GABLE

Building on success

Unaudited half year results

For the six month period ended 30 June 2015

www.gableholdings.com

AIM: GAH

Gable Holdings Inc.

Unaudited Half Year Results
for the six month period ended 30 June 2015

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About Gable Holdings Inc.

Gable is a European non-life insurance company underwriting a comprehensive range of specialist policies for the commercial sectors in the UK, Denmark, France, Germany, Italy, Norway, Spain and Sweden. Gable benefits from a low-cost online underwriting platform and the Company has continued to successfully grow its business geographically whilst simultaneously exploiting a range of niche insurance segments which exist across the EU, which is delivered through the EU passporting mechanism. Gable Holdings Inc is quoted on the London Stock Exchange's AIM market. For further information please visit www.gableholdings.com.

Highlights

£51.7m

Gross Written Premiums

33%

Gross Written Premium growth

£6.3m

Underlying Insurance Profit

Business overview 2015

Gable (AIM: GAH), the European non-life insurance company, announces a further period of strong growth for the six month period ended 30 June 2015.

Summary of Results

	6 Months ended 30 June 2015 £m	6 Months ended 30 June 2014 £m	H1 to H1 % Increase	Year ended 31 December 2014 £m
Gross Written Premiums	51.7	39.0	33%	80.0
Net Earned Premiums	38.5	23.4	64%	51.4
Profit Before Tax	(2.4)	2.5		(5.4)
Underlying Insurance result before overheads†	9.9	7.8	27%	6.8
Underlying Insurance Profit†	6.3	5.7	11%	3.1
Underlying Profit Before Tax†	1.4	4.9		0.9
*Combined Operating Ratio**	*84%*	*76%*		*94%*
Underlying EPS†	*0.99p*	*3.10p*		*1.09p*

† Underlying results are stated after adding back the additional reserve set-aside of £3.8m (H1 2014: £2.4m, Full year 2014 £6.3m) which relates to 2012 and prior provisions

* COR based on underlying insurance profit after insurance related overheads

Business in the Half Year

- Written premiums up 33%
- £6.3 million underlying insurance profit, up 11%
- Solid asset base backed by £40.0m cash balance
- Results reflect continuing progress to eliminate the historical reserving gap entirely in H2 2015
- Improvements in accountability and governance including senior Board appointments

Current Trading and Outlook

- Italian fleet motor business commenced in late May 2015
- Quota share agreement signed with Swiss Re on new Danish commercial account
- Continued confidence in short and medium term growth outlook

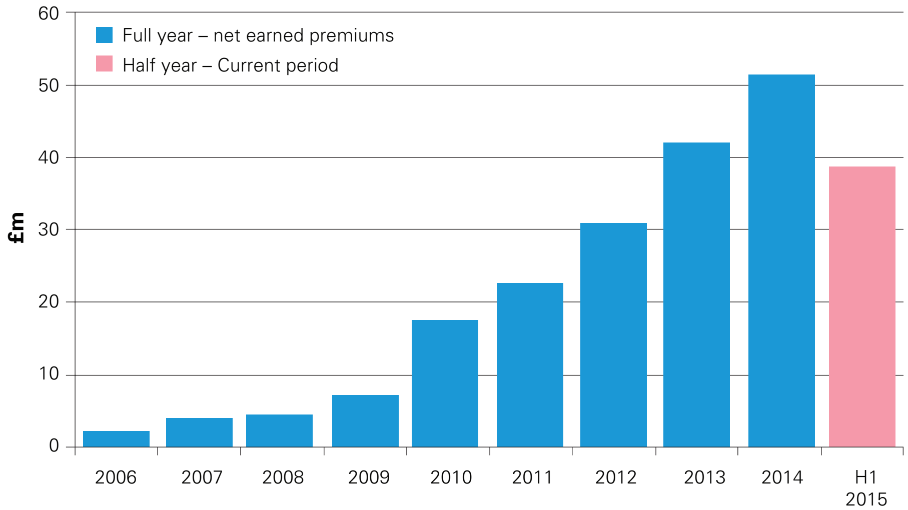
William Dewsall, Chief Executive, Gable Holdings Inc, commented:

"I am pleased to report continued strong growth in the first half of the year driven by our bespoke products provided through our expanding European wide distribution channels.

"Although the economic environment in general remains challenging, I believe we have excellent momentum and can foresee continued expansion supported by our European broker network. The fundamentals of our business are sound and underpin our optimism and growth ambitions for the future."

Overview

Gable's results for the six month period ended 30 June 2015 continued to show strong, steady growth over the same period in 2014 with a 33% increase in gross written premium to £51.7 million (H1 2014: £39.0 million). Net earned premiums (earned income attributable to the Company) have also grown strongly since inception as shown in the table below. In the first half of 2015 these amounted to £38.5 million, 64% ahead of the same period in 2014 and representing some 75% of the total earned throughout the whole of 2014.



The opportunities to develop new products and new markets by taking advantage of our European-wide licensing under the European passporting legislation are significant. The Group continues to focus on delivering growth through leveraging its strong working relationships with selected brokers and broker networks to provide well priced bespoke insurance products to the commercial SME markets in Europe. I am confident this strategy will continue to provide growth in gross written premiums, earned premiums and underlying profitability.

Results

A summary of the results for the 6 month period ended 30 June 2015 is set out in the table below:

	Underlying insurance result	First half 2015 £m	Underlying insurance result	First half 2014 £m	Underlying insurance result	Full year 2014 £m
Gross written premiums		51.7		39.0		80.0
Gross earned premiums		42.9		25.9		57.2
Reinsurance costs		(4.4)		(2.5)		(5.8)
Net earned premiums	38.5	38.5	23.4	23.4	51.4	51.4
Investment income	0.1	0.1	0.0	0.0	0.1	0.1
Net claims incurred:						
Claims incurred	(18.2)	(18.2)	(8.3)	(8.3)	(29.1)	(29.1)
Additional Reserve set-aside		(3.8)		(2.4)		(6.3)
		(21.9)		(10.7)		(35.4)
Expenses incurred in insurance activities	(10.5)	(10.5)	(7.3)	(7.3)	(15.6)	(15.6)
Result before operating expenses		6.2		5.4		0.5
Other operating expenses – insurance operations	(3.6)	(3.6)	(2.1)	(2.1)	(3.7)	(3.7)
Other operating expenses – Head Office operations		(0.9)		(0.6)		(1.6)
Other operating expenses before IAS 21 charge		(4.5)		(2.7)		(5.3)
IAS21 historical FX rate charge		(4.1)		(0.2)		(0.6)
Total Other Operating Expenses		(8.6)		(2.9)		(5.9)
Profit/(loss) before tax	**6.3**	**(2.4)**	**5.7**	**2.5**	**3.1**	**(5.4)**
Loss ratio	47.2%	57.0%	35.5%	45.7%	56.6%	68.9%
Commission ratio	27.3%	27.3%	31.2%	31.2%	30.4%	30.4%
Expense ratio	9.4%	9.4%	9.0%	9.0%	7.2%	7.2%
COR	84.0%	93.7%	75.6%	85.9%	94.2%	106.4%

The Group has delivered excellent growth in 2015 based on prior year initiatives and continues to look at introducing additional new business classes during the current year. The insurance profit after insurance overheads on underlying business remains strong at £6.3 million (compared to £5.7 million for H1 2014 and £3.1 million for the full year 2014).

At the end of the period net assets were £25.0 million (H1 2014: £34.1 million, 31 December 2014: £27.3 million) and cash balances and equivalents were £40.0 million (H1 2014: £33.0 million, 31 December 2014: £42.4 million).

Underlying insurance profits for each period may be reconciled to the IFRS reported result as follows:

	First half 2015 £m	First half 2014 £m	Full year 2014 £m	
Underlying insurance result	6.3	5.7	3.1	As shown above
Investment income	0.1	-	0.1	Interest on cash balances
Head office overheads	(0.9)	(0.6)	(1.6)	Listing and Board costs
IAS 21 historical rate adjustment	(4.1)	(0.2)	(0.6)	Non-cash FX adjustment – see below
Underlying profit before tax	1.4	4.9	0.9	
Additional reserve set-aside	(3.8)	(2.4)	(6.3)	Non-cash historical item – see below
Reported (loss)/profit before tax	**(2.4)**	**2.5**	**(5.4)**	

Additional reserve set-aside: Our claims experience during the first half of 2015 has been broadly in line with actuarial expectations and our policy is to set aside provisions at actuarial best estimate to ensure that we carry sufficient reserves to meet claims as they fall due. During the period we increased claims provisions by over £11 million. This includes £3.75 million of additional reserve set-aside provision which represents half of the remaining historical gap between carried reserves and actuarial best estimate relating to 2012 and prior periods, previously disclosed at £7.5 million at the end of 2014, and which will be eliminated entirely in the second half of 2015.

It should be noted that Gable recorded an unusual claims experience in 2014 from a few individually material claims and a spike in attritional claims in the European market, particularly France, which produced an increased actuarial reserve requirement, the full effects of which were felt in the second half of 2014. Our continued growth will help provide scale to ride out similar events in the future and our reinsurance program has been tightened to reduce our net limits and provide additional protection for our balance sheet. We regularly review our risk profile to consider ways to protect our balance sheet through underwriting limits, policy terms and conditions and reinsurance protection.

IAS 21 historical rate adjustment: The IAS 21 historical exchange rate adjustment has become a material adjustment in the current period. This adjustment arises as a result of applying International Financial Reporting Standards (which the Company applies in the same way as all other insurance companies) to all business conducted in currencies other than its "functional" currency which is Sterling. In simple terms, it:

— arises because unearned premium reserves and deferred acquisition costs (which are deemed "non-monetary items") are carried at historical exchange rates whilst the corresponding earnings of these, spread over the life of the policy in question, are treated as monetary items and translated at prevailing rates;

— can lead to potentially large accounting adjustments being reported in a set of accounts particularly where there is a prolonged trend movement in rates; but

— is a non-cash foreign exchange accounting adjustment which only affects the presentation of results and does not affect the business fundamentals

The IAS 21 historical rate adjustment has become a material item in the first half of 2015 because:

— firstly, European currencies have suffered a severe and prolonged decline against Sterling during the period (in the last year the Euro and Danish Kroner have declined 13%, the Swedish Kroner has declined by 17% and the Norwegian Kroner by 24%, with a large proportion of this in the last six months);

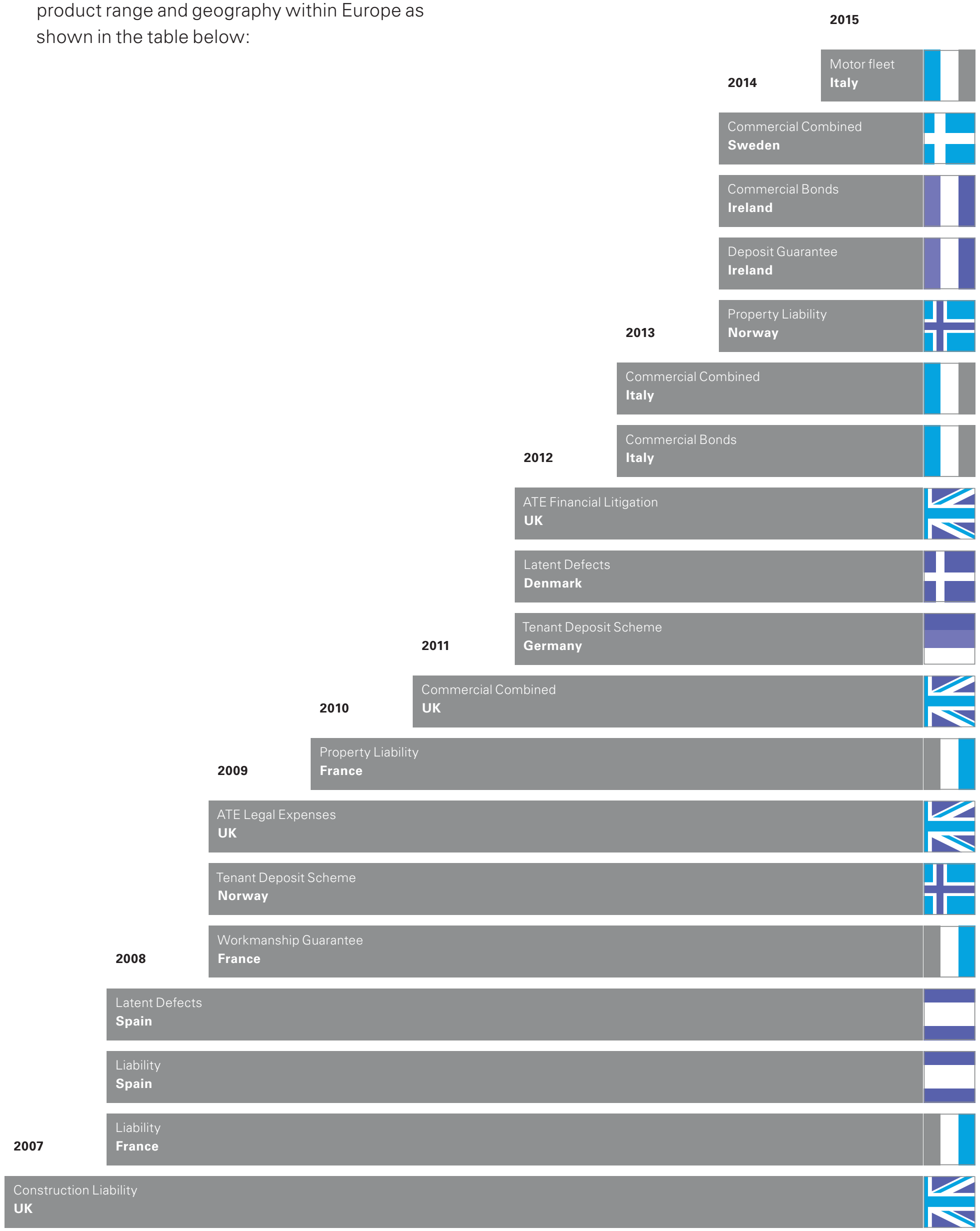
— secondly, the proportion of the Group's non-Sterling business has increased to 57.7% of total GWP from 46.6% in 2014; and

— thirdly, the underlying business has also grown strongly, meaning the corresponding balances have also grown accordingly, magnifying the issue

This item has consequently had a material impact on our reported earnings during this period. The Group seeks to reduce the impact of exchange rate movements by balancing foreign currency monetary assets and liabilities, converting excess assets or liabilities into Sterling on a periodic basis, and by using income received in foreign currencies to pay commission and costs arising in the same currencies, with the net margin converted to Sterling. We do not seek to mitigate the reported impact of IAS 21 on non-monetary items as it is merely an accounting adjustment. We regularly review our procedures and practices and investigate potential protective solutions and will take steps to put in place such protective measures as we think appropriate where the potential benefits outweigh the risks.

Products and Markets

Gable's business continues to broaden both in product range and geography within Europe as shown in the table below:



The Group's risk profile of the products it offers also continues to diversify, balancing liability products with shorter tail products.

In managing the Group's risk exposure, Gable continues to monitor its on-going reinsurance requirements. Gable, through its subsidiary Gable Insurance AG, continues to purchase reinsurance for its portfolio and has numerous automatic facilities with major reinsurers covering most classes written where appropriate. This includes arrangements with Gen Re, part of the Berkshire Hathaway Group, Swiss Re and Q Re and major worldwide insurers rated A or above. Furthermore Gable has taken advantage of cheaper reinsurance rates and has reduced its reinsurance spend at its July renewal by over 30% at the same time as decreasing its net exposure.

Solvency II

As a result of anticipated future growth the Board continues to review attractive options to increase available solvency capital to maintain a strong regulatory capital base.

The group's preparations for the introduction of the Solvency II regime are well advanced and we have introduced additional Solvency II compliant internal risk and control systems in advance of the proposed timetable.

The introduction of the Solvency II regime in 2016 brings into play new regulatory capital requirements based broadly on a company's likely future growth in its insurance business. On a nil-growth scenario, the required regulatory capital for Gable would be broadly in line with the current capital base, but Gable's high growth strategy results in additional capital being required to meet the initial requirements on 1 January 2016. This additional capital will come from one or both of two sources: firstly, we are in advanced discussions with two major reinsurers regarding quota share arrangements over parts of our business which will provide significant balance sheet protection and mitigate a significant element of the additional capital requirement; and secondly, we are at a similar stage of discussions with two financial capital institutions regarding the provision of structured debt solutions to provide the balance, as appropriate.

The Board is considering the relative merits of each of these proposals and expects to finalise these arrangements before the end of 2015.

Board Matters

I am delighted to welcome both Andrew Trott from Plexus Law who is highly experienced in commercial insurance law over 30 years and Julian Connerty from Clyde & Co one of the leading commercial litigation lawyers in the UK, to our Board since the year end. Andrew and Julian bring many years of insurance industry experience and provide significant additional oversight to the operations of the group. We are actively considering another appointment and will make an announcement in due course. We also remain committed to recruiting a suitable candidate to lead the Company as Chairman to complete this important element of corporate governance and, in the meantime, I am grateful to Jost Pilgrim for his continued support as Interim Chairman.

I would also like to thank Mike Hirschfield, our Group Finance Director, for assuming the role of Company Secretary with immediate effect, providing directly to the Company those services previously provided indirectly by him through Kitwell Consultants Limited for nearly 11 years of service since our incorporation. Furthermore, in order to more fully focus on the activities of Gable, in the last few months Mike has also stepped down from his other public company directorships.

Dividend Policy

The Board is committed to the Company providing a solid platform for ongoing growth. The Company generally is required to hold regulatory capital for solvency purposes and historically the Company has retained earnings to build its capital base and augment the capital raised. Our growth ambitions and the more stringent requirements of Solvency II mean that the growth of our capital base remains our primary objective and, for this reason, the Board remains of the view that the retention of earnings within the business is in the current interests of shareholders. Whilst the Board retains the objective to declare a maiden dividend at the earliest opportunity, as and when conditions permit, at this stage no dividend is declared.

Our Customers, Brokers and People

I would like to thank all of our customers and brokers across our countries of operation for their support during this first half year. It is also a credit to my team that we have been able to deliver excellent growth and underlying insurance profits in a highly competitive business environment during challenging economic conditions. Despite these conditions, we have been able to respond extremely quickly to our clients' needs.

As we have grown significantly over a relatively short period of time, we need to continually evaluate where we stand and where we need to improve and strengthen our business for the future. Following the announcement of our 2014 year end results and the subsequent AGM, we have engaged with a number of our significant shareholders and other stakeholders. We understand the need to enhance our governance processes and we have already made improvement across a wide spectrum and will continue to do so over the medium term, aligned our reserving to best practice , which we started to address in 2013 and will have completed in the second half of this year, and provide clarity and depth in our reporting which my accounting team have been working on since the appointment of Mike Hirschfield as Group Finance Director in 2013.

I believe that the fundamentals of our business are sound and, as a management team, we will continue to strive to deliver on these objectives.

Current Trading and Outlook

Growth in the business has continued in the second half of 2015 to date, both in the UK and our European markets, and we are hopeful that this momentum should continue through the remainder of the year and for the foreseeable future. We were delighted to announce during the period a 50% quota share agreement with Swiss Re on our new Danish commercial account.

The Board believes that over the next few years Gable should deliver strong and sustainable growth as we expand our market reach. We are confident that our business model and growing brand presence should also deliver decent profitability over time, in spite of what could remain a challenging economic environment.

I look forward to updating you on further progress in due course.

William Dewsall
Chief Executive

10 September 2015

Group Income Statement

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 £000s unaudited	Six months ended 30 June 2014 £000s unaudited	Year ended 31 December 2014 £000s audited
Gross written premiums		**51,668**	**38,985**	**79,992**
Change in provision for gross unearned premiums	5	(8,793)	(13,063)	(22,753)
Gross earned premiums		**42,875**	**25,922**	**57,239**
Outward reinsurance premiums		(4,052)	(3,771)	(7,949)
Change in provision for unearned premiums – reinsurers' share	5	(328)	1,231	2,101
Net earned premiums		**38,495**	**23,382**	**51,391**
Net investment return		118	23	99
Total revenue from operations		**38,613**	**23,405**	**51,490**
Gross claims paid	5	(11,388)	(16,672)	(27,845)
Movement in gross technical provisions		(10,855)	(655)	(17,795)
Gross claims incurred		(22,243)	(17,327)	(45,640)
Reinsurers' share of gross claims paid		308	6,660	7,058
Movement in reinsurers' share of technical provisions		—	—	3,200
Reinsurers share of claims incurred		308	6,660	10,258
Net claims incurred		**(21,935)**	**(10,667)**	**(35,382)**
Expenses incurred in insurance activities		(10,504)	(7,341)	(15,612)
Other operating expenses – overheads		(8,567)	(2,931)	(5,933)
Total operating charges		(19,071)	(10,272)	(21,545)
Profit from operations and before taxation		**(2,393)**	**2,466**	**(5,437)**
Taxation		(21)	(387)	615
Profit for the period attributable to owners of the parent	6	**(2,414)**	**2,079**	**(4,822)**
Earnings per share – basic	4	(1.78)p	1.54p	(3.57)p
Earnings per share – diluted	4	(1.78)p	1.45p	(3.57)p

All operations are continuing.

Group Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 £000s unaudited	30 June 2014 £000s unaudited	31 December 2014 £000s audited
Assets				
Intangible assets		4,250	4,250	4,250
Property, plant and equipment		396	474	442
Deferred acquisition and reinsurance costs	5	14,883	10,647	13,153
Provision for unearned reinsurance premium	5	2,694	2,151	3,022
Reinsurers' share of technical provisions	5	3,200	—	3,200
Prepayments and accrued income		573	120	126
Trade and other receivables		89,684	68,389	66,374
Cash and cash equivalents	8	39,999	32,973	42,358
Total assets		**155,679**	**119,004**	**132,925**
Equity				
Share capital		338	338	338
Share premium account		16,190	16,190	16,190
Share based premium reserve		1,049	980	950
Other reserves		3,875	3,875	3,875
Retained earnings		3,542	12,717	5,956
Total equity attributable to owners of the parent	6	**24,994**	**34,100**	**27,309**
Liabilities				
Technical provisions	5	107,833	62,247	87,992
Accruals and deferred income		384	51	654
Current taxation		342	1,112	542
Deferred taxation		41	535	—
Trade and other payables		22,085	20,959	16,428
Total liabilities		**130,685**	**84,904**	**105,616**
Total liabilities and shareholders' funds		**155,679**	**119,004**	**132,925**
Net asset value per ordinary share	4	18.47p	25.20p	20.18p

Group Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 £000s unaudited	Six months ended 30 June 2014 £000s unaudited	Year ended 31 December 2014 £000s audited
Cash flows from operating activities				
Cash flows from operations	7	(2,282)	5,938	15,387
Interest received		118	24	99
Tax paid		(180)	(310)	(414)
Net cash flows from operating activities		**(2,344)**	**5,652**	**15,072**
Cash flows from investing activities				
Purchase of tangible fixed assets		(15)	(44)	(70)
Net cash flows from investing activities		**(15)**	**(44)**	**(70)**
Cash flows from financing activities				
Shares issued		—	335	335
Share issue costs		—	—	—
Net cash flows from financing activities		**—**	**335**	**335**
Net (decrease)/increase in cash and cash equivalents	8	**(2,359)**	**5,943**	**15,337**
Cash and cash equivalents at period beginning		42,358	27,021	27,021
Exchange movements on cash and cash equivalents		—	9	—
Cash and cash equivalents at period end	8	**39,999**	**32,973**	**42,358**

Notes to the group financial statements
For the six months ended 30 June 2015

1. Basis of preparation

The Company was incorporated as a Corporation in the Cayman Islands which does not prescribe the adoption of any particular accounting framework. These interim financial statements have been prepared under the historical cost convention and in accordance with the requirements of International Financial Reporting Standards ("IFRS") endorsed by the European Union, in so far as they apply to interim statements.

The Group financial statements consolidate the financial statements of Gable Holdings Inc and subsidiary undertakings made up to 30 June 2015.

2. Accounting policies

There have been no changes to the Group's accounting policies as set out in the Group's financial statements for the year ended 31 December 2014 and, as such, those accounting policies have been applied to these interim statements.

3. Segmental information

The Group's business is the provision of insurance products and it has, in the six months to 30 June 2015, derived its business from the United Kingdom, France, Spain, Norway, Denmark, Germany and Italy.

4. Earnings and net asset value per share

The calculation of basic and diluted earnings per share is based on the net loss after tax of £2,440,000 (six months ended 30 June 2014: profit of £2,079,000, full year ended 31 December 2014: loss of £4,822,000) divided by the weighted average number of shares in issue during the period of 135,319,833 (six months ended 30 June 2014: 134,718,250, full year ended 31 December 2014: 135,022,347). The weighted average number of shares for the calculation of fully diluted earnings per share for the six months ended 30 June 2014 was 135,319,833 based on the basic weighted average number of shares in issue plus 8,286,619 dilutive shares.

The net asset value per share is calculated by dividing the shareholders' funds of £24,968,000 (30 June 2014: £34,100,000, 31 December 2014: £27,309,000) by the number of shares in issue at the end of the period – 135,319,833 (30 June 2014: 135,319,833, 31 December 2014: 135,319,833).

5. Insurance assets and liabilities

	Six months ended 30 June 2015 £000s unaudited	Six months ended 30 June 2014 £000s unaudited	Year ended 31 December 2014 £000s audited
Insurance assets			
Deferred acquisition and reinsurance costs	14,883	10,647	13,153
Provision for unearned reinsurance premium	2,694	2,151	3,022
Reinsurers' share of technical provisions	3,200	—	3,200
	20,777	**12,798**	**19,375**
Insurance liabilities			
Technical provisions	51,733	24,630	40,685
Provisions for unearned premium	56,100	37,617	47,307
	107,833	**62,247**	**87,992**
Claims reserved			
At 1 January	37,485	24,465	24,465
Claims notified and reserved in the period, net of RI	19,143	17,639	33,851
Claims paid in the year net of reinsurance recoveries	(11,080)	(16,672)	(20,787)
Incurred but not reported movement in the period, net of reinsurers' share	3,023	(535)	490
Exchange movement	(38)	(267)	(534)
At 30 June/31 December	**48,533**	**24,630**	**37,485**
Movement for provision in unearned premium			
At 1 January	47,307	24,554	24,554
Movement in provision for the period	8,793	13,063	22,753
At 30 June/31 December	**56,100**	**37,617**	**47,307**
Movement in provision for unearned reinsurance premium			
At 1 January	3,022	921	921
Movement in provision for the period	(328)	1,230	2,101
At 30 June/31 December	**2,694**	**2,151**	**3,022**

6. Reconciliation of movements in shareholders' funds

	Six months ended 30 June 2015 £000s unaudited	Six months ended 30 June 2014 £000s unaudited	Year ended 31 December 2014 £000s audited
(Loss)/profit for the period	(2,414)	2,079	(4,822)
Shares issued in the year	-	335	335
Share issue costs	—	—	—
Share based payment charge	99	22	132
Net increase in shareholders' funds	(2,315)	2,436	(4,355)
Equity shareholders' funds brought forward	27,309	31,664	31,664
Equity shareholders' funds carried forward	**24,994**	**34,100**	**27,309**

7. Reconciliation of profit for the period before taxation to net cash flows from operating activities

	Six months ended 30 June 2015 £000s unaudited	Six months ended 30 June 2014 £000s unaudited	Year Ended 31 December 2014 £000s Audited
(Loss)/profit for the period before taxation	(2,393)	2,466	(5,437)
Interest received	(118)	(24)	(99)
Non-cash exchange movements	1	—	—
Depreciation of property, plant and equipment	60	56	118
Share based payment charge	99	22	132
Increase in insurance liabilities	19,841	13,228	38,973
Increase in reinsurers' share of technical provisions	—	—	(3,200)
Increase/(decrease) in deferred acquisition and reinsurance costs	(1,730)	(3,699)	(6,205)
Decrease/(increase) in provision for unearned reinsurance premium	328	(1,231)	(2,101)
Increase in receivables	(23,757)	(11,631)	(9,622)
Increase in payables	5,387	6,747	2,828
Non-cash exchange movements	—	4	—
Net cash flows from operating activities	**(2,282)**	**5,938**	**15,387**

8. Reconciliation of net cash flows to movement in net funds

	Six months ended 30 June 2015 £000s unaudited	Six months ended 30 June 2014 £000s unaudited	Year ended 31 December 2014 £000s audited
Change in cash for the period	(2,359)	5,943	15,337
Change in net funds resulting from cash flows	(2,359)	5,943	15,337
Net funds brought forward	42,358	27,021	27,021
Exchange movements on cash and cash equivalents	—	9	—
Net funds carried forward	**39,999**	**32,973**	**42,358**

9. General information

The information for the period ended 30 June 2015 does not constitute statutory accounts as defined in the Companies Act 2006. The figures for the period ended 31 December 2014 have been extracted from the 2014 Financial Statements prepared under IFRS. The auditors' report on those accounts was unqualified and did not contain a statement under the provisions of the Companies Act 2006.

GABLE

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