



*A leading provider of support services for the insurance industry*

**Interim results for the six months ended 30 June 2007**

**September 2007**

# Presentation Team

John Rowe

Chairman & Group Chief Executive

Damian Ely

Group Chief Operating Officer

George Fitzsimons

Group Finance Director

# Background

# Principal Activities

## **Management Division**

Mutual Management and development, Investment Management, Captive Management, Risk Consultancy

## **Adjusting Division**

Energy, Aviation, Non-marine and Marine (including Average) adjusting

## **Run Off Division**

Acquisition and management of insurance companies in run-off and life consolidation

<b>1870/80s</b>	Charles Taylor established as a partnership
<b>1884</b>	Sets up first mutual, the Standard P&I Club
<b>1900s</b>	Focus on management of mutual insurance companies for ship owners
<b>1969</b>	P&I moves to Bermuda
<b>1970s</b>	Starts developing other mutuals in the marine, workers' compensation and non-marine fields
<b>1996</b>	Floated on the London Stock Exchange
<b>1997</b>	Entered Adjusting sector
<b>2005</b>	Entered Run off sector

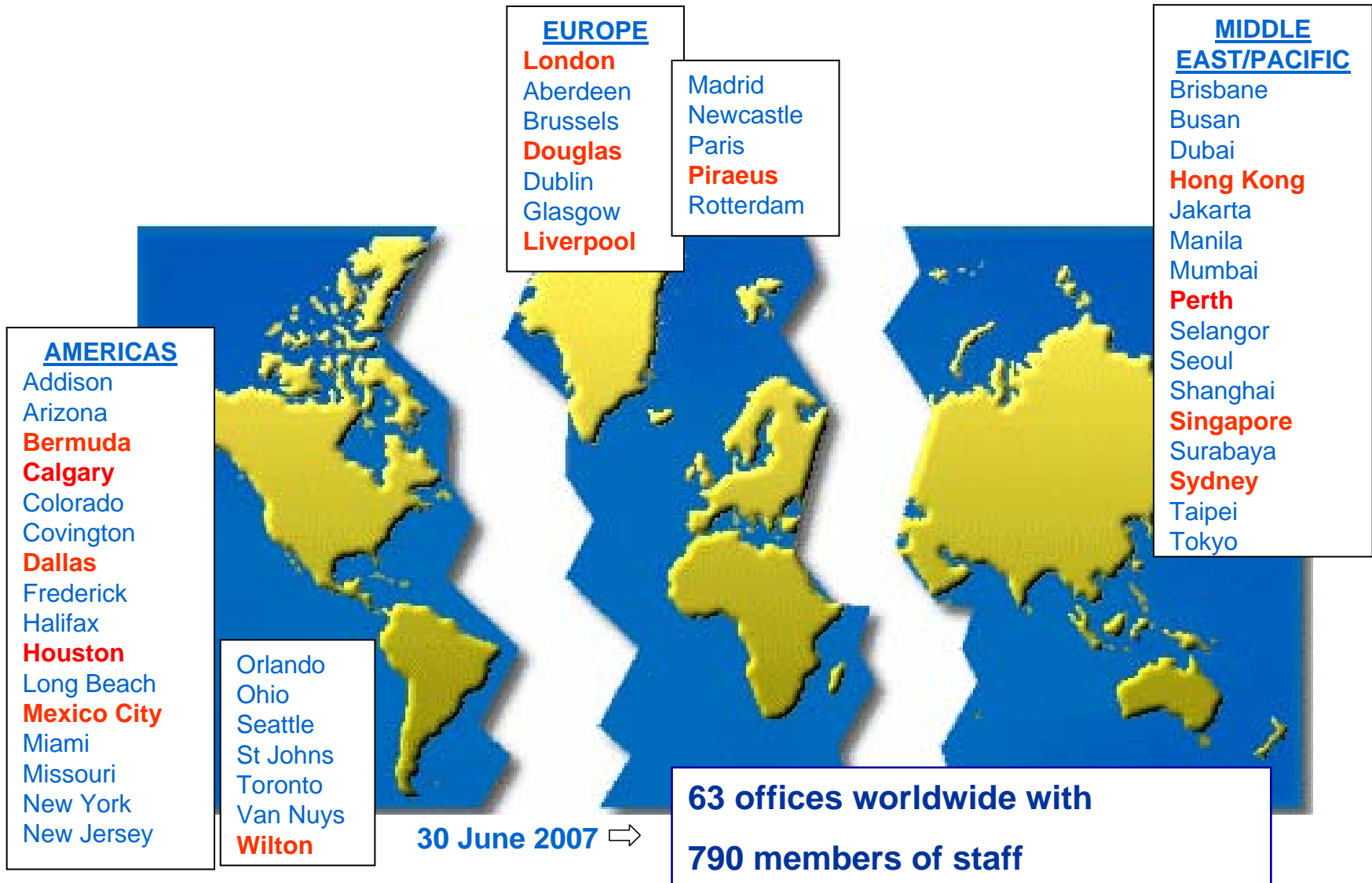
## Executive

<b>John Rowe</b>	<b>Chairman &amp; Group Chief Executive</b>
<b>Alistair Groom</b>	<b>Deputy Chairman</b>
<b>Joe Roach</b>	<b>Deputy Chairman &amp; CEO Americas</b>
<b>Damian Ely</b>	<b>Group Chief Operating Officer</b>
<b>George Fitzsimons</b>	<b>Group Finance Director</b>
<b>Stephen Matthews</b>	<b>Finance Director - Mutuels &amp; acquisitions</b>
<b>John McKay</b>	<b>Adjusting Division</b>
<b>Andrew Brannon</b>	<b>Run-Off Division</b>
<b>Raymond Wong</b>	<b>CEO Asia</b>

## Non executive

**Judith Hanratty**  
**John Howes**  
**Michael Knight**  
**Richard Titley**

# Global Offices

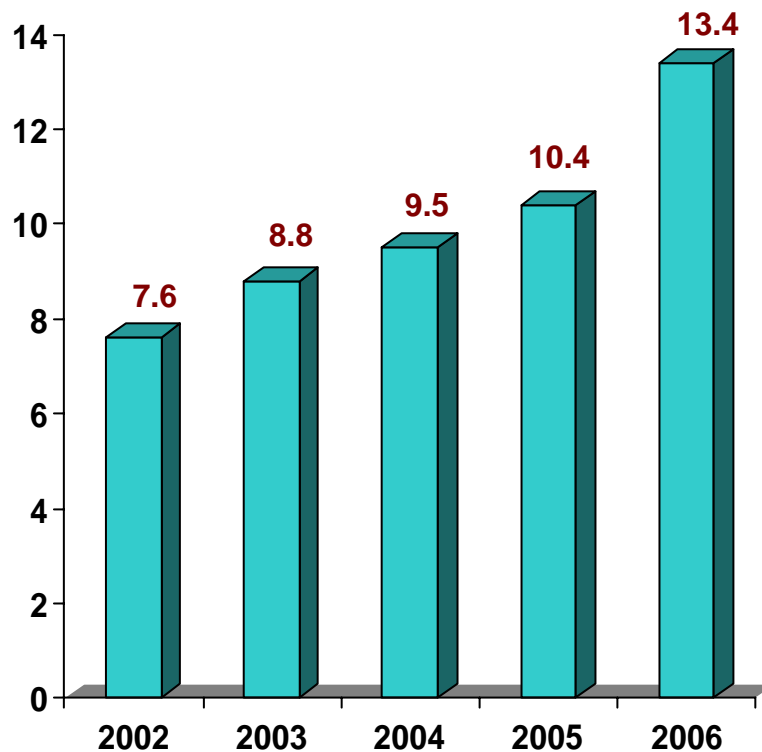


# Financial Highlights

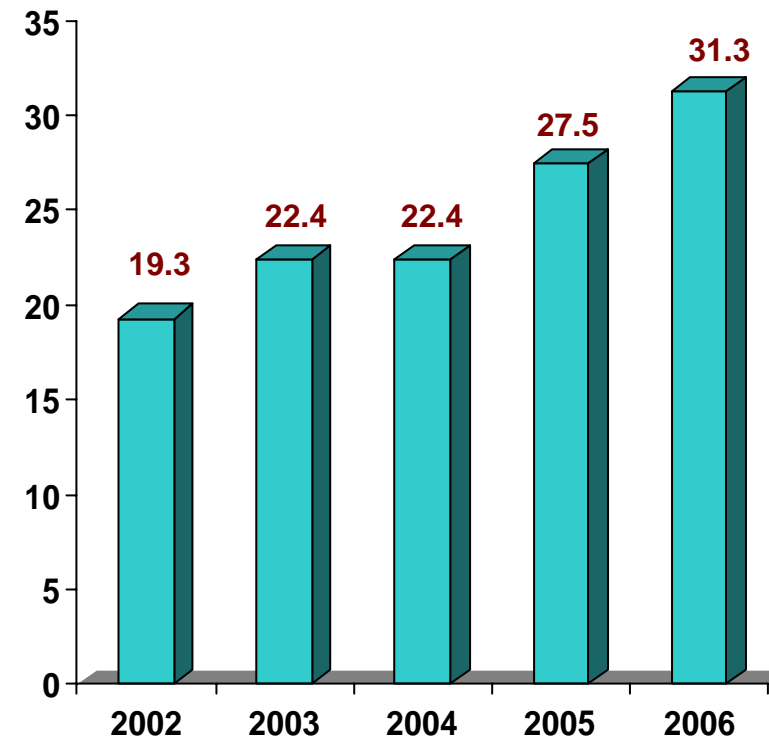
	H1 2007	H1 2006
Revenue up 5%	£40.7m	£38.6m
Profit before tax up 7%*	£6.7m	£6.3m
Profit after tax up 20%*	£7.1m	£5.9m
EPS up 12%*	16.83p	15.02p
EPS (unadjusted) down 16%	12.43p	14.85p
Net debt down 8%	£32.9m	£35.5m
Interim dividend up 10%	4.80p	4.36p

*\* Note 1: PBT, PAT and EPS are adjusted for goodwill and acquired customer relationship intangible amortisation, and interest cover is based on adjusted profit before interest payable*

# Track Record – PBT and EPS



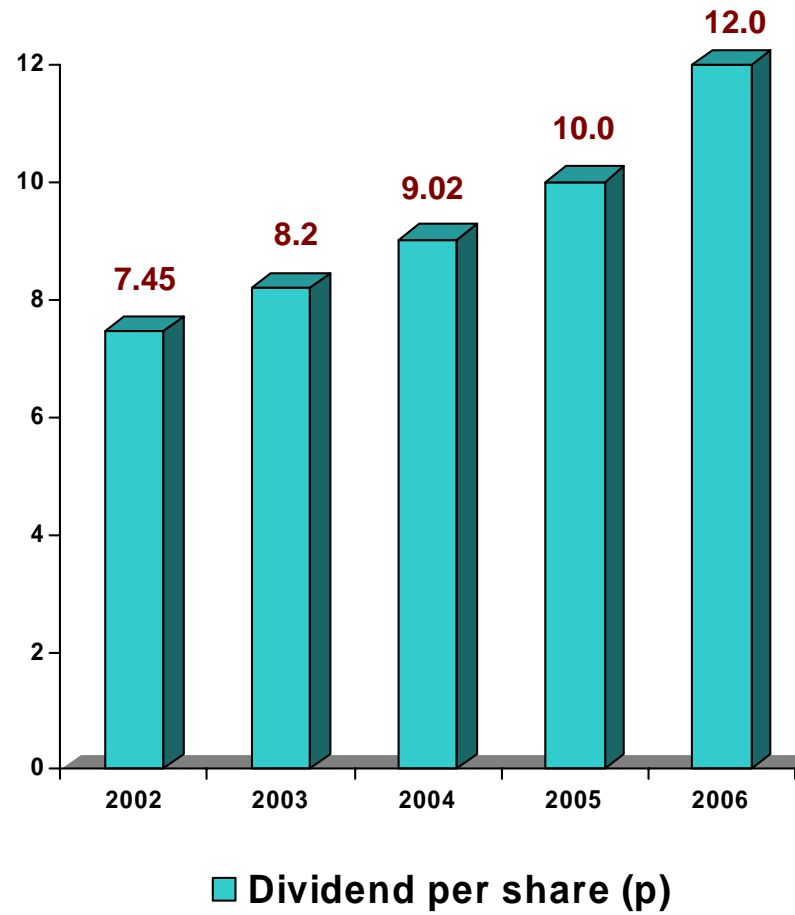
■ Profit before tax (£m)



■ Earnings per share (p)

*\*2002-2004 restated due to IFRS; PBT and EPS stated before goodwill and acquired customer intangible amortisation*

# Track Record – Dividend



# **Operational Review**

- Standard Club
  - Tonnage growth at renewal
  - Standard Asia and Standard London added members
- Signal
  - Record payroll \$2.5bn (growth from shipyards and new members)
- Non-marine Mutuals
  - UK public sector, London Authorities Mutual limited – FSA authorised and fully capitalised
  - UK newsagents and UK care homes competition from commercial insurers
  - Australia – Capricorn – record premiums
  - Unimutual – substantial new member
- Operational review

# Adjusting Division

- Charles Taylor Adjusting launched on 1 May (eight into one)
- Good performance in first half:
  - Energy – North Sea / Africa
  - Aviation – Far East / Mexico
  - Marine – quieter than H1 06 / Yacht adjusting
  - Non-marine – Buncefield / Financial institutions

## Isle of Man

- Good performance from LCLI, strong cash flow
- New contract for major Japanese Life insurer
- Rationalization policy administration systems

## Property & Casualty

- Bestpark, current solvency maintained in H1 07 and lower expenses than 06
- Pricing constraint on new deals
- Utilization of tax losses

# Financial Review

£m	2007 H1	2006 H1	2006 FY
<b>Revenue</b>	<b>40.7</b>	<b>38.6</b>	<b>79.1</b>
Expenses*	(33.6)	(31.5)	(64.0)
Associates and JVs	0.2	0.2	0.3
<b>Profit from operations*</b>	<b>7.3</b>	<b>7.3</b>	<b>15.4</b>
Finance income	0.8	0.6	1.1
Finance costs	(1.4)	(1.6)	(3.1)
<b>Profit before tax*</b>	<b>6.7</b>	<b>6.3</b>	<b>13.4</b>
Tax	0.4	(0.4)	(1.0)
<b>Profit after tax*</b>	<b>7.1</b>	<b>5.9</b>	<b>12.4</b>

\* Note 1: adjusted for goodwill and acquired customer relationship intangible amortisation of £1.74m (H1 2006: £0.07m, FY 2006: £1.24m)

Note 2: revenue £42.0m at H1 06 exchange rates and PBT £7.0m

# Divisional Results

£m	Revenue		Result	
	H1 07	H1 06	H1 07	H1 06
<b>Management</b>	17.0	16.7	2.6	3.3
<b>Adjusting</b>	18.8	17.9	3.2	3.2
<b>Run-off services</b>	3.3	3.4	0.5	0.5
<b>Insurance</b>	3.5	2.7	0.5	(0.2)
<b>Intercompany eliminations</b>	(1.9)	(2.1)	-	-
<b>Total</b>	40.7	38.6	6.8	6.9

# Cash Flow

£m	2007 H1	2006 H1	2006 FY
<b>Operating cash flow*</b>	4.6	3.6	18.9
<b>Net capex (tangible/ intangible)</b>	(0.4)	(0.4)	(1.8)
<b>Interest receivable</b>	0.3	0.3	0.7
<b>Total</b>	4.5	3.5	17.8

\*excluding movement in client monies

# Cashflow

£m	2007 H1	2006 H1	2006 FY
Net cash from operations (post-tax)*	4.6	3.6	18.9
Interest received	0.3	0.3	0.7
Dividends	(3.0)	(2.4)	(4.1)
Acquisitions & disposals	0.4	(0.3)	(5.3)
Financing	(2.2)	(1.8)	(5.5)
Capex	(0.4)	(0.4)	(1.8)
FX	-	-	(1.0)
Other	(0.1)	1.2	1.5
Net increase in cash	<b>(0.4)</b>	<b>0.2</b>	<b>3.4</b>
Cash and equivalents b/f*	10.1	6.7	6.7
Cash and equivalents c/f*	<b>9.7</b>	<b>6.9</b>	<b>10.1</b>

\* Excluding client funds

# Balance Sheet

£m	2007 H1	2006 H1	2006 FY
Goodwill	37.1	41.1	38.7
Intangibles	10.5	11.7	10.6
Deferred tax	3.8	5.4	6.3
Other fixed assets	5.5	5.8	5.7
	—	—	—
	<b>56.9</b>	<b>64.0</b>	<b>61.3</b>
Insurance assets	306.5	349.1	325.0
Other current assets	79.8	74.1	75.8
	—	—	—
<b>Total assets</b>	<b>443.2</b>	<b>487.2</b>	<b>462.1</b>
Insurance liabilities	(292.6)	(337.7)	(312.0)
Other current liabilities	(65.1)	(58.2)	(59.3)
	—	—	—
<b>Total assets less current liabilities</b>	<b>85.5</b>	<b>91.3</b>	<b>90.8</b>
Non-current loans	(22.5)	(29.6)	(26.3)
Pension liabilities	(12.0)	(16.6)	(19.6)
Other non-current liabilities	(8.5)	(10.2)	(9.5)
	—	—	—
<b>Net assets</b>	<b>42.5</b>	<b>34.9</b>	<b>35.4</b>

# Other Financial Highlights

- Net debt £32.9m, £2.7m lower than 31/12/06 and £9.3m lower than 30/06/06:
  - Excess cash flow from IoM Life business repaid loans in 2006
  - Principal repayments now all scheduled so more predictable
- Pensions deficit reduced by £7.6m since 31/12/06:
  - Bond yield 6.0% at 30/06/07 vs. 5.3% at 31/12/06
  - Investment returns increased scheme assets by £3.4m

# **Outlook & Strategy**

## Management

- Fire and Rescue Authorities Mutual
- Unitary Authorities – implementation study
- Signal – Renewal – “Arrive Home Alive”

## Adjusting

- Energy – Mexico/Australia
- Aviation – Global airline catering account
- Marine – Far East new significant claims
- Non-marine – IT PI work / UK flooding

## Run-off

- Improving environment for Run-off, but insurance markets still soft

## **Organic growth**

Management division review

- Expand presence in the public sector

Adjusting division

- Continued growth in specific market sectors

Run-off Division

- IOM service for life markets
- London market

## **Acquisitions**

Management division

- Acquisition of Allegro – Bermuda
- Expansion in the Americas

Adjusting division

- Will consider if fill specific gaps in services

Run-off division

- Will only be completed if value enhancing for CTC shareholders

# Appendices

# Cashflow from operations

£m	2007 H1	2006 H1	2006 FY
Profit from operations	5.0	7.4	13.2
Depreciation	0.6	0.7	1.3
Intangible amortisation	1.9	-	1.4
Receivables (increase)/decrease	(2.3)	(2.8)	2.4
Payables increase/(decrease)*	2.2	(4.1)	0.5
Other non-cash	(1.0)	0.2	(0.8)
Tax	(0.4)	(1.0)	(0.8)
Interest	(1.4)	(1.6)	(3.1)
Dividends from LCLI	-	4.8	4.8
<b>Net cash flow from operations*</b>	<b>4.6</b>	<b>3.6</b>	<b>18.9</b>

\* Excl client funds

# Cashflow – receivables / payables

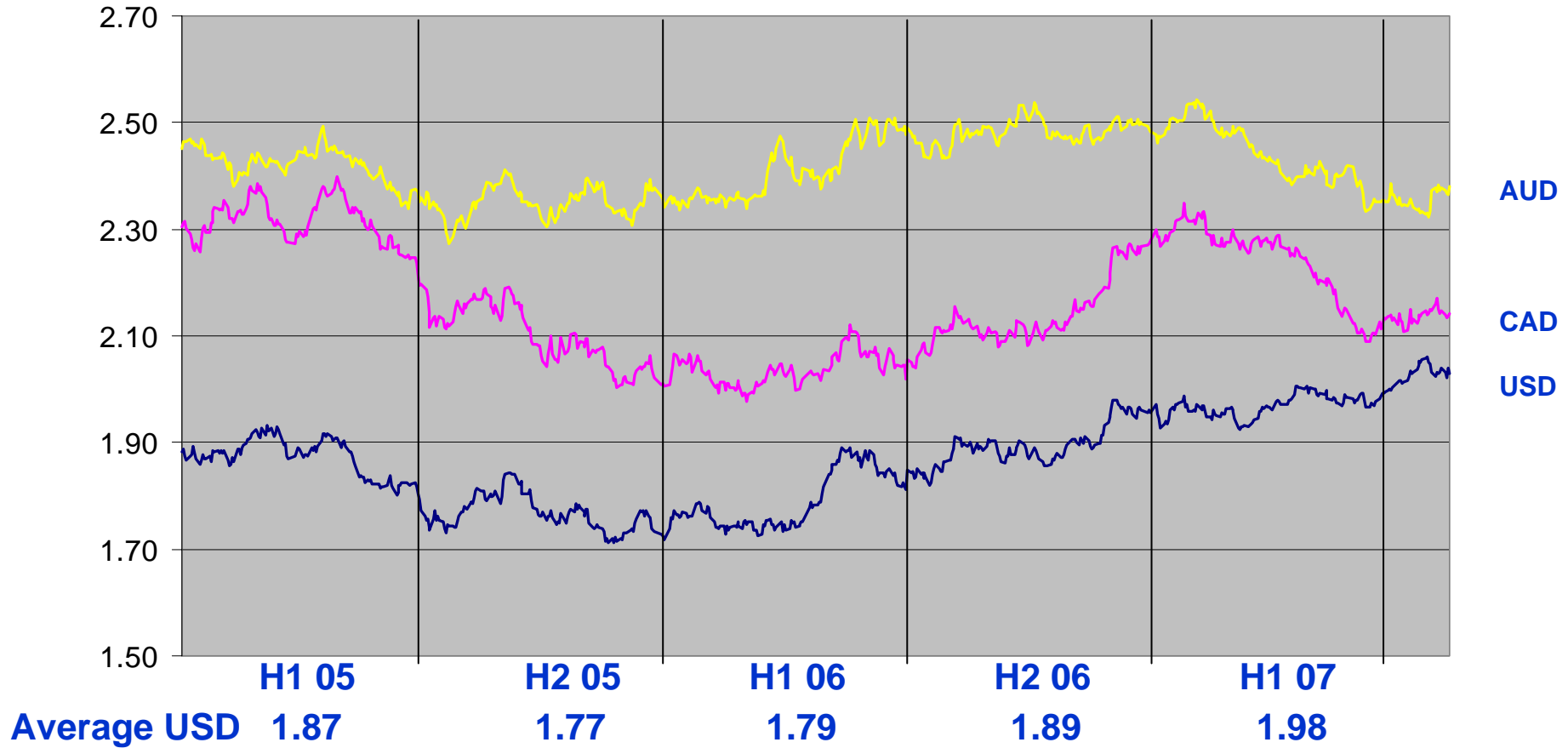
	£m	
<b>WIP</b>	(1.9)	Energy, Marine
<b>Trade debtors</b>	0.3	Inflow from Energy and Marine; outflow from Mexico £0.7m
<b>Other debtors</b>	(0.7)	Prepayments timing; LCLI intercompany; LCL collections disposal
<b>Total receivables</b>	<b>(2.3)</b>	Increase in receivables
<b>Loans from insurance companies</b>	1.9	
<b>Other creditors</b>	0.3	Accruals timing; LCL collections disposal
<b>Total payables</b>	<b>2.2</b>	Increase in payables

# Net debt

£m	30.06.07	31.12.06	Movement
Cash and cash equivalents	32.8	30.9	1.9
Less: Client funds	(23.1)	(20.8)	(2.3)
	<b>9.7</b>	<b>10.1</b>	<b>(0.4)</b>
Overdrafts/ current loans	(19.7)	(18.9)	(0.8)
Non-current loans	(22.5)	(26.3)	3.8
Other	(0.4)	(0.5)	0.1
Net debt	<b>(32.9)</b>	<b>(35.6)</b>	<b>2.7</b>

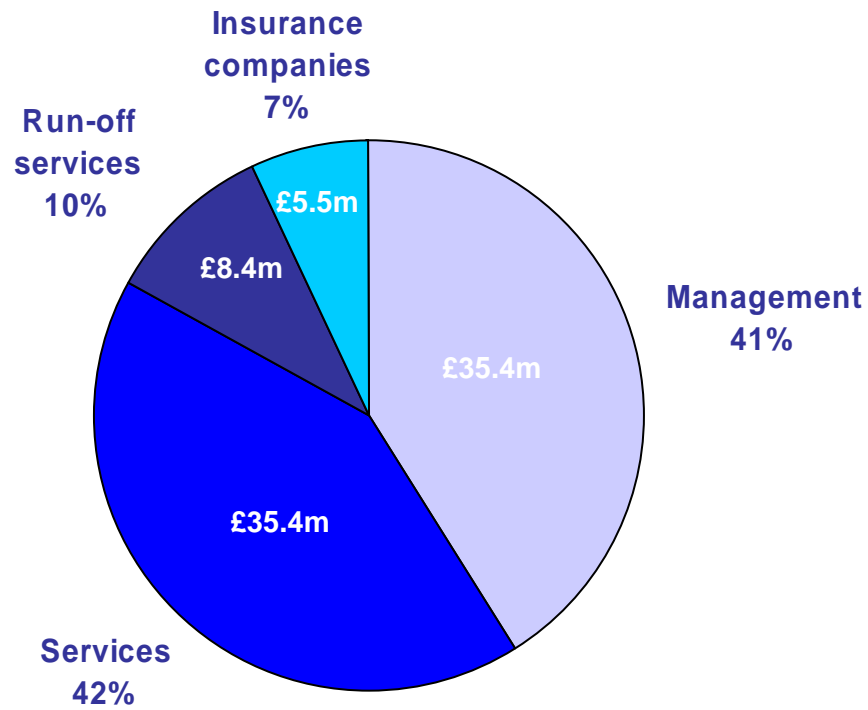
£m	2007 H1	2006 H1	2006 FY
UK @ 30%	0.2	-	1.8
Overseas	0.8	0.3	0.5
Deferred tax	(1.7)	0.1	(1.1)
PYAs	0.3	-	(0.3)
Associates/JVs	-	-	0.1
Total	(0.4)	0.4	1.0
Effective tax rate	(7.7%)	6.0%	8.6%
Underlying current year tax rate	15.0%	5.0%	18.4%

# Foreign exchange impact

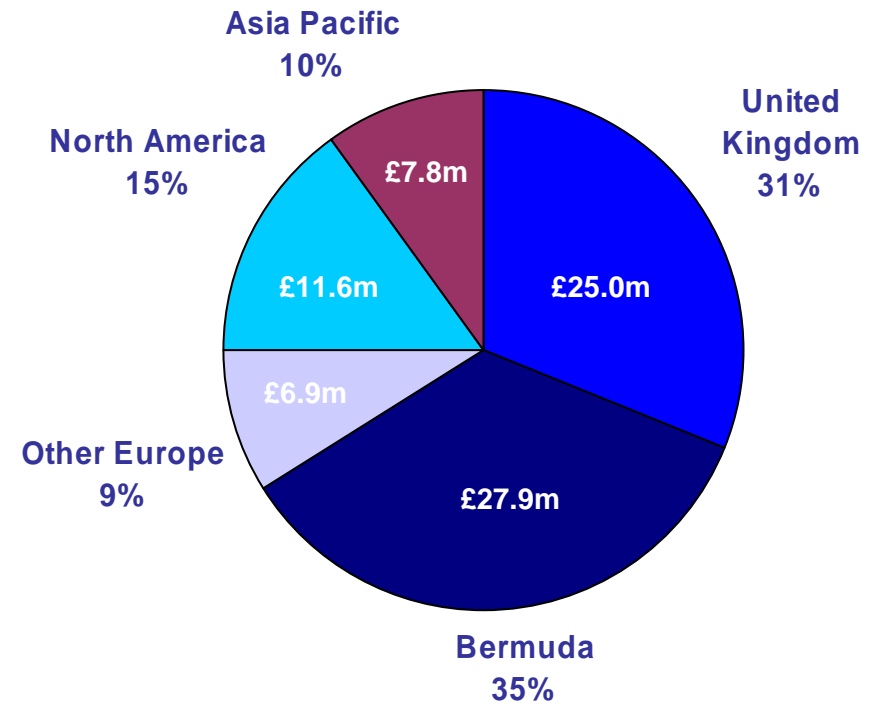


# Segmental Analysis

### 2006 Business Segment revenue



### 2006 Geographical Segment revenue



# Acquisition history

Date	Name	Division	Consideration (cash element)	Consideration (share element)
2007	• Allegro	Management	Not disclosed	Not disclosed
2006	• MGI Loss Adjusters • Premium Life • Vertex Administration	Adjusting Run-off Run-off	Earnout up to £0.6m cash £0.2m cash Earnout up to £0.3m cash	£1.5m shares - -
2005	• LCL Group and LCL Acquisitions	Run-off	£21.5m cash	£6.9m shares plus earnout shares and loan notes up to £15m
2004	• Bateman Chapman Limited	Adjusting	£18.9m cash	-
2001	• ULM • Resolve International	Adjusting	£5.6m cash £3.0m cash	- £2.0m shares
2000	• LAD (Aviation) Limited	Adjusting	£2.6m cash	£0.5m shares
1999	• Rush Johnson Associates • Hutchins Moore	Adjusting Adjusting	£4.1m cash	£1.8m shares £0.4m shares
1998	• INDECS Limited	Adjusting	£2.1m cash and loan notes	£0.9m shares
1997	• Richards Hogg Group Limited	Adjusting	£2.8m cash and loan notes	£6.3m shares

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