

G A B L E

Gable Holdings Inc.

Unaudited interim results
for the six months ended 30 June 2012

Interim 2012

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Profit before tax

up 60%

Delivering growth

Unaudited interim results for the six months ended 30 June 2012

Summary of results

	6 months ended 30 June 2012 £m	6 months ended 30 June 2011 £m	H1 to H1 increase	Year ended 31 Dec 2011 £m
Written premiums	15.4	12.2	26%	29.7
Earned premiums	12.8	10.6	20%	28.4
Insurance profit	5.9	4.4	34%	8.6
Operating profit	3.7	2.6	42%	3.3
Profit before tax	3.2	2.0	60%	3.7
<i>Earnings per share</i>	2.61p	1.59p	64%	2.98p

Business highlights in the half year

- Growth in written premiums has continued across all product classes in the UK and Europe, with particular growth in Gable's French Property Liability Product and its After the Event ('ATE') insurance programmes.
- Record first half insurance profit up 34% and profit before tax increased by 60%.



£15.4m

Gross written premiums

Outlook

- In September, Gable launched its first product into the German market where it has commenced writing a programme of business for its tenant deposit guarantee product.
- Gable producing continued growth across all classes of business both in the UK and in its European markets.

“The first half has been another excellent trading period for the Group and we have continued to grow profitably and build on our platform of products both in the UK and Europe where we have seen particularly strong growth.

“We expect to see a consistent pattern of growth in the second half, with good income visibility from our pecuniary loss ATE product which matures in this period and our new tenant deposit product starting in Germany. We look forward to a very strong year in 2013 as we see the benefits from our UK, French and Norwegian business and from our first full year of operation in the German market. We continue to look at writing new business in additional countries where the territory’s business meets our model.”

William Dewsall

Chief Executive

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, France, Germany, Norway and Spain. 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.

Gable Holdings Inc is quoted on the London Stock Exchange’s AIM market (ticker: GAH.L, GAH.LN). For further information please visit www.gableholdings.com.



Earnings per share

up 64%

Interim statement 2012

Gable's results for the six months ended 30 June 2012 showed strong growth over the same period in 2011 with a 26% increase in gross written premium to £15.4 million (H1 2011: £12.2 million).

In addition, Gable's strict management of insurance costs has enabled the Company to deliver a very efficient combined operating ratio of 51%, which compares to 56% for the same period last year and is pleasing, particularly in light of the period of continued growth. Operating profit, before goodwill impairment increased by 42% at £3.7 million and the reported result for the period shows a 60% increase in profit before tax to £3.2 million (H1 2011: £2.0 million) and basic and diluted earnings per share of 2.61p (H1 2011: 1.59p). At the end of the period net assets were £17.8 million (H1 2011: £15.4 million) and cash balances and equivalents were £10.8 million (H1 2011: £7.7 million).

The Group's strategy to focus on growth both in its existing countries of operation and progressively launch into new markets in Europe continues to reap the rewards of continued growth in Gross Written Premiums and profitability, lest we forget that we focus on writing profitable business, not simply to grow top line revenue.

We remain forthright in our strategy to continue to broaden our existing product portfolio and the number of countries of operation, evidenced most recently with the launch of our first product in the German market with our tenant deposit guarantee product which has been very successful in Norway. The German market for this product is much larger than the Norwegian market and we believe that there are very solid prospects for growth in this territory.

In the UK Gable has continued to see good levels of organic growth across all classes, with steady growth in our UK business, buoyed by additional programmes in our ATE product. Further growth came from the French market, particularly in our Property Liability product.

We continue to review opportunities for new products and new markets, taking advantage of our European-wide licensing, under the European passporting legislation.

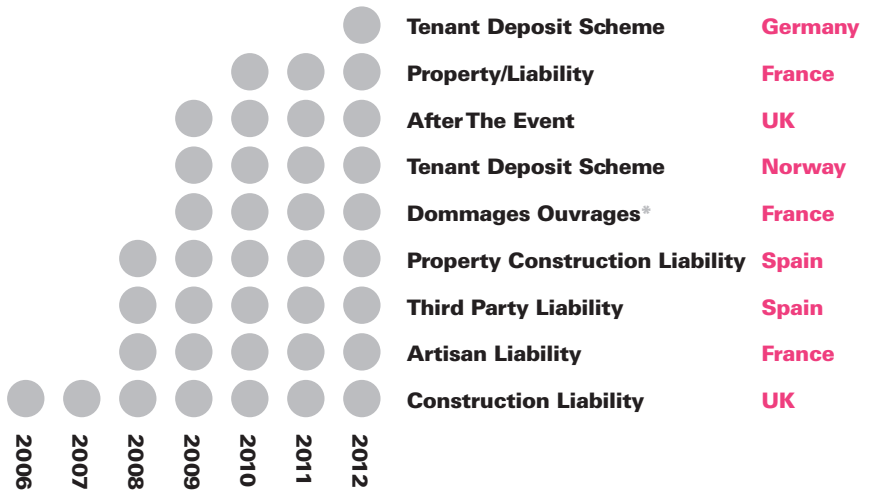
It should be noted that Gable continues to deliver excellent growth and profits in a very difficult climate as we are able to respond extremely quickly to our clients' needs for which I would like to thank my team for their excellent support and diligence.

Results

A summary of the results for the 6 months ended 30 June 2012 are set out in the table below:

	6 months ended 30 June 2012 £m	6 months ended 30 June 2011 £m
Gross written premiums	15.4	12.2
Change in provision for gross unearned premiums	(2.7)	(1.6)
Gross earned premiums	12.8	10.6
Net earned premiums	11.9	10.0
Net claims incurred	(2.6)	(2.7)
Expenses incurred in insurance activities	(3.4)	(2.9)
Net insurance result	5.9	4.4
<i>Combined operating ratio</i>	<i>51 %</i>	<i>56 %</i>
Profit from operations	3.7	2.6
(before impairment of goodwill and taxation)		
Impairment of goodwill	(0.5)	(0.6)
Profit before taxation	3.2	2.0
Taxation	(0.24)	(0.27)
Profit for the period attributable to equity holders of the Company	3.0	1.8
Earnings per share – basic and diluted	2.61p	1.59p

Continued growth in products and markets



Gable’s business continues to broaden both in product range and geography within Europe, with the recent introduction of the tenant deposit guarantee product in the German market.

The Group’s risk profile of the products it offers also continues to diversify, balancing liability products with shorter tail property portfolio and ATE type products.

*A French insurance policy for building defects in a new build or renovated French property

Solvency management, utilisation and risk

The areas of solvency management, utilisation and risk management are of primary importance in managing the Group's financial performance. Under the current proposals for Solvency II insurance capital, the Board does not currently believe that additional capital will need to be raised to meet the current anticipated requirements of Solvency II and the Board's expectation of growth over the current and forthcoming financial years.

Irrespective of Solvency II, Gable will continue to adopt a prudent approach to its solvency capital management. It has always been the Company's policy to hold its deposits in cash across a number of currencies matching its potential insurance liabilities (insurance losses) to the currency in which the income is derived.

In managing Gable Insurance AG's ('GIAG') risk exposure, Gable continues to monitor its on-going reinsurance requirements. GIAG continues to purchase reinsurance for its portfolio and has numerous automatic facilities with major reinsurers covering most classes written where appropriate.

Dividend policy

For the present the Board remains of the view that the retention of profit within the business is in the long term interests of shareholders and therefore, whilst the Board retains the objective to declare an inaugural dividend at the earliest opportunity, at this stage no dividend is declared.

Appointment of auditor

We are pleased to report that Ernst & Young LLP has been appointed as auditor to the Company and will be working with our management team on the audit of the 2012 annual financial statements. The Board would like to extend its gratitude, in particular to Carmine Papa, Partner, and to all the staff at Littlejohn LLP for their invaluable advice and assistance as auditor to the Company over the last 5 years.

Our customers, brokers and people

I would like to thank all of our customers across all our countries of operation, to our brokers for their support during the first half year and an increasingly busy second half of the year where we are constantly increasing our broker base in all our territories, which is encouraging as it provides Gable with increasing diversity and a greater product range. Once again our thanks to all Gable's staff in the UK and Europe for their excellent work.

Current trading and outlook

Growth in the business has continued strongly into the second half of 2012 and looking at both the UK and European markets, the Board is confident that Gable has a platform to deliver a very strong year of growth in 2013.

The combination of organic growth, combined with the new product launches which are benefitting our performance in the current year, we are particularly encouraged by the buoyant markets in which we operate and the increasingly positive reception that the Gable brand now receives in each market of operation.

Gable has considerable scope to roll out its products into additional European countries, replicating the success we have already seen in France and Norway. In Germany, we have now started writing our first lines of business and we are currently assessing the Italian market where we believe there are a number of potential opportunities for the future.

The Board remains very optimistic about the prospects for the Group in the current and future financial years.

William Dewsall

Chief Executive

28 September 2012

Gable Holdings Inc

Consolidated income statement

For the six months ended 30 June 2012

	Notes	6 months ended 30 June 2012 £000 unaudited	6 months ended 30 June 2011 £000 unaudited	Year ended 31 Dec 2011 £000 audited
Gross written premiums		15,412	12,191	29,740
Change in provision for gross unearned premiums	5	(2,657)	(1,606)	(1,324)
Gross earned premiums		12,755	10,585	28,416
Outward reinsurance premiums		(857)	(624)	(1,779)
Return of reinsurance premium		—	—	—
Change in provision for unearned premiums – reinsurers' share	5	—	62	49
Net earned premiums		11,898	10,023	26,686
Net investment return		61	25	51
Total revenue from operations		11,959	10,048	26,737
Gross claims paid	5	(3,035)	(2,300)	(4,777)
Movement in gross technical provisions		402	(404)	(10,315)
Gross claims incurred		(2,633)	(2,704)	(15,092)
Reinsurers' share of gross claims paid		—	—	—
Movement in reinsurers' share of technical provisions		—	—	3,565
Reinsurers share of claims incurred		—	—	3,565
Net claims incurred		(2,633)	(2,704)	(11,527)
Expenses incurred in insurance activities		(3,361)	(2,846)	(6,635)
Impairment of goodwill		(500)	(600)	(1,000)
Other operating expenses		(2,270)	(1,870)	(3,896)
Total operating charges		(6,131)	(5,316)	(11,531)
Profit from operations and before taxation		3,195	2,028	3,679
Taxation		(236)	(225)	(273)
Profit for the period attributable to owners of the parent	6	2,959	1,803	3,406
Earnings per share – basic and diluted	4	2.61p	1.59p	2.98p

All operations are continuing.

Gable Holdings Inc

Consolidated statement of financial position

At 30 June 2012

	Notes	30 June 2012 £000 unaudited	30 June 2011 £000 unaudited	31 Dec 2011 £000 audited
Assets				
Intangible assets		6,141	7,041	6,641
Property, plant and equipment		364	378	412
Deferred acquisition and reinsurance costs	5	604	2,836	3,735
Reinsurers' share of technical provisions	5	(70)	—	3,565
Prepayments and accrued income		5	1	1
Trade and other receivables		32,342	20,635	23,180
Cash and cash equivalents	8	10,794	7,738	11,584
Total assets		50,180	38,629	49,118
Equity				
Share capital		283	283	283
Share premium account		5,516	5,516	5,516
Share based premium reserve		—	20	—
Other reserves		3,875	3,875	3,875
Retained earnings		8,119	5,741	7,541
Total equity attributable to owners of the parent	6	17,793	15,435	17,215
Liabilities				
Technical provisions	5	23,666	15,588	24,954
Accruals and deferred income		110	50	111
Deferred taxation		82	82	82
Trade and other payables		8,529	7,474	6,756
Total liabilities		32,387	23,194	31,903
Total liabilities and shareholders' funds		50,180	38,629	49,118
Net asset value per ordinary share	4	15.70p	13.62p	15.19p

Gable Holdings Inc

Consolidated statement of cash flows

For the six months ended 30 June 2012

	Notes	6 months ended 30 June 2012 £000 unaudited	6 months ended 30 June 2011 £000 unaudited	Year ended 31 Dec 2011 £000 audited
Cash flows from operating activities				
Cash generated from operations	7	(663)	1,414	5,380
Interest received		61	25	51
Tax paid		(188)	(88)	(153)
Net cash flows from operating activities		(790)	1,351	5,278
Cash flows from investing activities				
Purchase of tangible fixed assets		—	—	(81)
Net cash flows from investing activities		—	—	(81)
Cash flows from financing activities				
Shares issued		—	—	—
Net cash flows from financing activities		—	—	—
Net increase/(decrease) in cash and cash equivalents	8	(790)	1,351	5,197
Cash and cash equivalents at period beginning		11,584	6,387	6,387
Cash and cash equivalents at period end	8	10,794	7,738	11,584

Gable Holdings Inc

Consolidated statement of financial position

At 30 June 2012

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 2012.

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 2011 and, as such, those accounting policies have been applied to these interim statements.

3 Segmental information

The Group's business is the provision of construction insurance products and it has, in the six months to 30 June 2012, derived its business from the United Kingdom, France, Spain and Norway.

4 Earnings and net asset value per share

The calculation of earnings per share is based on the net profit of £2,959,000 (six months ended 30 June 2011: £1,803,000, full year ended 31 December 2011: £3,406,000) divided by the weighted average number of shares in issue during the period of 113,322,000 (six months ended 30 June 2011: 113,322,000, full year ended 31 December 2011: 113,322,000).

The net asset value per share is calculated by dividing the shareholders' funds of £17,793,000 (30 June 2011: £15,435,000, 31 December 2011: £17,215,000) by the number of shares in issue at the end of the period – 113,322,000 (30 June 2011: 113,322,000, 31 December 2011: 113,322,000).

5 Insurance assets and liabilities

	6 months ended 30 June 2012 £000 unaudited	6 months ended 30 June 2011 £000 unaudited	Year ended 31 Dec 2011 £000 audited
Deferred acquisition and reinsurance costs			
Acquisition costs deferred	604	2,284	3,196
Provision for unearned reinsurance premium	(70)	552	539
	534	2,836	3,735
Technical provisions			
Claims reserve	13,407	6,695	16,553
Unearned premium	10,259	8,893	8,401
	23,666	15,588	24,954
Claims paid	3,035	2,300	3,201
Claims reserved			
At 1 January	16,553	6,291	6,291
Claims notified and reserved in the period	(110)	3,287	16,608
Incurred but not reported movement in the period	(592)	(2,883)	(6,750)
Exchange movement	(2,444)	—	404
At 30 June/31 December	13,407	6,695	16,553
Movement for provision in unearned premium			
At 1 January	8,401	7,287	7,287
Movement in provision for the period	2,657	1,606	1,324
Exchange movement	(799)	—	(210)
At 30 June/31 December	10,259	8,893	8,401
Movement in provision for unearned reinsurance premium			
At 1 January	539	490	490
Movement in provision for the period	(609)	62	49
At 30 June/31 December	(70)	552	539

6 Reconciliation of movements in shareholders' funds

	6 months ended 30 June 2012 £000 unaudited	6 months ended 30 June 2011 £000 unaudited	Year ended 31 Dec 2011 £000 audited
Profit for the period	2,959	1,803	3,406
Shares issued in the year	—	—	—
Currency translation differences	(2,381)	(263)	(86)
Net increase in shareholders' funds	578	1,540	3,320
Equity shareholders' funds brought forward	17,215	13,895	13,895
Equity shareholders' funds carried forward	17,793	15,435	17,215

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

	6 months ended 30 June 2012 £000 unaudited	6 months ended 30 June 2011 £000 unaudited	Year ended 31 Dec 2011 £000 audited
Profit for the period after taxation	2,959	1,803	3,406
Interest received	(61)	(25)	(51)
Non-cash exchange movements	(2,381)	(263)	(86)
Purchase of intangible assets	—	—	—
Depreciation of tangible fixed assets	83	36	83
Impairment of goodwill	500	600	1,000
Increase of technical provisions	(1,288)	2,010	11,376
Increase in reinsurers' share of technical provisions	—	—	(3,565)
Increase/(decrease) in deferred acquisition and reinsurance costs	3,201	509	(390)
Increase in receivables	(5,601)	(6,509)	(9,054)
Increase in payables	1,925	3,253	2,661
Net cash flows from operating activities	(663)	1,414	5,380

8 Reconciliation of net cash flows to movement in net funds

	6 months ended 30 June 2012 £000 unaudited	6 months ended 30 June 2011 £000 unaudited	Year ended 31 Dec 2011 £000 audited
Change in cash for the period	(790)	1,351	5,197
Change in net funds resulting from cash flows	(790)	1,351	5,197
Net funds brought forward	11,584	6,387	6,387
Net funds carried forward	10,794	7,738	11,584

9 General information

The information for the period ended 30 June 2012 does not constitute statutory accounts as defined in the Companies Act 2006. The figures for the period ended 31 December 2011 have been extracted from the 2011 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.

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