



A leading provider of support services for the insurance industry

Results for the 6 months to 30 June 2008

29 August 2008

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

Overview

- Management and Adjusting divisions increase in both revenue and margin
- Weeding out of unprofitable operations and office consolidations
- Much lower result in Run-off services
- Increase dividend by 10%
- Focus on shareholder value
- More promising acquisition outlook for Run-off and generally

Financial Review

Financial Highlights

Fundamentals sound, DPS increased
Revenue reduction relates to run-off and non marine mutual changes
PBT affected by run-off services and associates/ jvs
EPS lower because of prior year tax credit

£m	H1 2008	H1 2007
Revenue	£39.9m	£40.7m
Profit from tax (note 1)	£6.4m	£6.7m
EPS (note 1)	14.5p	16.8p
Dividend per share	5.28p	4.80p

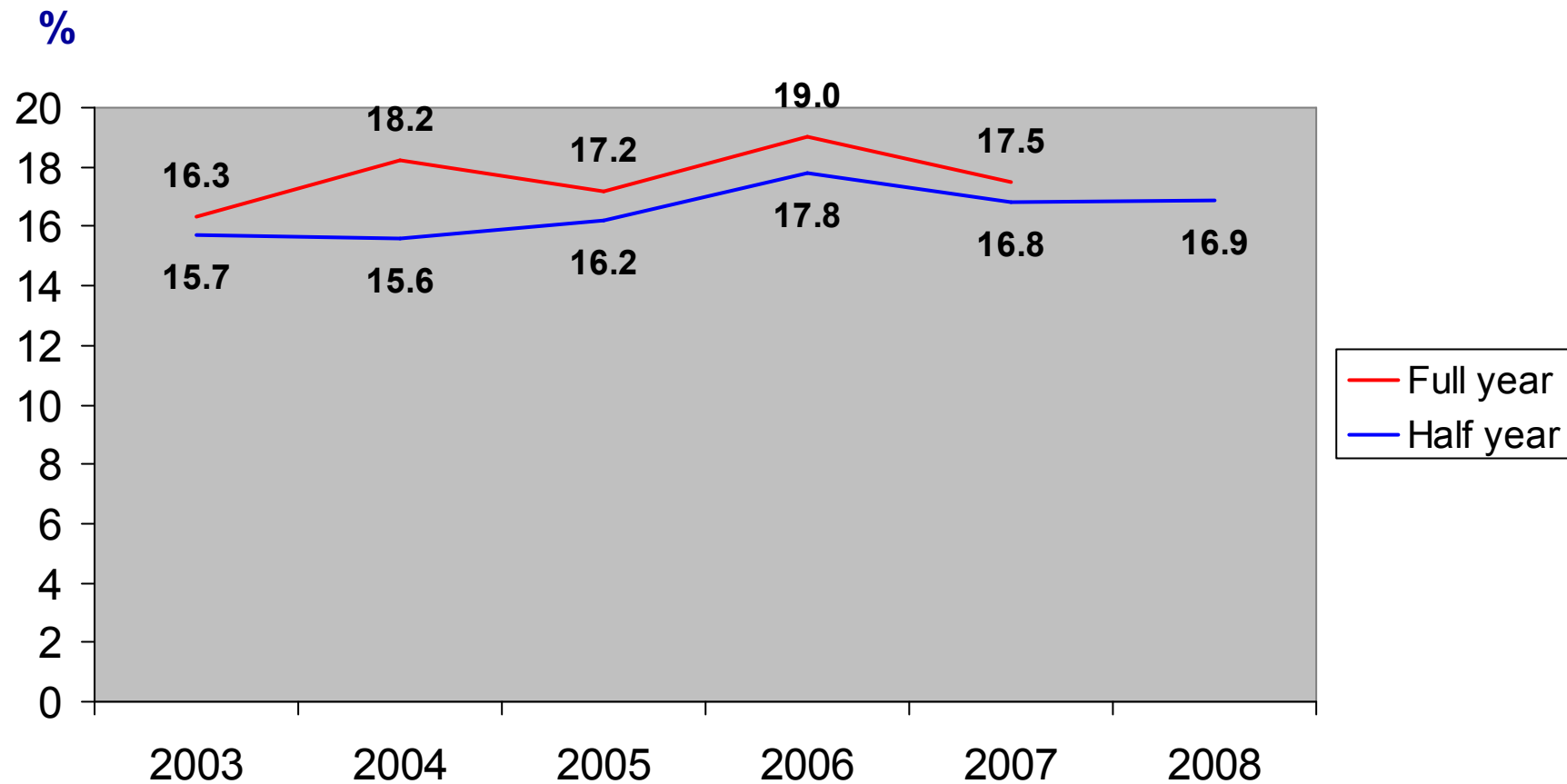
Note 1: PBT, PAT and EPS are adjusted for goodwill, acquired customer relationship intangible amortisation and non-recurring relocation and reorganisation costs.

£m	H1 2008	H1 2007
Revenue	39.9	40.7
Expenses (note 1)	(32.7)	(33.5)
Associates and JVs	(0.1)	0.1
Profit from operations (note 1)	7.1	7.3
Finance income	0.6	0.8
Finance costs	(1.3)	(1.4)
Profit before tax (note 1)	6.4	6.7
Tax	(0.6)	0.4
Profit after tax (note 1)	5.8	7.1

Note 1: adjusted for goodwill and acquired customer relationship intangible amortisation of £0.59m (2007: £1.75m) and non-recurring relocation and reorganisation costs of £1.52m (2007: nil)

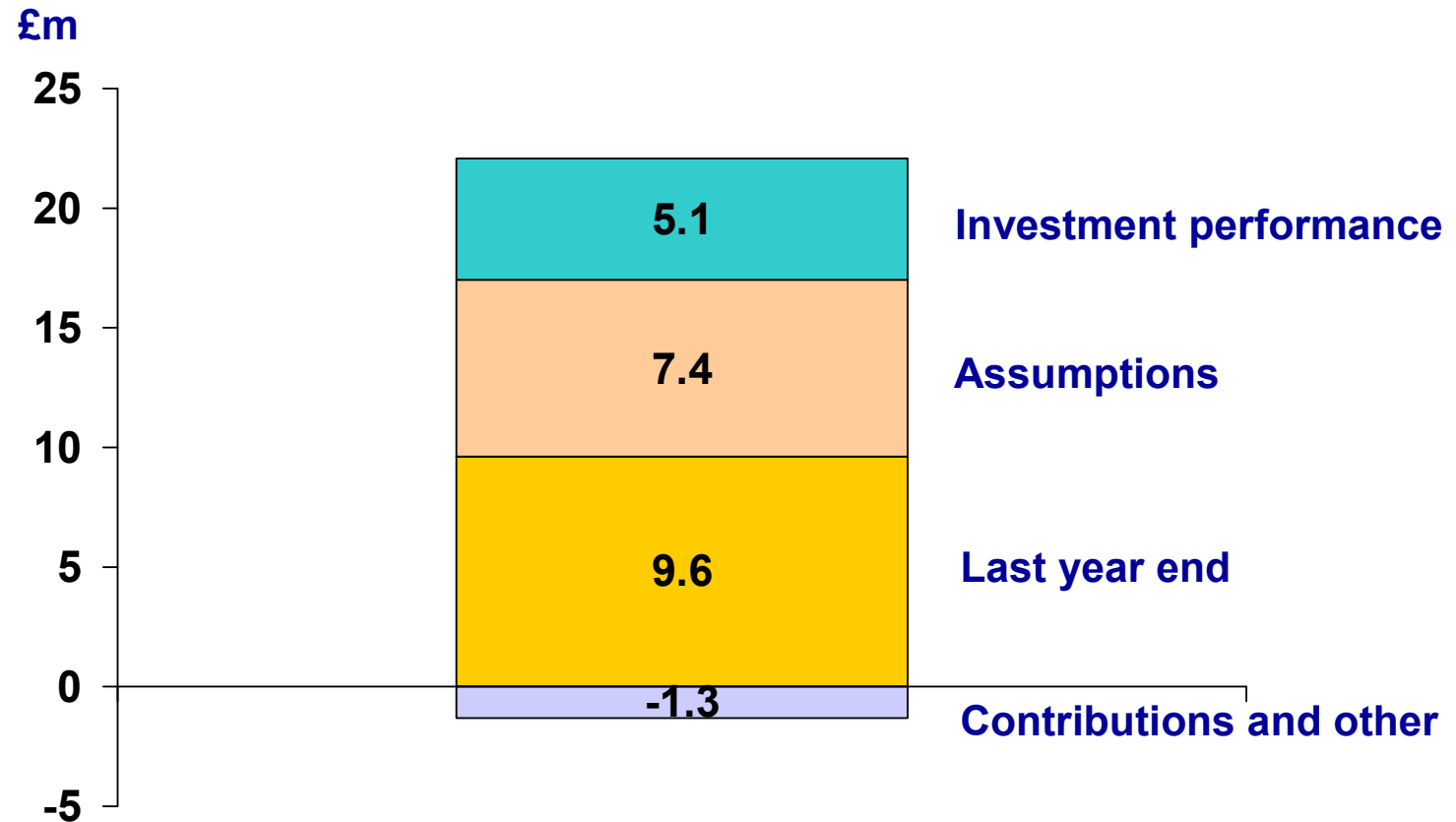
Operating margins - Overall

Historically good, despite run-off results



Pensions

- Reported liability increased to £20.8m because of inflation and equity falls
- No impact on real funding requirements



Note 1: Excluding movement in client monies

Financing, flexibility and safety

- **Business well supported by two principal banks**
- **Little evident impact from credit crunch**
- **Facilities sufficient for operating requirements**
 - **25% of overdraft facilities undrawn at 30 June 08**
 - **plus credit balances equating to 25% of facilities**
 - **2/3 facilities committed (annual renewal)**
- **Most loans scheduled for full repayment by 2010**
 - **could probably reschedule if desired**
 - **or reduce quarterly payments (with 'balloon')**
- **Net debt 71% of 2005 peak**
- **Positive free cash flow of £2.1m (2007 £4.5m)**

Operational Review

Divisional Results

Management growth and Adjusting solidity offset by Run-off reduction

£m	Revenue		Result	
	H1 08	H1 07	H1 08	H1 07
Management	18.1	17.0	2.9	2.6
Adjusting	19.0	18.8	3.3	3.2
Run-off services	2.4	3.3	0.0	0.5
Insurance	2.2	3.5	0.5	0.5
Intercompany eliminations	(1.8)	(1.9)	-	-
Total	39.9	40.7	6.8*	6.8

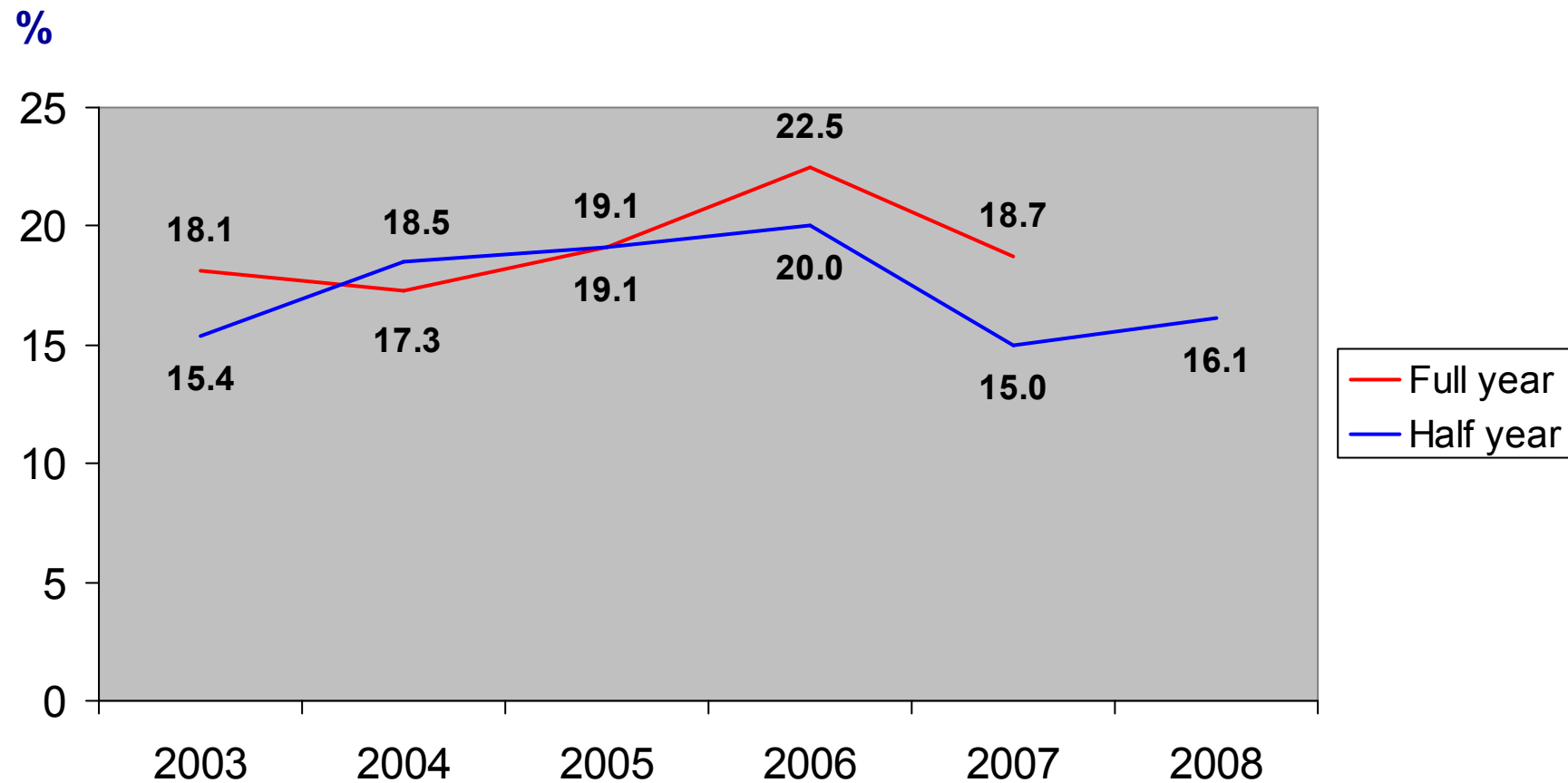
* Does not sum because of roundings

Management Division

- Standard Club 7% tonnage growth since renewal;
Asian and offshore tonnage
- Signal Flat revenue H1, claims record/soft workers comp market
H2 large member loss (private equity)
- Public Sector RMP v Brent appeal late 2009
Mutuals on hold
Sector still promising
- CTUA Establish coverholders for property and liability risks
- Captive Management Increased contribution to result
Bermuda consolidation

Operating margins - Management

Non marine mutual improvement (discretionary mutual exit)

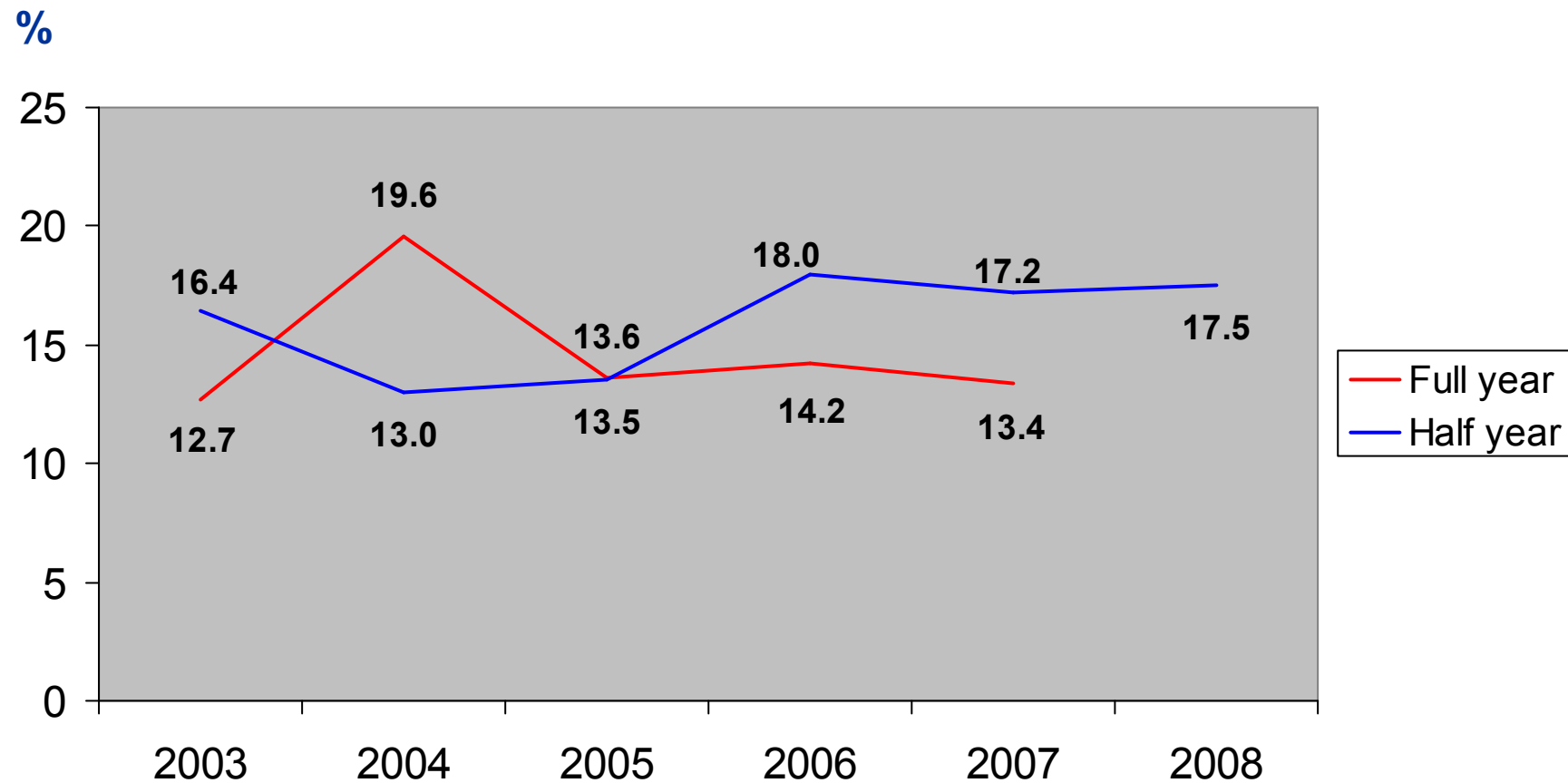


Adjusting Division

- Increasing benefits of integration (London)
- Non marine
 - Good result / increasing recognition
- Energy and Marine
 - Promising new instructions
- Aviation
 - US focus on commercial aviation / strengthen key areas

Operating margins - Adjusting

High utilisation, rates keeping pace with pay



Property & Casualty

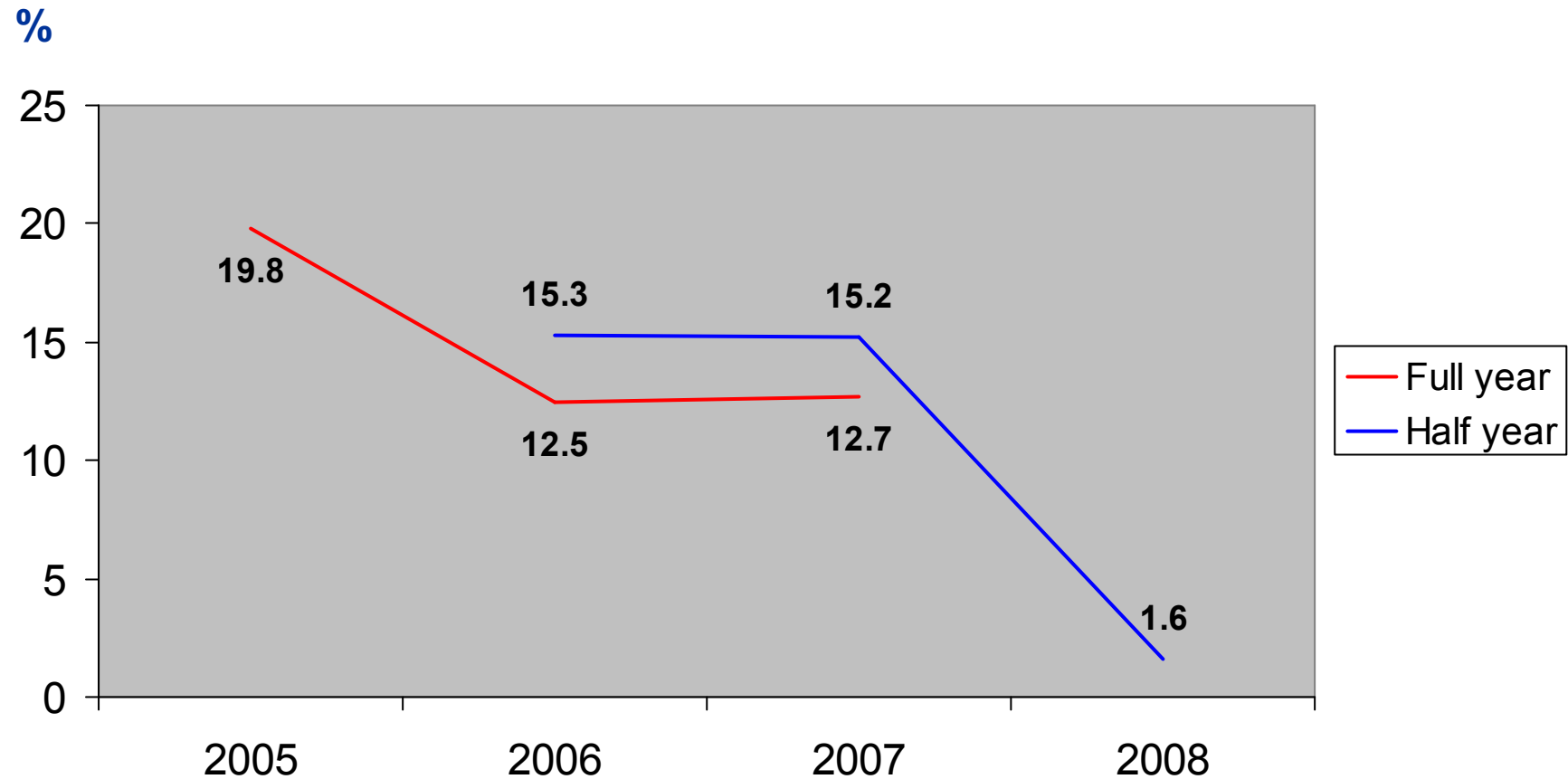
- Significant drop in services work
- Bestpark improved result H1 2008
- Acquisition at advanced stage, more opportunities

Life

- No new third party service contracts
- Satisfactory performance from current business
- Insurance company result impacted by fall in market value of assets

Operating margins – Run-off services

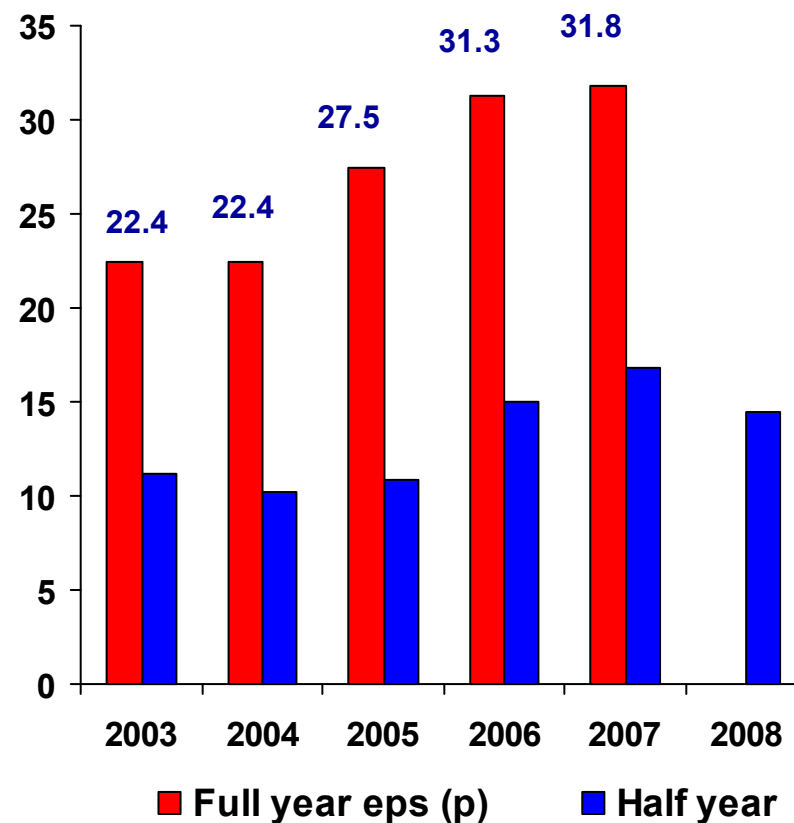
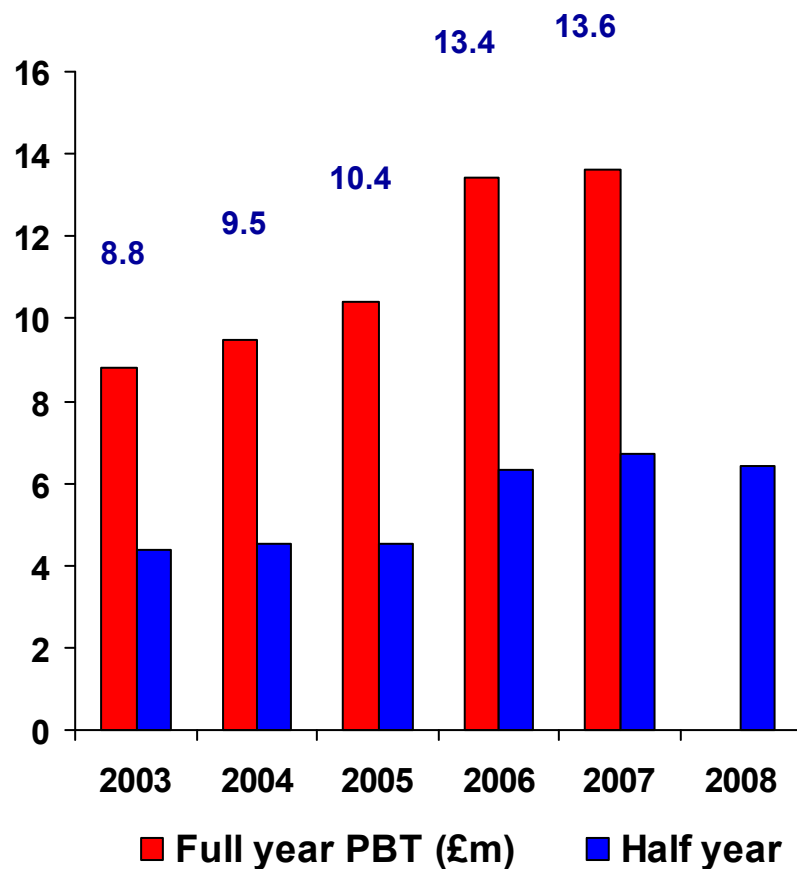
Affected by low revenue, despite cost reductions and resource reallocation



- Steady trading outlook overall
- Run-off - dependent on acquisitions (improved outlook)
- Management - generally strong market position and improving margin (but Signal H2 impact)
- Adjusting - good level of instructions and recent recruitment
- Continued weaker Sterling vs Dollar would benefit Management and Adjusting

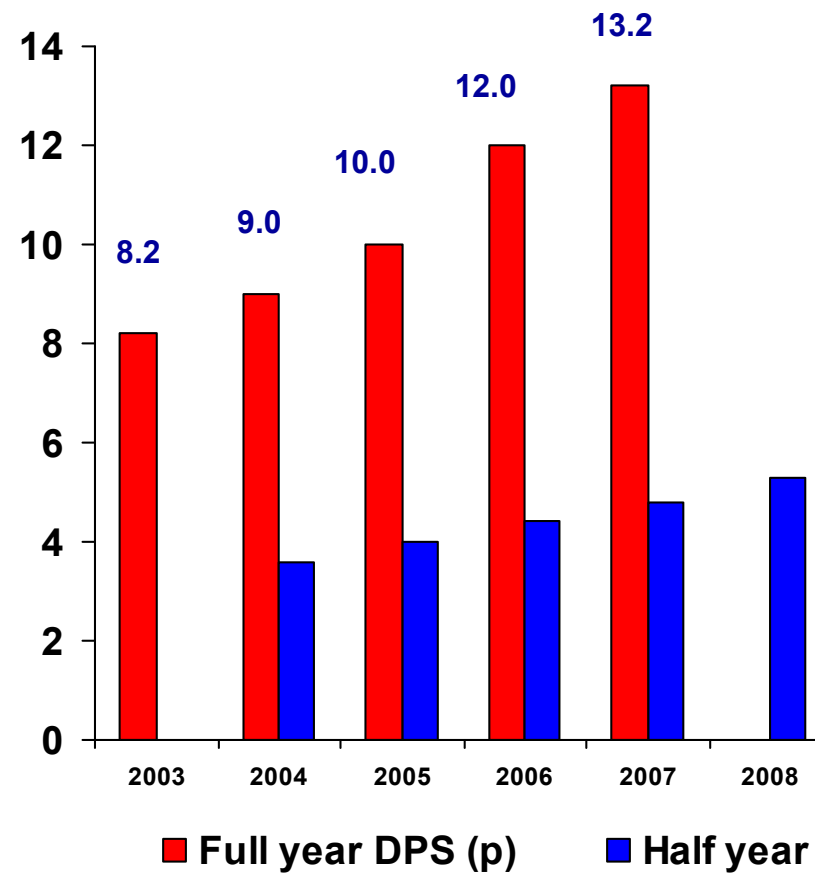
Results Appendices

Track Record – PBT and EPS



Note: 2003-2004 restated due to UITF38 and IFRS; PBT and EPS adjusted to exclude goodwill charges, acquired customer intangible amortisation and exceptional non-recurring costs

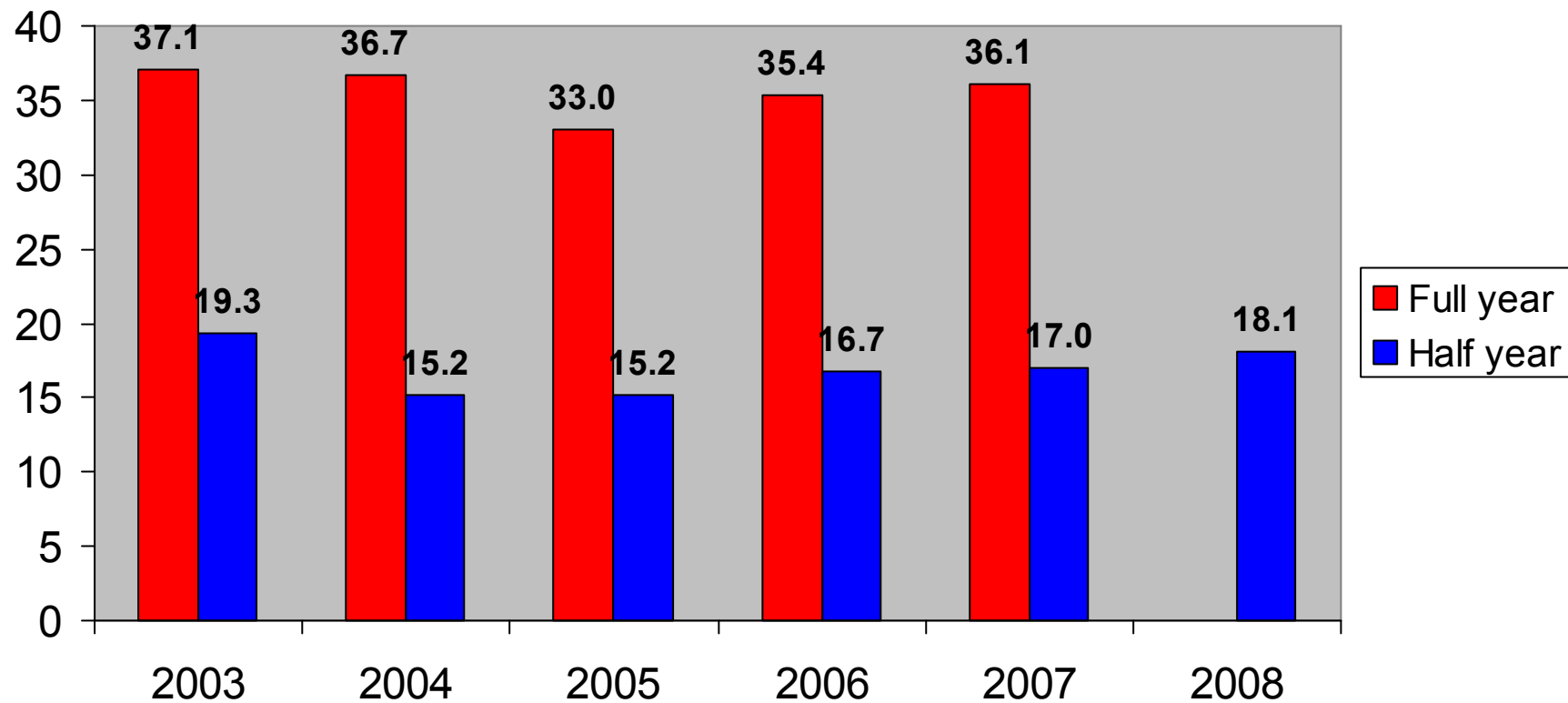
Track Record – Dividend



Revenue - Management

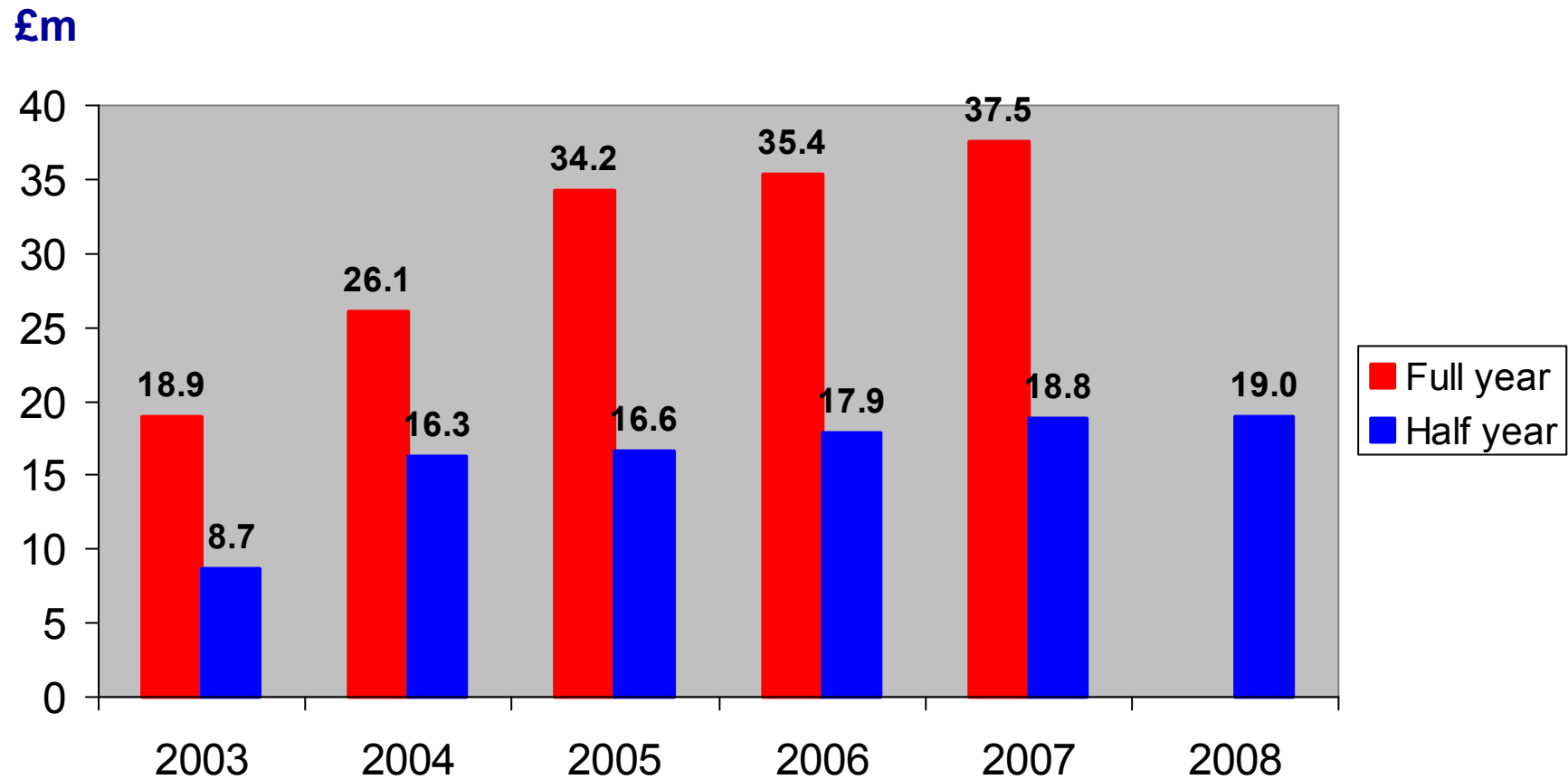
Continuing growth

£m



Revenue - Adjusting

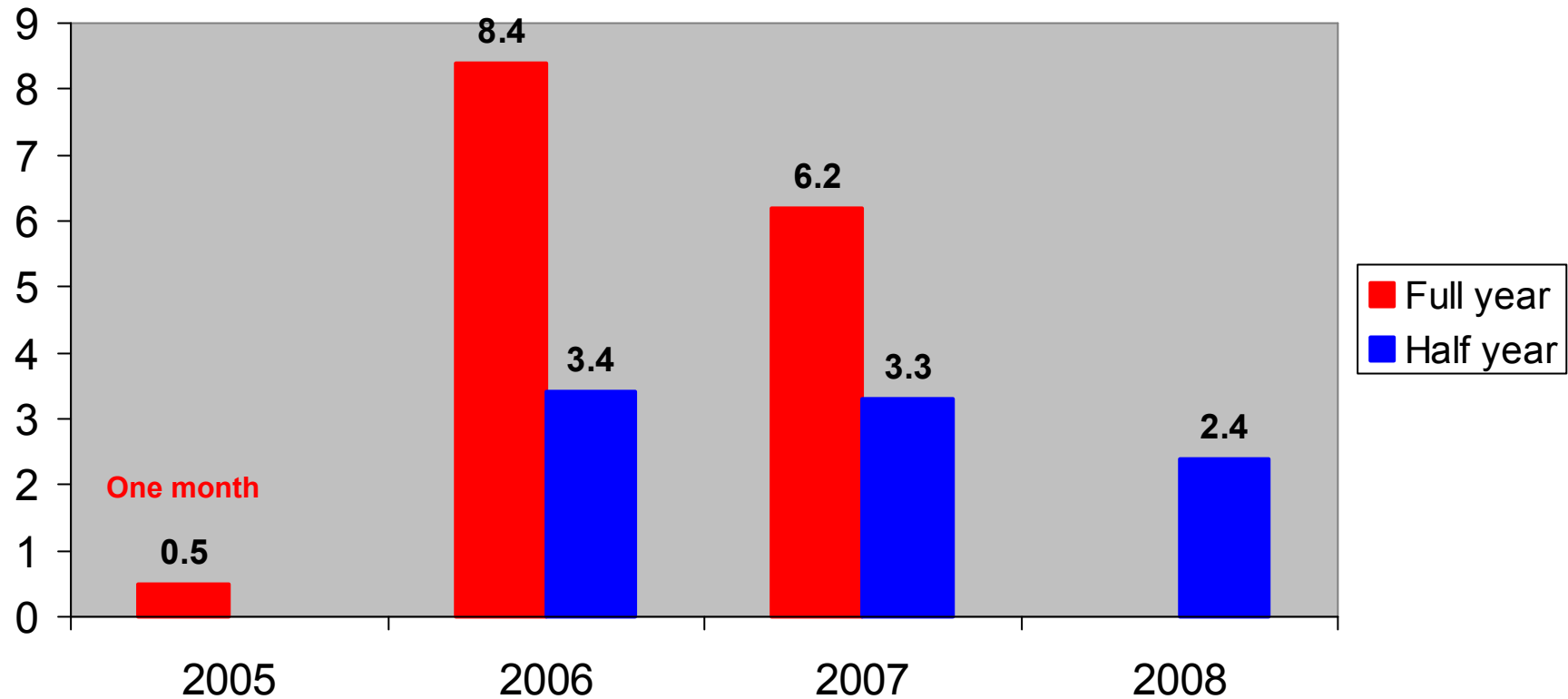
Growing demand, resources constrained



Revenue – Run-off services

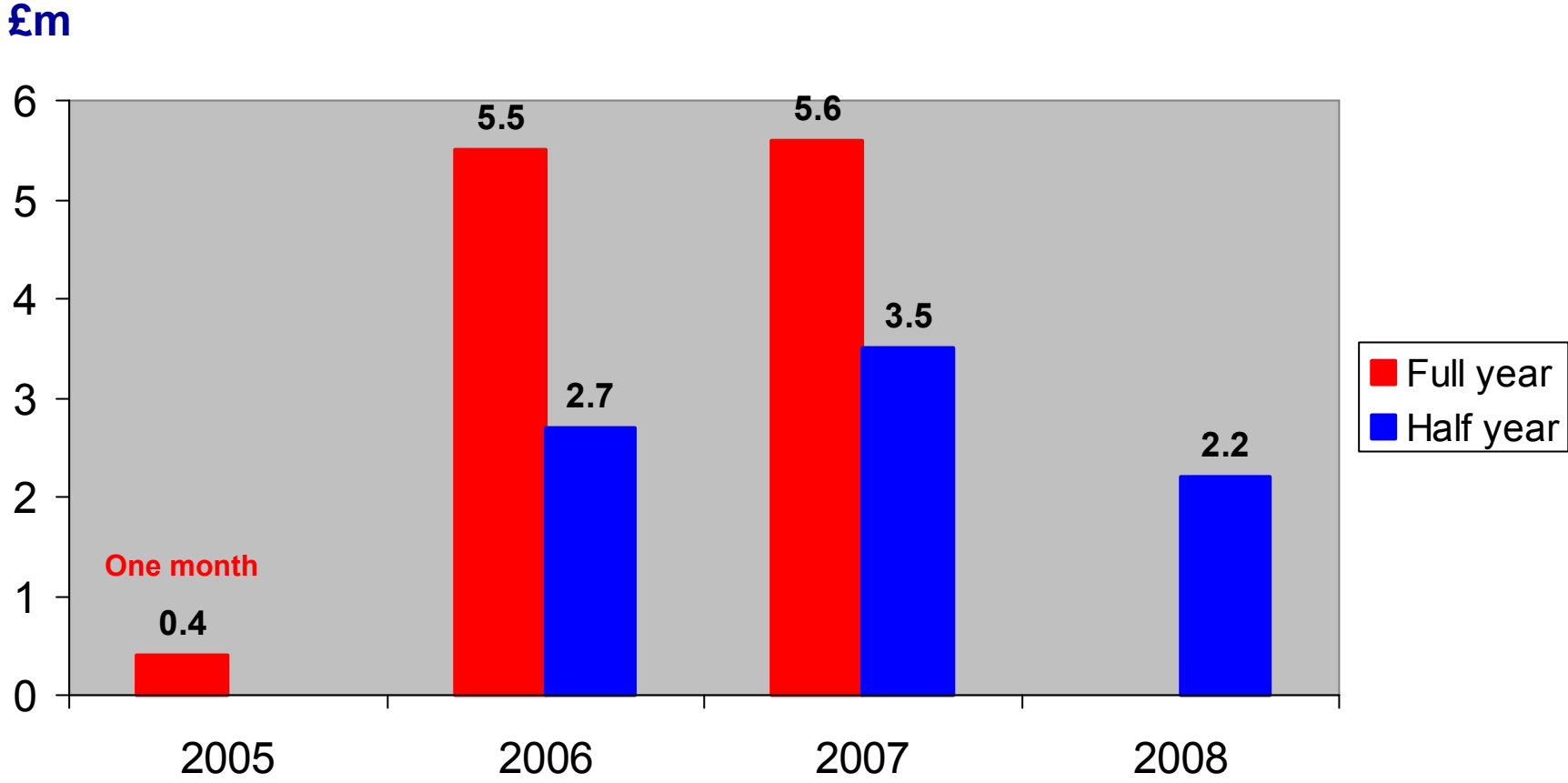
Lack of replacement business

£m



Revenue – Run-off insurance companies

H1 07 unusual (premium adjustments)



Cash Flow from operations

£m	2008 H1	2007 H1	2007 FY
Profit from operations (note 1)	4.4	5.0	8.2
Depreciation	0.7	0.6	1.3
Intangible amortisation	0.9	1.9	5.7
Receivables (increase)	(3.7)	(2.3)	(2.8)
Payables (decrease)/ increase	2.5	2.2	(2.1)
Other non-cash	(0.3)	(0.9)	(1.6)
Tax	(0.5)	(0.4)	(0.8)
Interest	(1.3)	(1.4)	(3.0)
Dividends from insurance companies	-	-	6.6
Net cash flow from operations (note 2)	2.7	4.7	11.5

Note 1: Excl. insurance companies

Note 2: Excl. client funds

Cash Flow

£m	H1 2008	H1 2007	FY 2007
Operating cash flow (note 1)	2.7	4.7	11.5
Interest received	0.3	0.3	0.7
Dividends	(3.4)	(3.0)	(5.0)
Acquisitions & disposals	(0.2)	0.4	(1.6)
Financing	0.3	(2.3)	(6.4)
Capex	(0.9)	(0.4)	(0.8)
FX	0.5	-	(0.1)
Other		(0.1)	0.2
Net increase/(decrease) in cash	(0.7)	(0.4)	(1.5)
Cash and equivalents b/f (note 1)	8.6	10.1	10.1
Cash and equivalents c/f (note 1)	7.9	9.7	8.6

Note 1: Excluding movement in client monies

Free Cash Flow

£m	H1 2008	H1 2007
Operating cash flow (note 1)	2.7	4.7
Net capex (tangible/ intangible)	(0.9)	(0.4)
Interest receivable	0.3	0.3
Free cash flow	2.1	4.5*

* Does not sum because of roundings

Note 1: Excluding movement in client monies

Net debt

£m	30.06.08	31.12.07	Movement
Cash and cash equivalents	38.7	35.3	3.4
Less: Client funds	(30.8)	(26.7)	(4.1)
	7.9	8.6	(0.7)
Overdrafts/ current loans	(21.9)	(17.9)	(4.0)
Non-current loans	(16.9)	(20.5)	3.6
Other	(1.1)	(0.9)	(0.2)
Net debt	(32.0)	(30.7)	(1.3)

Balance Sheet

£m	H1 2008	FY 2007
Goodwill	34.3	34.7
Intangibles	9.7	11.3
Deferred tax	6.3	3.2
Other fixed assets	6.0	5.6
	56.3	54.8
Insurance assets	256.5	284.3
Other current assets	90.3	83.2
Total assets	403.1	422.3
Insurance liabilities	(246.5)	(275.1)
Other current liabilities	(74.4)	(64.1)
Total assets less current liabilities	82.2	83.1
Non-current loans	(16.9)	(20.5)
Pension liabilities	(20.8)	(9.6)
Other non-current liabilities	(7.4)	(7.5)
Net assets	37.1	45.5

Tax

£m	H1 2008	H1 2007
UK charge @ 30%	0.4	0.2
Overseas charge	0.6	1.1
Deferred tax (credit)	(0.4)	(1.7)
Total	0.6	(0.4)
Headline tax rate	13.5%	NA

Background Appendices

History

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

The Board

Executive

John Rowe

Group Chief Executive

Damian Ely

Group Chief Operating Officer

George Fitzsimons

Group Finance Director

Alistair Groom

Executive Director

Joe Roach

Executive Director

Non-Executive

Rupert Robson

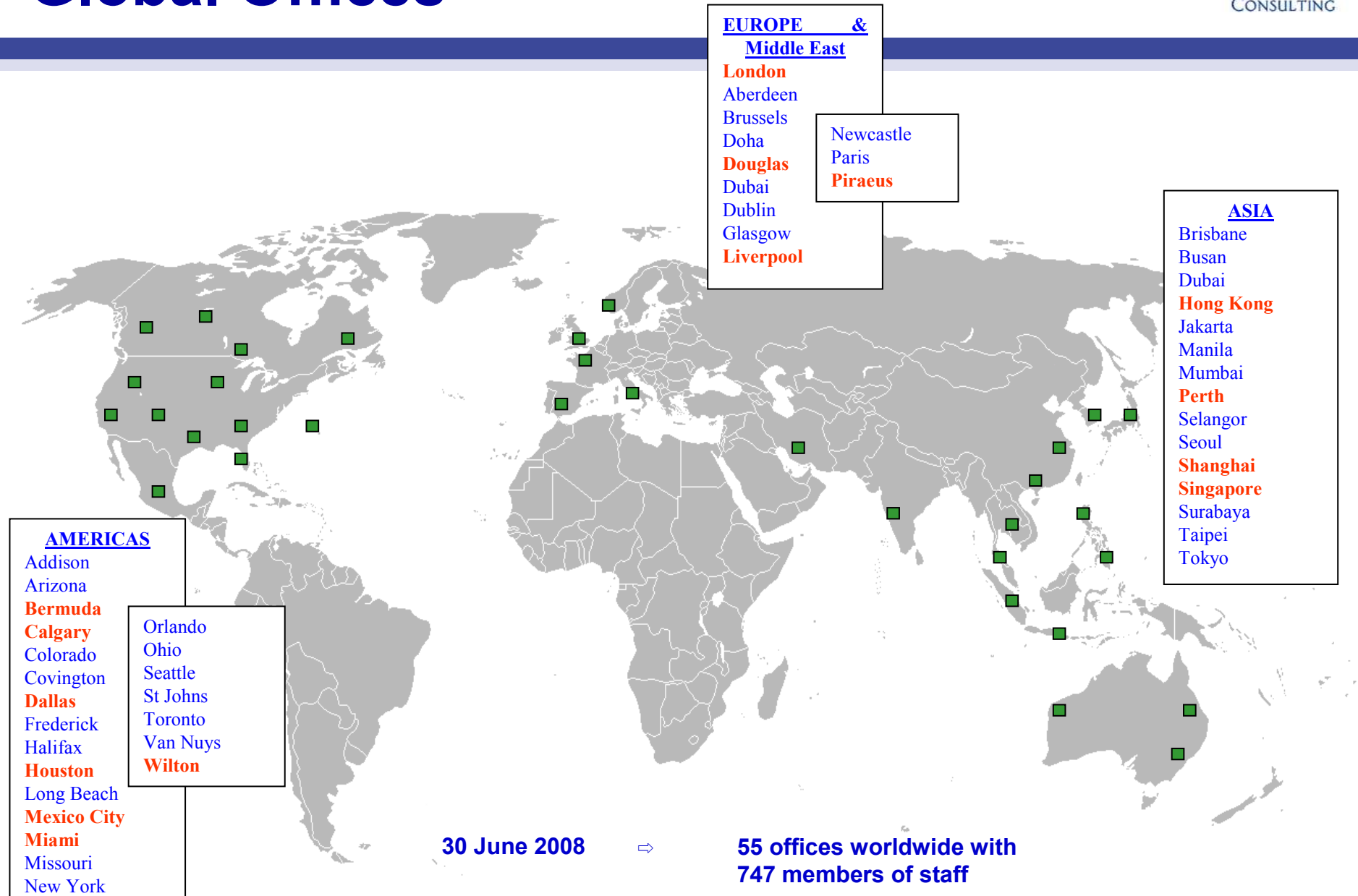
Chairman

Julian Cazalet

Judith Hanratty

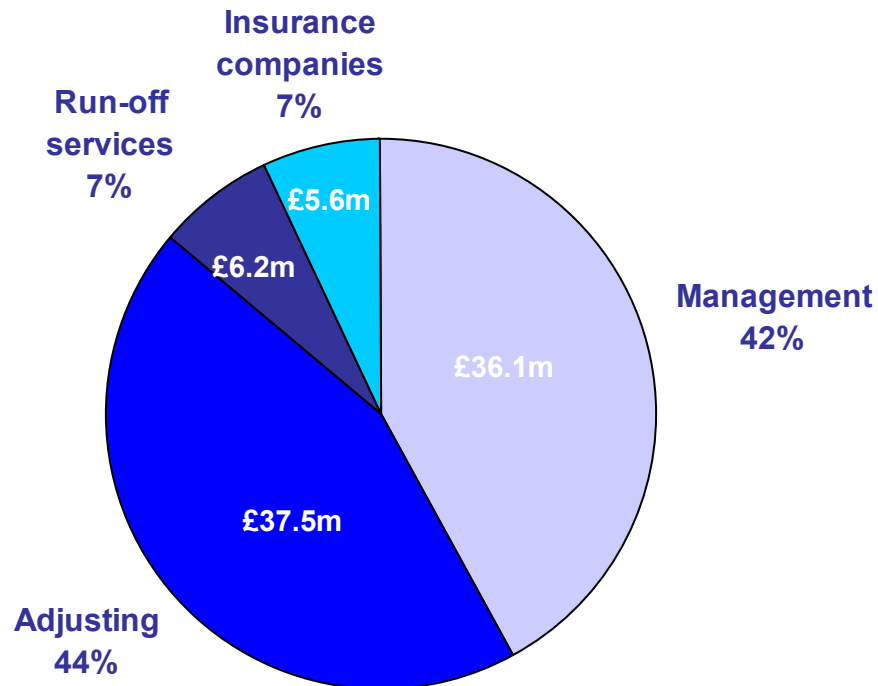
Michael Knight

Global Offices

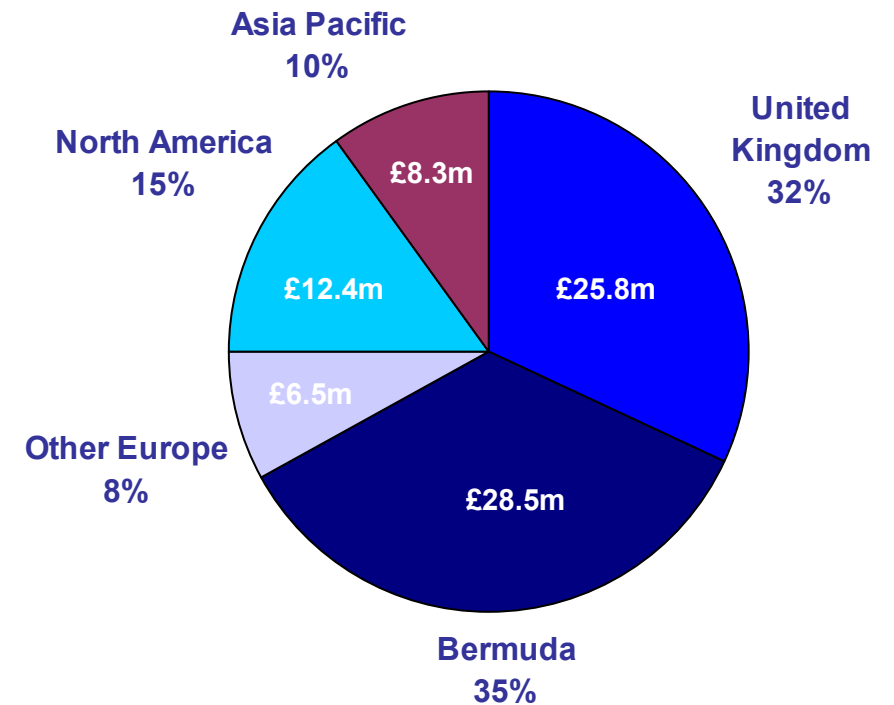


Segmental Analysis

2007 Business Segment revenue



2007 Geographical Segment revenue



Note : revenue by business segment is before intercompany eliminations

Acquisition history

Date	Name	Division	Consideration (cash element)	Consideration (share element)
2007	• Allegro	Management	£2.3m cash Earnout £0.5m cash	-
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

Disclaimer

This presentation contains certain forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations and other changes in business conditions; the actions of competitors and other factors.