applying IAS 32 and IAS 39 the warrants and potential warrants issued to the Company's lenders under its credit facilities have been classified as derivative and embedded derivative liabilities respectively. The warrants and potential warrants will be classified as derivative liabilities until such time as they expire or that they are settled by a delivery of shares. Previously under UK GAAP the warrants and potential warrants were treated as equity instruments that had been issued at no cost.

The fair value of the warrants and potential warrants is reassessed at each balance sheet date and the movement is credited or debited to the income statement as appropriate.

Note 2: Loans payable

The Company has treated the restructuring of the loan facilities during December 2003 as an extinguishment of the original facilities. As a consequence the value of the facilities was remeasured at that time at fair value, with the difference being adjusted against retained earnings. Due to this restructuring of the loan facilities the costs associated with the original facility, that were previously capitalised, have been expensed to retained earnings.

The loans are being amortised over the remaining term to the amount that will become repayable at the various maturity dates, with the amortisation being treated as a financing cost.

Note 3: Share based compensation

The impact of adopting IFRS 2 has been to increase the charge to the income statement by $327,000 for the year to 31 December 2004 and by $257,000 in the six months to 30 June 2004, resulting from the fair valuing of the GoshawK's share based compensation schemes.

12 DISCONTINUED OPERATIONS

The discontinued activities primarily relate to operations that provided services related to the Group's participation on its managed syndicate, Syndicate 102, which went into run-off at the end of October 2003. The Group had previously supported 100% of Syndicate 102's capacity.

The Group is actively seeking to dispose of these discontinued operations. As such the net assets relating to discontinued activities have been classified on the balance sheet in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' at 30 June 2005 and 31 December 2004.

An analysis of the results of discontinued operations is shown below:

13 SUBSEQUENT EVENTS

Subsequent to the period end, Hurricane Katrina made landfall in a number of southern states in the U.S. This event may prove to be the most significant natural catastrophe loss ever. The Company initially estimates incurring net losses in relation to this event in the range of $25 million to $30 million, net

of retrocessional protections and reinstatement premiums. The losses from Hurricane Katrina will take some time to become clear. Accordingly, our initial estimate is subject to change, perhaps materially.

(Expressed in thousands of United States Dollars)	Six months ended 30 June 2005	Six months ended 30 June 2004
Revenues		
Net premiums earned	$-	$-
Net investment income	53	2,109
Other income	9	5,278
Total revenues	62	7,387
Expenses		
Net losses and loss adjustment expenses	-	-
General and administrative expenses	95	180
Other charges	-	392
Net foreign exchange loss	24	-
Total expenses	119	572
Net (loss) income before tax	(57)	6,815
Income tax expense	-	-
Net (loss) income after tax	$(57)	$6,815

Independent Review Report to GoshawK Insurance Holdings Plc
For six months ended 30 June 2005

Introduction

We have been instructed by the Company to review the financial information for

the six months ended 30 June 2005 which comprises the Consolidated Statements of Income, Consolidated Balance Sheets, Consolidated Cash Flow Statements, Consolidated Statement of Changes in Equity and the related notes 1 to 13. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the guidance contained in Bulletin 1999/4 'Review of Interim Financial Information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for this report, or the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As disclosed in note 1, the next annual financial statements of the Company will be prepared in accordance with those IFRSs adopted for use by the European Union.

The accounting policies are consistent with those that the directors intend to use in the next financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union. This is because, as disclosed in note 1, the directors have anticipated that the revised IAS 39, which has yet to be formally adopted for use in the EU will be so adopted in time to be applicable to the next annual financial statements.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

Ernst & Young LLP
London

15 September 2005

DIRECTORS AND ADVISORS

Board of Directors

P. Spencer	Chairman
R.J.D.G. Brooke	Chief Executive
J. Beck	Finance Director
S.E.C. Miller	Senior Non-Executive Director
G.A. Robb	Non-Executive Director

R.J.W. Titley Non-Executive Director

Company Secretary
A.S. Fox

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