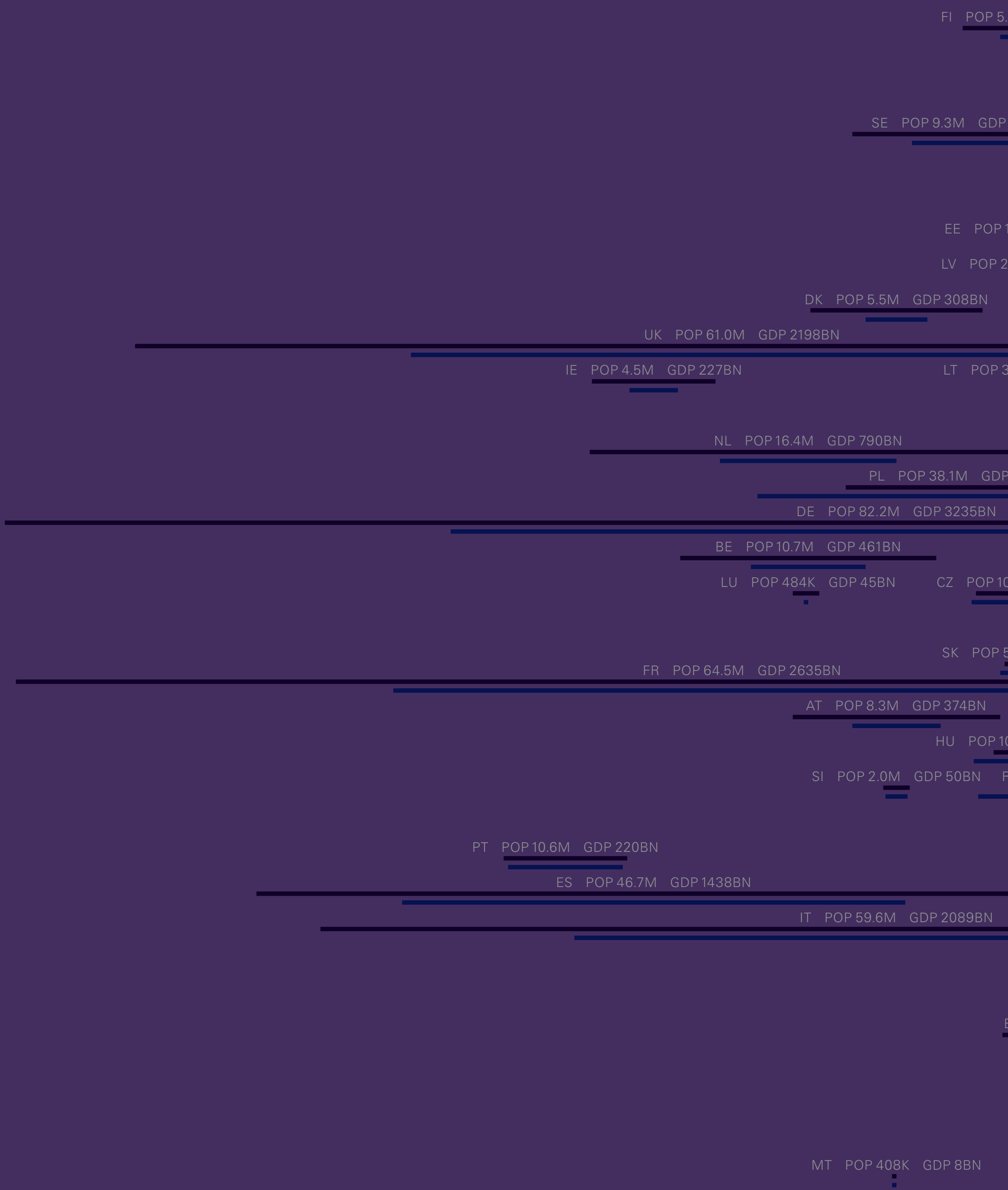
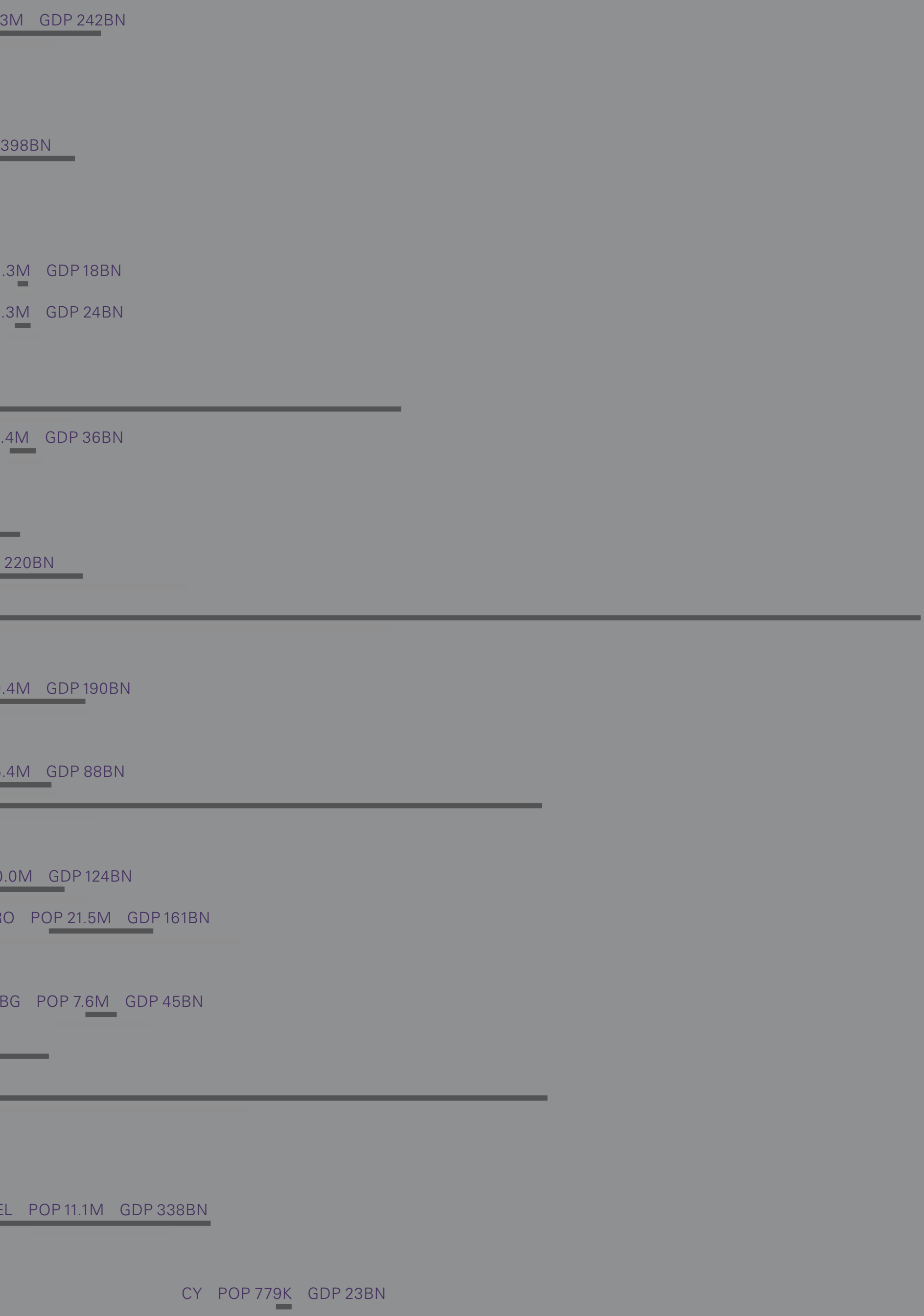
GABLE

Gable Holdings Inc.

Annual Report and Financial Statements

for the Year Ended 31 December 2009




3M GDP 242BN
398BN
.3M GDP 18BN
.3M GDP 24BN
.4M GDP 36BN
220BN
.4M GDP 190BN
.4M GDP 88BN
0.0M GDP 124BN
RO POP 21.5M GDP 161BN
BG POP 7.6M GDP 45BN
EL POP 11.1M GDP 338BN
CY POP 779K GDP 23BN

Contents

Highlights

Financial

- Gross written premium of £10.4 million (2008: £5.9 million) – up 76%
- Net earned premium of £7.0 million (2008: £4.2 million) – up 67%
- Increase in net insurance margin to 28% (2008: 23%) – up 22%
- Profit before tax of £1.54 million (2008: £0.91 million) – up 69%
- Net assets at the year end were £11.1 million (2008: £9.7 million) – up 14%
- Basic diluted EPS of 1.26p (2008: 0.74p) – up 70%
- Historic UK construction premium accounted for 40% of premium (2008: 80%), European expansion and diversification of market and risk has developed significantly in 2009 and continues into 2010

Business

- New products launched in 2009:
  - Dommages Ouvrages was launched with a new French broker in Q3
    - Supported by an automatic facultative protection programme with Hannover Re
  - After the Event Insurance in respect of commercial litigation disputes was launched in the UK in Q4
  - Tenant deposit scheme launched in Norway in Q4, first premium written in January 2010
- Restructuring of relationship with HUAL in the UK, post year end

Comment and Outlook

William Dewsall, Chief Executive

"The board is delighted with our progress in developing our strategy in both the UK and Continental Europe, which is delivering excellent growth in difficult conditions. 2009 has seen the Group take significant steps in delivering on its European expansion strategy. The new lines of business introduced in the year are performing well and we have seen particularly strong growth in our French portfolio which we began to write in early 2008.

"We continue to introduce new lines of business, where the anticipated margin provides a healthy return on solvency capital, whilst developing a lower overall risk profile to the insurance written. 2009 delivered an excellent performance and the expectations and opportunities for 2010 and beyond are exciting."

Chairman's Statement

I am pleased to report a strong set of results for 2009, a year in which Gable has delivered a significant increase in gross written premiums and profitability. The opportunities pursued by the Group over the past 18 months and those available to us for the foreseeable future will ensure that the Group will continue to build on the strong foundations put in place since we commenced writing business in 2006. We have concentrated on sound underwriting practice, profitability and prudent risk management.

The 2009 year has seen a number of new product launches and there are further launches planned for 2010. In launching new products, Gable seeks to ensure that products offered meet the long-term requirements of the market and, as such, Gable and its agents are keen to build premium on a realistic, manageable and enduring basis.

The performance for 2009 has been excellent and the outlook for 2010 and beyond is one of great optimism.

Lance Ranger

Chairman

29 June 2010

Chief Executive's Review

The Board of Gable Holdings Inc is pleased to present its audited consolidated results for the year ended 31 December 2009.

Business review

The 2009 financial year has seen the Group achieve strong progress in delivering on its strategy to become a significant European insurer. The Group now has established products in the following territories:

Country	Product	Description	Commenced
UK	Construction	Employer's liability	
		Public liability	
		Contractors All Risks (CAR)	2006
France	Statutory Damage	Artisan scheme for contractors	2008
Spain	Commercial	Liability programme	2008
France	Liability	Dommages Ouvrages	2009
UK	After the Event (ATE)	Insurance funding of litigation disputes	2009
Norway	Deposit guarantee	Tenant deposit scheme	2009

The financial highlights show that the premium written in 2009 was £10.4 million (2008: £5.9 million), 49% of which was written in the UK and 51% in other European markets. In premium terms the UK construction result has shown continuity in business written and it has retained its level of profitability. Our business in France, launched in the first quarter of 2008 offering insurance products to Artisan contractors, has increased in premium terms by 300%. This increase in business written has been achieved without any dilution of our margin.

In respect of products launched in the year:

- Dommages Ouvrages was launched with a new French broker in Q3, supported by an automatic facultative protection programme from Hannover Re.
- After the Event Insurance in respect of commercial litigation disputes was launched in the UK in Q4.
- Tenant deposit scheme launched in Norway in Q4, first premium written in January 2010.

The initial results for these products have been very encouraging, although as they were launched in the second half of the year will have a significantly greater effect on the business written in 2010.

Chief Executive's Review

Results

A summary of the results for the year ended 31 December 2009 are set out in the table below:

	2009 £000s	2008 £000s
Gross written premiums	**10,420**	**5,943**
Change in provision for gross unearned premiums	(2,423)	(29)
Gross earned premiums	**7,997**	**5,914**
Net earned premiums (after reinsurance)	**7,047**	**4,227**
Net claims incurred	(2,141)	(1,397)
Expenses incurred in insurance activities	(2,699)	(1,495)
Net insurance result	**2,207**	**1,335**
Net insurance margin	*27.6%*	*22.5%*
Profit from operations and before taxation	**1,536**	**913**
Taxation	(117)	(86)
Profit for the period attributable to equity holders of the Company	**1,419**	**827**
Earnings per share – basic and diluted	1.26p	0.74p

The reported result for the year shows profit before taxation of £1.54 million (2008: £0.91 million) and basic and diluted eps of 1.26p (2008: 0.74p). At the end of the period net assets were £11.1 million (2008: £9.7 million) and cash balances were £4.3 million (2008: £4.3 million).

The Board considers solvency and its management, utilisation and risk, as of primary importance in managing the Group's financial performance. The exercise to meet the requirements of Solvency II, which is due to be implemented under European Regulation on 1 November 2012, is underway and whilst the level of solvency required to undertake business once Solvency II is implemented is still to be confirmed, the Group is reviewing all of its systems and procedures to meet Solvency II's risk management criteria. As at 31 December 2009, the reported solvency capital was 201% (2008: 315%).

Gable has continued to adopt a prudent approach to its solvency capital management, holding its deposits in cash and, in view of the diversification of the Group's income into 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 risk exposure, Gable continues to monitor its on-going reinsurance requirements. Gable Insurance AG ("GIAG") continues to purchase reinsurance for its UK construction account and now has an automatic facultative protection programme with Hannover Re for certain Dommages Ouvrages risks in France. As the business develops the requirements for reinsurance will also increase and are a necessary cost for risk management.

It was the Directors' objective to declare an inaugural dividend in respect of the 2009 financial year. However, given the Group's continued and dramatic expansion, it is believed that, for the foreseeable future, the retention of profit to build the Group's overall capital base to be utilised in writing profitable business is of more importance.

Chief Executive's Review

Related party transaction with Hogarth Underwriting Agencies Limited

On 29 June 2010, the Company entered into a transaction with Hogarth Underwriting Agencies Limited ("HUAL"), whereby it bought out the future financial benefits receivable by HUAL from its underwriting and claims handling agreement with GIAG, the Company's wholly owned insurance company.

This transaction is a related party transaction, for the purpose of AIM Rule 13 of the AIM Rules for Companies. Full details of this transaction are set out in the Notes to the Consolidated Financial Statements below.

Current trading and outlook

The board is delighted with our progress in developing our strategy in both the UK and Europe, which is showing excellent growth in difficult conditions. Gable continues to look at new territories and products, and our bespoke underwriting is proving highly successful with our brokers and clients giving us considerable market advantage.

We are confident that our structure will provide a strong foundation for our future income and profitability. In 2010 we have agreed new property risk programmes in France and Spain with our current brokers, which we anticipate will provide considerable additional premium levels.

In 2009 the Group saw strong growth in both income and profit, despite market conditions. Gable has been very well received in its new markets and territories underpinning our decision to move into new areas, which has proven to be an excellent platform for the future of our business as we continue to deliver ongoing growth and profitability.

William Dewsall
Chief Executive

29 June 2010

Board of Directors

The Board of directors of Gable is comprised as follows:

Lance Ranger, Non-Executive Chairman

Lance Ranger, aged 50, is an international trust lawyer based in Switzerland. He has over 20 years experience in the area advising a range of international clients. He currently is a director of Attendus Trust Company AG and prior to this spent seven years with the solicitors, Clyde & Co.

William Dewsall, Chief Executive

William, aged 49, has over 25 years experience in the insurance market. William began his career in 1981 with Jardine Glanville (UK) following which he was a senior broker and account executive at Berisford Mocatta covering property and reinsurance placements in the London and European markets. From 1986 until 1992 he was principal broker and lead underwriter for Alexander Stenhouse, responsible for multi-national property, contractors all risks and liability insurance, including reinsurance.

In 1998 William established his own underwriting agency, D&J Insurance Services Limited, to underwrite liability and contractors all risk into the London market. He later established Hogarth for the same purpose in 2000. As head underwriter at Hogarth, William was granted binding authorities to underwrite insurance risks in the UK and Ireland on behalf of various insurers operating in the Lloyds of London market. William has also been instrumental in developing policy wordings for the Contractors and Liability insurance sector.

William is registered with the FSA as an approved person for insurance activities.

Ian Tickler, Non-Executive Director

Ian Tickler, aged 67, is a qualified solicitor and was formerly with Simmons and Simmons and then a senior partner of Pickering Kenyon specialising in international property, commercial and fiduciary work. In 1982 he joined Arthur Shaw & Company plc which was floated on the Unlisted Securities Market of the London Stock Exchange in 1988. He is currently managing director of Regent Financial Holdings Inc which is a Swiss headquartered group of fiduciary and financial service companies. Mr Tickler is a director of a number of private companies.

Blaise Craven, Non-Executive Director

Blaise Craven, aged 54, is an entrepreneur with experience in establishing and running start up businesses. In 1974 he started his first business providing furnishings and tropical plants to a number of City institutions. In 1977 he founded Executive Sports, a corporate entertainment company and in 1978 he established BC Contracts, a business specialising in the design and furnishing of executive commercial and residential properties, which he ran until 2004. In 2004 he was appointed as a nonexecutive director of Conival plc.

Lucas Slob, Non-Executive Director

Lucas Slob, aged 56, has over 20 years non-life insurance experience working with Zurich Group, throughout the world, focussing on risk engineering, risk management and systems. Prior to this Lucas worked in loss control for Asconed and Cigna in Holland. Lucas currently works for Attendus in Switzerland as compliance and due diligence officer.

Report of the Directors

The directors present their annual report together with the audited financial statements for the year ended 31 December 2009.

Principal activity

The principal activity of the parent company is that of an investment holding company. The principal activity of the Group is that of writing insurance business through its wholly-owned subsidiary, Gable Insurance AG.

A more detailed review of the business for the year is included in the Chief Executive's review on pages 7 to 9.

The parent company is incorporated as a corporation in the Cayman Islands. The shares of the parent company are listed on the AIM market of the London Stock Exchange.

Business review

The results of the Group are shown on page 19. The Group profit for the year after taxation was £1,419,000 (2008: £827,000). The directors do not recommend the payment of a dividend (2008: nil).

An indication of the performance of the Group and its potential for future development is contained in the Chief Executive's review on pages 7 to 9.

Risk management

The Group's activities expose it to a variety of financial and non financial risks. The directors are responsible for managing the Group's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of exposure to risk.

The main risks and uncertainties facing the Group are detailed in note 3 to these financial statements and below.

Environmental matters

The directors do not consider the business of an insurance company has a large impact on the environment. As a result the directors do not manage the business by reference to any environmental performance indicators.

Staff matters

The Group does not employ a significant amount of personnel other than the Company directors. Our employment policies are free from discrimination on any grounds.

Report of the Directors

Directors

Details relating to the directors who served during the period are set out below.

	Ordinary shares of 0.25p each 31 December 2009 Number	Ordinary shares of 0.25p each 31 December 2008 Number
Lance Ranger	–	–
William Dewsall	23,950,000	20,950,000
J Blaise Craven	–	–
Lucas Slob	–	–
Ian Tickler	1,140,000	1,140,000

Substantial shareholdings

Apart from the interests of the directors, the only interests in excess of 3% of the issued share capital of the Company which have been notified as at 25 June 2010 were as follows:

	Ordinary shares of 0.25p each 31 December 2009 Number	Percentage of capital %
Helium Special Situations Fund	26,065,000	23.00
Pershing Keen Nominees	11,861,500	10.47
Lynchwood Nominees	8,433,100	7.44
Barclayshare Nominee	6,288,134	5.55

Charitable and political donations

During the year the Group made no charitable or political donations (2008: nil).

Key performance indicators

The principal performance indicators monitored by the Group are premium written and net insurance margin, which includes implicitly monitoring of claims performance. In addition, exposure to specific industry risks is also monitored.

	Year ended 31 December 2009 £000s	Year ended 31 December 2008 £000s
Gross premium written	10,420	5,943
Gross claims incurred	2,197	1,397
Net insurance margin	2,207	1,335

Report of the Directors

Payment to suppliers

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code, dealing specifically with the payment of suppliers.

Trade creditors at the year end amount to 103 days (2008: 70days) of average supplies for the period.

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently; and
- make judgments and accounting estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As stated in note 1 to these accounts, the board has resolved to apply the Companies Act 2006 when preparing its financial statements. The board of directors are therefore responsible for ensuring that the Report of the Directors is prepared in accordance with company law in the United Kingdom.

The maintenance of and integrity of the Gable Holdings Inc. website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation of the financial statements may differ from legislation in other jurisdictions.

Going concern

The Directors have assessed the financial position of the Company and consider that the underwriting activities are being conducted in an orderly manner and the Company has adequate resources to meet its insurance and other liabilities as they fall due for payment. In addition the Company has maintained a margin over the minimum regulatory capital requirements in both this and prior years, and on the basis of the currently available information, there are no indications that the position will change. Therefore the directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

Report of the Directors

Disclosure of information to auditors

The directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information which the Group auditors are unaware, and each director has taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information, and to establish that the Group's auditors are aware of that information.

Auditors

Littlejohn LLP has signified its willingness to continue in office as auditors and a resolution will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Kitwell Consultants Limited
Company Secretary

29 June 2010

Corporate Governance

The Company has, since admission to the AIM Market of the London Stock Exchange plc (AIM), applied principles of corporate governance commensurate with its size.

Directors

The Company supports the concept of an effective board leading and controlling the Group. The Board is responsible for approving Group policy and strategy and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the directors are free to seek any further information they consider necessary. All directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Board consists of one executive director, who holds the key operational position in the Group, and four non-executive directors, who bring a breadth of experience and knowledge. This provides a balance whereby the Board's decision making cannot be dominated by an individual. The Group's insurance business is run by William Dewsall.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

We continue to actively manage our website (www.gableholdings.com), which remains the most practicable way to communicate with shareholders.

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The audit committee is chaired by Ian Tickler and comprises three of the non-executive directors. It is responsible for ensuring that the financial performance of the Group is properly monitored and reported on, as well as meeting the auditors and reviewing any reports from the auditors regarding accounts and internal control systems. The principal operating company within the Group is Gable Insurance AG and members of the Board are invited to attend its own regular Board meetings. The Board has considered the need for an internal audit function but has decided the size of the Group does not justify it at present. However, as the Board implements the requirements of Solvency II, which prescribes the appointment of an internal auditor, an internal audit function will be implemented in due course.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The enquiries made by the directors include:

- A review of the financial performance of the Group post year end, including profitability and cash generation;
- A review of the claims development for all products and open underwriting years, particularly with regard to additional claims received and the development of claims for the new products launched in 2009; and
- A review of the assets and liabilities of the Group as recorded in these financial statements, including assessment of any diminution in value of assets or increase in liabilities, which may impact on the Group's ability to trade.

Having made these enquiries, which form part of ongoing management monitoring undertaken by the directors at Board meetings of Gable Holdings Inc and its insurance company subsidiary, Gable Insurance AG, the directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. Details of uncertainties considered by the directors in making this statement are set out in note 3.

Remuneration Report

Directors' remuneration

The Board recognises that directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The Group operates within a competitive environment, performance depends on the individual contributions of the directors and employees and it believes in rewarding vision and innovation.

Policy on executive directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the directors' responsibilities and contain incentives to deliver the Group's objectives. A separate remuneration committee has been established comprising the non-executive directors, and meetings of the Committee are chaired by Lance Ranger. The remuneration committee meets at such time as may be required to carry out its remit of the determination and review of, amongst others, the remuneration of executives on the Board and any share incentive plans of the Company.

The remuneration of the directors was as follows:

Year ended 31 December 2009

	L Ranger £000s	W Dewsall £000s	J Craven £000s	L Slob £000s	I Tickler £000s	Total £000s
Salary and fees	22	–	16	15	12	65
Bonus	–	–	10	–	–	10
Total	**22**	**–**	**26**	**15**	**12**	**75**
Annual salary and fees	22	350	20	15	12	419

Year ended 31 December 2008

	L Ranger £000s	W Dewsall £000s	J Craven £000s	L Slob £000s	I Tickler £000s	T Moss £000s	G Conway Henderson £000s	Total £000s
Salary and fees	12	–	12	6	12	6	3	51
Annual salary and fees	12	350	12	12	12	12	12	422

The salary, fees and bonuses (see below) for William Dewsall for the year ended 31 December 2009 have been paid by Hogarth Underwriting Agencies Limited ("HUAL") as is set out in note 23, related party transactions. HUAL provides, inter alia, underwriting and claims handling services to GIAG. For financial periods commencing 1 January 2010 and as a result of the related party transaction set out in note 23 to the financial statements, all future payments will be made by the Group.

Remuneration Report

Bonuses

The service agreement with William Dewsall provides for a performance related bonus of £100,000 per quarter. The performance criteria for the year ended 31 December 2009 were met in full and Mr Dewsall was paid a bonus of £400,000 by HUAL as explained above (2008: £400,000).

Pensions

There are no pension schemes in operation

Benefits in kind

The directors do not receive benefits in kind

Notice periods

William Dewsall's service agreement is terminable by six months notice on either side. The non-executive directors have letters of appointment which are terminable on three months notice on either side.

Share option incentives

At 31 December 2009 no options were held by the directors (2008: none). The Company is proposing to issue options up to 10% of the issued share capital of the Company. These options will be unapproved options and the exercise price will be determined by the mid-market closing price on the day of grant.

Consolidated Income Statement

for the year ended 31 December 2009

	Notes	2009 £000s	2008 £000s
Gross written premiums		**10,420**	**5,943**
Change in provision for gross unearned premiums		(2,423)	(29)
Gross earned premiums		**7,997**	**5,914**
Outward reinsurance premiums		(892)	(1,501)
Change in provision for unearned premiums – reinsurers' share	13	(58)	(186)
Net earned premiums		**7,047**	**4,227**
Net investment return	6	143	198
Total revenue from operations		**7,190**	**4,425**
Gross claims paid		(1,264)	(1,016)
Movement in gross technical provisions	13	(877)	(381)
Gross claims incurred		(2,141)	(1,397)
Reinsurers' share of gross claims paid		–	–
Movement in reinsurers' share of technical provisions		–	–
Reinsurers share of claims incurred		–	–
Net claims incurred		**(2,141)**	**(1,397)**
Expenses incurred in insurance activities		(2,699)	(1,495)
Other operating expenses	5	(814)	(620)
Total operating charges		(3,513)	(2,115)
Profit from operations and before taxation	4	**1,536**	**913**
Taxation	8	(117)	(86)
Profit for the period attributable to equity holders of the Company		**1,419**	**827**
Earnings per share – basic and diluted	9	1.26p	0.74p

All operations are continuing.

The notes on pages 24 to 43 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2009

	Notes	2009 £000s	2008 £000s
Assets			
Intangible assets	10	4,250	4,250
Tangible fixed assets	12	60	142
Deferred acquisition and reinsurance costs	13	2,361	1,101
Prepayments and accrued income	14	969	1,169
Trade and other receivables	15	9,290	4,316
Cash and cash equivalents	16	4,341	4,264
Total assets		**21,271**	**15,242**
Equity			
Share capital	17	281	281
Share premium account	17	5,406	5,406
Share based premium reserve	18	20	20
Other reserves	18	3,875	3,875
Retained earnings	18	1,520	124
Total equity attributable to equity holders and total equity	19	**11,102**	**9,706**
Liabilities			
Technical provisions	13	8,081	4,780
Accruals and deferred income		112	50
Trade and other payables	20	1,976	706
Total liabilities		**10,169**	**5,536**
Total liabilities and shareholders' funds		**21,271**	**15,242**
Net asset value per ordinary share	9	9.89p	8.65p

The financial statements have been signed by the Board and authorised for issue.

The notes on pages 24 to 43 form part of these financial statements.

Company Statement of Financial Position

at 31 December 2009

	Notes	2009 £000s	2008 £000s
Assets			
Investments	11	4,315	4,315
Property, plant and equipment	12	60	30
Prepayments and accrued income	14	14	1
Trade and other receivables	15	2,777	2,085
Cash and cash equivalents	16	7	20
Total assets		**7,173**	**6,451**
Equity			
Share capital	17	281	281
Share premium account	17	5,406	5,406
Share based premium reserve	18	20	20
Retained earnings	18	(924)	(886)
Total equity attributable to equity holders and total equity		**4,783**	**4,821**
Liabilities			
Accruals and deferred income		50	50
Trade and other payables	20	2,340	1,580
Total liabilities		**2,390**	**1,630**
Total liabilities and shareholders' funds		**7,173**	**6,451**

The financial statements have been signed by the Board and authorised for issue.

The notes on pages 24 to 43 form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2009

	Notes	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Cash flows from operating activities					
Cash generated from operations	24	(43)	(788)	(13)	(5)
Interest received		143	198	–	–
Tax paid		(23)	–	–	–
Net cash flows from operating activities		**77**	**(590)**	**(13)**	**(5)**
Cash flows from investing activities					
Sale of financial assets		–	–	–	–
Purchase of tangible fixed assets		–	(44)	–	–
Net cash flows from investing activities		**–**	**(44)**	**(13)**	**–**
Cash flows from financing activities					
Shares issued		–	–	–	–
Share issue costs		–	–	–	–
Net cash flows from financing activities		**–**	**–**	**–**	**–**
Net increase/(decrease) in cash and cash equivalents		**77**	**(634)**	**(13)**	**(5)**
Cash and cash equivalents at period beginning	16, 25	4,264	4,898	20	25
Cash and cash equivalents at period end		**4,341**	**4,264**	**7**	**20**

The notes on pages 24 to 43 form part of these financial statements.

Statement of Comprehensive Income

for the year ended 31 December 2009

	Notes	2009 £000s	2008 £000s
Recognised in the financial year			
Currency translation differences		(23)	(412)
Net expense recognised directly in equity		(23)	(412)
Profit for the year		1,419	827
Total comprehensive income for the year	18, 19	**1,396**	**415**

The notes on pages 24 to 43 form part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

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. The Board had previously resolved that the Group would follow UK Accounting Standards and apply the Companies Act 2006 when preparing its annual financial statements.

These financial statements have been prepared under the historical cost convention, except that financial assets are stated at their fair value, and in accordance with the requirements of International Financial Reporting Standards ("IFRS") endorsed by the European Union ("EU").

The Group financial statements consolidate the financial statements of Gable Holdings Inc. and subsidiary undertakings made up to 31 December 2009. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Inter company transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

In relation to the preparation of these financial statements, the directors have been cognisant of the particular uncertainties outlined in notes 3 and 23. Notwithstanding, the financial statements have been prepared on a going concern basis and that it is the opinion of the directors, based upon the information available that GIAG and the Group will be able to maintain its solvency requirements and meet its liabilities when they fall due. A statement as to going concern is set out in the directors' report on page 13.

International financial reporting standards

During the year the Group has adopted IFRS 8: 'Operating segments', and the amendments to:

- IAS 1: Presentation of the Financial Statements (revised)
- IFRS 2: 'Share based payment: Vesting Conditions and Cancellations'
- Improving Disclosures and Financial Instruments (Amendment to IFRS 7)
- IAS 27 'Consolidated and Separate Financial Statements'
- IAS 32 'Financial Instruments: Presentation' and IAS 1 'Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation'
- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'

The adoption of these standards has had no effect on the consolidated financial statements for the year ended 31 December 2009 except for the disclosure requirement arising from the adoption of IFRS 8 and the amendments to IFRS 7. The information to be disclosed in respect of IFRS 8 is set out in note 4 and the relevant disclosures required by the amendments to IFRS 7 are included in note 3.

At the date of preparation of these consolidated financial statements a number of standards and other interpretations had been published by the International Accounting Standards Board but were not yet effective and have therefore not been adopted in these consolidated financial statements. These are:

- IFRS 3 (Revised) Business Combinations
- IFRS 9 Financial Instruments
- IAS 24 (Revised) Related Party Disclosures
- IFRIC 9 (Revised) Reassessment of embedded derivatives
- IFRIC 14 (Revised) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 17 Distributions of Non-Cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

The impact of IFRS 9 is still being evaluated. The Directors do not anticipate that the adoption of the other standards will have a material impact on the Group financial statements.

2 Principal accounting policies

Business combinations

Acquisitions of businesses are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of acquisition over the fair value of the net assets acquired is recorded as goodwill.

Goodwill

Goodwill is the excess of the cost of acquired businesses over the fair value of the net assets acquired, and is deemed to have an infinite useful life, since, in the current business strategy, the Group will benefit from the activities of Gable Insurance for as long as it carries on business.

Goodwill is recognised on the balance sheet at cost less any impairment.

Goodwill is tested annually for impairment. Where there is any reduction in the carrying amount, this would be recognised in the income statement for the period in which the reduction is determined.

Foreign currency translation

The functional currency used in the financial statements is sterling, being the currency of the primary economic environment in which Gable Insurance AG operates. The consolidated financial statements are presented in sterling being the functional currency for the Group.

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date, the resulting foreign exchange gain or loss is recognised in the income statement.

Non monetary assets and liabilities are translated using the exchange rate at the date of the transaction; no exchange differences therefore arise.

Foreign exchange differences arising from retranslation of the opening net assets of overseas subsidiaries and the opening net assets held in currency by each UK insurance company subsidiary are recognised initially in comprehensive income and subsequently in the income statement in the year in which the entity is disposed of.

Underwriting transactions

The results for all classes of insurance business are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of insurance, net of reinsurance as follows:

1 Premiums written comprise the premiums on contracts incepting in the financial year, together with any differences in premiums between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified, less allowance for cancellations;

2 Unearned premiums represent the proportion of the premiums written in that year that relate to unexpired terms of policies in force at the balance sheet date;

3 Reinsurance premiums and any related reinsurance recoveries are accounted for in the same accounting period as premiums and claims incurred. Reinsurance premiums are earned over the period in which the related policies are earned;

4 Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related policies are earned;

5 Claims incurred represent claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any adjustments to claims from prior years. Where applicable, deductions are made for recoveries;

6 Claims outstanding represent the estimated ultimate cost of settling all claims (including direct and indirect claims settlement costs) arising from events that have occurred up to the balance sheet date, including provisions for claims incurred but not reported, less any amounts paid in respect of those claims. Claims outstanding are reduced by anticipated recoveries; and

7 Reserves are set based upon an expectation that there will not be a subsequent release or deficit. In arriving at this estimate allowance is made for the inherent uncertainty involved in setting of reserves.

Expenses incurred in insurance activities and other operating expenses

Expenses incurred in insurance activities and other operating expenses are recognised on an accruals basis.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax provided. The tax payable is based on the taxable income for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates applicable at the balance sheet date.

Deferred income tax is generally provided on temporary differences arising from the tax bases of assets and liabilities and the carrying value in the consolidated financial statements. However, if the deferred income tax arises from the initial recognition of goodwill, goodwill for which amortisation is not deductible for tax purposes, or the initial recognition of an asset and liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and expected to apply when the related tax is affected.

Deferred income tax assets are recognised to the extent that future taxable profit will be available against which the temporary differences can be used.

Deferred income tax is provided on the temporary differences arising on the investments in subsidiaries, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only where there is a legal right of offset and the deferred taxes relate to the same fiscal authority.

Cash and cash equivalents

Cash and cash equivalents on the balance sheet represent cash balances and money market deposits lodged with banks and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments with an original maturity date of less than three months are treated as cash equivalents.

Investments in subsidiary undertakings

Investments in subsidiary undertakings disclosed in the Company balance sheet are valued at cost less any impairment.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment. Depreciation is calculated to write off the cost of tangible fixed assets over the estimated useful lives as follows:

IT systems and software:	20% per annum
Furniture and fittings:	20% per annum

The gain or loss arising on the disposal of an item of plant, property or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite life is tested for impairment annually and whenever there is an indication that the asset may have been impaired.

The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the current estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates to future cash flows have not been adjusted.

If the recoverable amount for an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately. Except for goodwill where impairment losses cannot be reversed, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of the impairment loss is recognised immediately.

Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where a reimbursement is expected, this is recognised only when it is virtually certain that the reimbursement will take place and of the amount to be reimbursed.

Contingent liabilities are liabilities that represent a possible obligation arising from a past event whose existence is dependent on one or more uncertain future events not within the control of the Group or a present obligation where it is not probable that an outflow will be required for settlement of the obligation.

Contingent liabilities are not disclosed where the likelihood of the uncertain future event is remote, unless the disclosure of the contingent liability adds clarity to the financial statements.

Contingent assets, which relate to possible assets and depend on the outcome of uncertain future events, are not recognised. Such an asset is disclosed only where the inflow of economic benefits probable.

Share based payments

All share-based payment arrangements are recognised in the financial statements. The Group does not currently operate equity-settled share-based remuneration plans for remuneration of its employees.

All services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share-based payments are ultimately recognised as an expense in profit or loss or included as part of the cost of share issues with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options/warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options/warrants ultimately are exercised than originally estimated.

Upon exercise of share options/warrants, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Critical accounting estimates and judgements in applying accounting policies

The preparation of financial information requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The most critical accounting estimate made by the Group is the estimate of the ultimate claims liability under insurance contracts underwritten. The estimation of the liability considers historical data, with most relevance given to recent data, of claims experience. The ultimate cost of outstanding claims is estimated based on experience and current business conditions. Whilst claims need to be notified without delay, the settlement of claims and accordingly the ultimate cost of such claims cannot be known with certainty at the balance sheet date. In particular, estimates of technical provisions inevitably contain inherent uncertainties because significant periods of time may elapse between the occurrence of an insured loss, the reporting of that claim, payment of the claim and the receipt of reinsurance recoveries. While the directors consider that the estimate of claims is fairly calculated, on the basis of the information currently available to them, the ultimate liability remains inherently uncertain and may change as a result of subsequent information and events which may result in the eventual cost of settling these liabilities being higher or lower than the amount calculated. When estimating the required level of provisions, management will consider the results of a variety of actuarial techniques. The projections given by the various methodologies assist in setting the range of possible outcomes and facilitates management’s selection of the most appropriate estimation technique taking into account the development of the Group’s book of business.

Any subsequent inadequacies or surpluses are adjusted and recognised in the income statement in the year in which they occur.

During the year, GIAG has launched a number of new products in Europe, which are at the early stages of development, both in premium written and claims experience. With regard to the latter, the directors have made a number of assumptions as to what the ultimate claims experience might be. With regard to the UK business, estimates of potential future settlements levels for open claims are based on the experience of the underwriting years to date. Taking these factors into account there is the potential that the amount at which claims will be settled in the future may be substantially higher or lower that the amounts currently provided in the financial statements.

Having regard to this significant uncertainty inherent in the business of the insurance subsidiary and in the light of the information presently available, in the opinion of the Directors the provisions for outstanding claims and IBNR in the consolidated financial statements are fairly stated.

Set out in note 23 is an explanation of the historic and future relationship between GIAG and HUAL. In formulating its proposals for the future arrangements between these two companies, the directors, having made reasonable enquiry, have relied on a number of assumptions regarding future business streams. Given the forecasts and the assumptions therein, the directors are comfortable that the agreement described in note 23 is in the Group's best interests.

Segmental information

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from other business segments, whose results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

3 Risk management

The principal activity of the Group is that of an insurance company. As such, there are a number of specific risks that attach to such an undertaking. Insurance in its simplest form is the acceptance by an insurer of the risk to pay future claims, the compensation for which is an insurance premium.

As such, the insurer must manage its risk in a number of specific areas.

Underwriting

The essential underwriting risk is to fully understand the risk that is being assessed both in terms of the risk profile and also the financial scale.

Each proposed insurance contract is either generated through GIAG's internet-based quotation system or by the completion of detailed proposals. This process is designed to ensure that all relevant information is collated to enable the underwriter to make a fully informed decision as to the risk profile of a particular client and the appropriate pricing. This is particularly relevant to construction-related risks, which cover a wide range of different business services. GIAG's systems tailor the information required to each particular circumstance dependent on factors such as claims experience and industrial specialism. An insurance quotation is unable to be provided until all relevant information has been provided.

GIAG has, through its underwriting and premium pricing policy, sought to write profitable business rather than to build a book of premium. Management control has been exercised by:

- regular reporting of premium written;
- analysis of quotations not won; and
- monitoring of industry exposure and risk profiles.

In conjunction with its monitoring of industry exposure and risk profiles, management also determines potential insurance concentrations, which it seeks to mitigate by the introduction of new products and jurisdictions.

Claims

The claims risk is to ensure that an insurer settles only valid claims at appropriate settlement levels.

GIAG has implemented a rigorous system for the handling and settlement of claims which fall due. Under each insurance contract the insured is required to notify GIAG (by way of its appointed agent in the relevant jurisdiction) of any event, which may give rise to a claim. Such notification must be made within a specific period of the event. On receipt of a claim, GIAG makes an initial determination of its contractual liability and, where relevant, engages external experts to provide it with loss information. For all valid claims, GIAG will seek to agree and settle a claim as expeditiously as possible.

Reinsurance

GIAG manages its potential loss exposure by purchasing suitable reinsurance programme for its products.

Within the UK construction industry there are a number of rare but substantial losses that could be incurred under the categories of insurance that GIAG writes. As such, GIAG purchases a reinsurance programme designed to mitigate the potential financial impact of these substantial losses. GIAG purchases an annual programme running from 1 July to 30 June.

During the year and in consideration of a new product launched in France, GIAG has entered in to a new Treaty Protection Programme for potential large losses.

The Group recognises that its reinsurance arrangements do not relieve it of its ultimate liability to policyholders and as such the Group is exposed to credit risk to the extent that any reinsurer is unable to meet obligations assumed under such reinsurance arrangements. As at 31 December 2009 there were no balances due from reinsurers (2008: nil).

Claims reserving and significant uncertainty

GIAG monitors the claims development of all products from their respective launch and uses this analysis and the management expertise available to it to develop what the directors believe to be a prudent reserving position at each year end. Continued monitoring of the position has been and will be carried out for each underwriting year.

During 2009, GIAG launched a number of new products markets and has, therefore, begun the process of claims monitoring for these products. In addition, GIAG commissions an annual actuarial review of its year end reserving position from Grant Thornton. The Grant Thornton report evaluates the reserving position of GIAG for its products and markets based on the information provided to it by GIAG and provides a range of possible ultimate loss outcomes. The total reserve based upon management assumptions is within this range, although at the lower end, and, therefore, the directors believe that it is consistent with this.

At the date of these financial statements, GIAG's claims experience for all products, even those launched in the UK in 2006, has been developed over a short period of time. For those launched more recently and, in particular, in the last financial year the claims development experience carries an even higher degree of uncertainty. For any insurance entity, it takes a reasonable period of time, firstly, to determine an actual result for a particular underwriting year and, secondly, and more importantly, to develop an experience of a particular book of business such that claims reserving trends can be identified and applied. Whilst specific underwriting years may be close to establishing a result (i.e. 2006), it takes a much longer period to draw definitive conclusions against which future underwriting years may be judged. The directors believe that a reasonable approach has been taken to reserving for each of GIAG's underwriting years but in doing this, acknowledge that the uncertainty outlined above will remain with the Group's reserving conclusions for the immediate future. The conclusions drawn by the directors rely on a number of assumptions. These, inter alia, include an assumption that future claim settlements on claims will follow a similar trend to those experienced on settled claims to date. In addition, the performance of the new products launched in the year is dependent on a future claims development profile. Whilst the directors believe that a reasonable approach has been taken in this first period of account for these products, the ultimate claims experience will have a high degree of uncertainty until the claims experience has developed further. A 1% movement in the technical provision would increase/decrease profit by £32,000.

Claims development information is disclosed in order to illustrate the sources of significant uncertainty outlined above. The table compares ultimate claims estimates with the payments made to date. The first section of the table shows current estimates of cumulative claims and demonstrates how these claims have developed at subsequent year ends. Given that 2009 is the fourth year of underwriting, users of the financial statements are cautioned against extrapolating the below as representative of future claims development.

The Group estimates that the estimate of total claims outstanding at 31 December 2009 is adequate.

Analysis of ultimate claims development – gross and net, business written in relevant year

	2006 £000s	2007 £000s	2008 £000s	2009 £000s	Total £000s
Initial estimate of gross and net provision	1,600	1,523	1,555	2,837	7,515
One year on	–	–	(72)	–	(72)
Two years on	–	(57)	–	–	(57)
Three years on	–	–	–	–	–
Current estimate of gross and net provision	1,600	1,466	1,483	2,837	7,386
Cumulative payments to date	(1,284)	(1,066)	(362)	(41)	(2,753)
Gross and net outstanding claims	316	400	1,121	2,796	4,633

In addition, the Group is exposed to a number of more general business risks. The impact of these risks and the management thereof is explained below.

Credit risk

There are two principal elements to the Group's credit risk exposure:

- non-payment of insurance premium by insured: premium outstanding is monitored on a regular basis and each insurance contract contains a specific warranty as to requisite payment period; and
- non-payment of reinsurance recoveries: for its reinsurance programmes, all reinsurers must have a credit rating of A or above.

Currency risk

GIAG retains its policy income and settles claims in the currency in which the contract is made and, therefore, mitigates currency risk by matching assets and liabilities in the currency in which they originate. For the year ended 31 December 2009, all premium income was denominated in GBP, Euro or Norwegian Kroner and claims arising there from will be settled in each relevant currency. Due to Gable Insurance AG being a Liechtenstein registered company, certain monetary assets are denominated in Swiss Francs.

The sterling equivalent of monetary assets and liabilities held by the Group designated in Euro, Norwegian Kroner and Swiss Francs at the year end were as follows:

	2009 £000s	2008 £000s
Euro	620	261
Norwegian Kroner	–	–
Swiss Francs	61	77
	681	338

A 10% increase/decrease in the exchange rate of any of the currencies above against GBP would not significantly impact the value of the Group's net assets as at 31 December 2009.

Interest rate risk

The Group's main exposure to fluctuations in interest rates arises in its effect on the yield that is received on its short term deposits. When placing funds, consideration is given to achieving a competitive return on the amount invested.

Liquidity risk

Net premium income received by GIAG is retained in its base currency and placed on short term deposit with recognised banking institutions. As the business develops, premium is written and claims experience develops, the Group will seek to extend the period of its deposits, whilst retaining a range of maturity dates to ensure that financial resources are available to meet its known financial requirements and provide the ability to meet efficiently potential loss liabilities.

The Group has insurance receivables that are past due but not impaired at the reporting date. Management are of the opinion that impairment of these receivables is not appropriate on the basis of the subsequently collected and anticipated collection of the amounts owed.

An aged analysis of the carrying amounts of these receivables is disclosed below:

	Less than 30 days £000s	30-60 days £000s	60-90 days £000s	More than 90 days £000s	Total £000s
31 December 2009					
Amounts due from policyholders	1,167	790	604	2,977	5,538
31 December 2008					
Amounts due from policyholders	639	222	211	1,405	2,477

The ageing of debtors reflects the payment terms on the products offered. In respect of French premium written, payments are made on either a quarterly, bi-annual or annual basis and in respect of ATE insurance, part of the premium payable is deferred until case settlement. The directors have made certain assumptions in respect of the recoverability of long-term debtors, which they consider to be reasonable.

Capital management

The directors have overall responsibility for managing the Group's capital base with the principal objective of maintaining sufficient capital to satisfy regulatory requirements. The directors also recognise the need to maintain a strong capital base that provides the necessary protection to policyholders and creditors and at the same time generating sufficient returns to create shareholder value. GIAG is required as a regulated insurance company in Liechtenstein to meet the solvency requirements in that jurisdiction. As at the 31 December 2009, the solvency ratio of GIAG was 201% (2008: 315%), as compared to a minimum requirement of 100%.

Regulatory risk

GIAG is regulated by the Financial Market Authority in Liechtenstein and is subject to its regulatory requirements. Failure to comply may lead to sanctions being placed on GIAG and, therefore, affect its ability to conduct business.

Investment risk

The amendments to IFRS 7 'Financial Instruments' require the disclosure of how we classify our investments. All of the Group's investments are held in cash deposits and, therefore, there is no need to analyse them further in this regard.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

4 Segmental reporting

The Group has adopted International Financial Reporting Standard 8 'Operating Segments' ("IFRS 8") in the current year. IFRS 8 requires that segments represent the level at which financial information is reported to the Board, being the chief operating decision maker as defined in IFRS 8. Following adoption of IFRS 8 the reportable segments have been identified as follows:

- Insurance activities, which comprises the Group's insurance subsidiary
- Administration activities, which comprises all other activities of the Group

Segment information – segment result	2009 £000s	2008 £000s
Profit before taxation from insurance activities		
Gross earned premiums	7,997	5,914
Outward reinsurance premiums	(950)	(1,687)
Net claims incurred	(2,197)	(1,397)
Net investment return	143	198
Expenses incurred in insurance activities	(2,393)	(1,495)
Other operating expenses	(775)	(475)
Profit before taxation	**1,825**	**1,058**
Loss before taxation from Group and administrative activities		
Net investment return	–	–
Other operating expenses	(289)	(145)
Loss before taxation	(289)	(145)
Profit before taxation	**1,536**	**913**

Segment information – other information	Insurance activities £000s	Group administration activities £000s	Consolidation adjustments £000s	Total £000s
As at 31 December 2009				
Segment assets	16,628	7,173	(2,530)	21,271
Segment liabilities	10,396	2,480	(2,707)	10,169
Capital expenditure	–	–	–	–
Depreciation	22	60	–	82
As at 31 December 2008				
Segment assets	10,803	6,747	(2,308)	15,242
Segment liabilities	5,754	1,857	(2,075)	5,536
Capital expenditure	44	–	–	44
Depreciation	23	61	–	84

	2009 £000s	2008 £000s
Gross premium written		
UK	5,197	4,674
Europe	5,223	1,269
	10,420	**5,943**
Net insurance result		
UK	1,427	1,030
Europe	1,030	305
	2,457	**1,335**

5 Profit on ordinary activities

The profit on ordinary activities was derived from the principal activities of the Group. The profit on ordinary activities is stated after charging/(crediting):

	2009 £000s	2008 £000s
Impairment of goodwill	–	–
Depreciation of fixed assets	82	84
Foreign exchange	–	–
Fees payable to Company's auditors Littlejohn LLP		
Statutory audit of the Company's consolidated accounts	28	25
Fees payable to other auditors (audit of overseas subsidiary)	20	15

6 Net investment return

	2009 £000s	2008 £000s
Interest income on financial investments	102	180
Bank interest receivable	41	18
	143	**198**

7 Directors and employees

	2009 £000s	2008 £000s
The average number of employees (including directors) employed by the Group was	8	7

The total wages, salaries and staff costs incurred (including directors' fees) incurred the year ended 31 December 2009 were £163,000 (2008: £132,000). In addition, an amount of £750,000 (2008: £750,000) was payable to William Dewsall by a third party, as set out in related party transactions below (note 23). Details of the directors' emoluments are set out in the Report on Remuneration.

8 Taxation on profit on ordinary activities

The tax charge for the period relates to local taxation in Liechtenstein on Gable Insurance AG. GHI does not operate in the UK and, as such, there is no UK tax charge arising on its operation.

	2009 £000s	2008 £000s
Profit on ordinary activities before taxation	1,536	913
Profit on ordinary activities multiplied by standard rate corporation tax in the UK of 28% (2008: 30%)	430	274
Effect of:		
Losses carried forward	–	–
(Profits)/losses not subject to corporation tax	(430)	(274)
Deferred taxation	(47)	(35)
Overseas taxation payable	(70)	(51)
Current tax charge for the period	**(117)**	**(86)**

A deferred tax liability has been accrued in respect of overseas taxation on bad debt provisions, allowable as a tax deduction for local tax purposes.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

9 Earnings and net asset value per share

The calculation of the basic profit per share is based on the net profit of £1,419,000 (2008: £827,000) divided by the weighted average number of shares in issue during the year of 112,200,000 (2008: 112,200,000).

The net asset value per share is calculated by dividing the shareholders' funds of £11,102,000 (2008: £9,706,000) by the number of shares in issue at the end of the period of 112,200,000 (2008: 112,200,000).

10 Intangible assets

Group	2009 £000s	2008 £000s
Goodwill		
At 1 January	4,250	4,250
At 31 December	**4,250**	**4,250**

An impairment review has been carried out in respect of the carrying value of goodwill as at 31 December 2009 and there has been no indication that the carrying value of goodwill has been impaired.

When testing for impairment of goodwill the reasonable amount of each relevant cash generating subsidiary is determined based on cash flow projections. These cash flow projections are based on the financial forecasts approved by management covering a two year period together with an estimate of activity in future years. Management does not believe that a change in any of the key assumptions would cause the carrying value of its cash generating subsidiary to materially exceed its recoverable amount. A 0.5% change in the discount rate would increase/decrease the discounted valuation by approximately 2.5%.

The above goodwill arises from consolidation of the Group's insurance subsidiary.

The carrying amounts disclosed above for goodwill reasonably approximate the fair value at the balance sheet date.

11 Investments

Company	2009 £000s	2008 £000s
At 1 January	4,315	4,315
At 31 December	**4,315**	**4,315**

The carrying amounts disclosed above reasonably approximate the fair value at the balance sheet date.

The following company is part of the Group:

Name	Country of Incorporation	% owned	Activity
Gable Insurance AG	Liechtenstein	100%	Insurance

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

12 Property, plant and equipment

Group	IT systems and software £000s	Fixtures and fittings £000s	Motor vehicles £000s	Total £000s
Cost				
At 1 January 2009	75	256	15	346
Additions	–	–	–	–
At 31 December 2009	**75**	**256**	**15**	**346**
Depreciation				
At 1 January 2009	45	157	2	204
Charge for the year	15	64	3	82
At 31 December 2009	**60**	**221**	**5**	**286**
Net book value				
31 December 2009	**15**	**35**	**10**	**60**
31 December 2008	30	99	13	142

Company	IT systems and software £000s	Fixtures and fittings £000s	Motor vehicles £000s	Total £000s
Cost				
At 1 January 2009	75	–	–	75
Additions – acquired from former Group company	–	90	–	90
At 31 December 2009	**75**	**90**	**–**	**165**
Depreciation				
At 1 January 2009	45	–	–	45
Charge for the year	15	45	–	60
At 31 December 2009	**60**	**45**	**–**	**105**
Net book value				
31 December 2009	**15**	**45**	**–**	**60**
31 December 2008	30	–	–	30

13 Insurance assets and liabilities

Group	2009 £000s	2008 £000s
Deferred acquisition and reinsurance costs		
Acquisition costs deferred	1,987	669
Provision for unearned reinsurance premium	374	432
	2,361	**1,101**

Group	2009 £000s	2008 £000s
Technical provisions		
Claims reserve	3,278	2,401
Unearned premium	4,803	2,379
	8,081	**4,780**

Group	2009 £000s	2008 £000s
Claims paid	**1,264**	**1,016**
At 1 January	2,401	2,017
Claims notified and reserved in year	3,427	1,641
Incurred but not reported movement in year	(2,550)	(1,257)
At 31 December	**3,278**	**2,401**

The carrying amounts disclosed above reasonably approximate the fair value at the balance sheet date.

The total reserve for the year ended 31 December 2009 has been assessed by management after an internal review and an external actuarial review. Given the claims experience at the date of these financial statements and the new products introduced in the year, estimation of these reserves carries a higher degree of uncertainty than would otherwise be the case. However, the directors believe that the claims reserve has been established at an appropriate level in respect of all open underwriting years.

Group	2009 £000s	2008 £000s
Movement in provision for unearned premium (gross)		
At 1 January	2,379	2,350
Movement in provision for the year	2,424	29
At 31 December	**4,803**	**2,379**

Group	2009 £000s	2008 £000s
Movement in provision for unearned reinsurance premium		
At 1 January	432	618
Movement in provision for the year	(58)	(186)
At 31 December	**374**	**432**

13 Insurance assets and liabilities continued

The insurance reserves carried by the Group are calculated using a number of methods to project gross and net insurance liabilities:

- a case by case review of notified claims; and
- actuarial techniques such as the chain-ladder method and the Bornhuetter-Ferguson method.

The Group has commissioned an independent actuarial assessment of its reserves to ensure that the reserves included in the year end results are within a range of possible outcomes.

The major assumptions underlying the reserves established by the Group are:

- The Group's claims experience for the four years ended 31 December 2009 can be used to project future claims development factors;
- Benchmarking exercises used in the assessment of ultimate claims provide a reasonable basis to compare against the Group's reserve position (after adjusting for differences in the business underwritten and the relevant factors); and
- Claims incurred but not reported will not reach the levels required to trigger a recovery due from reinsurers. This is consistent with experience to date, and as such these accounts do not include any reinsurance recoveries or reinsurer's share of technical provisions.

The aim of these assumptions is to arrive at an estimate of the possible future obligations and cash outflow of the Group.

The estimate selected and disclosed in the financial statements are sensitive to various factors including:

- Future cost inflation of loss adjusters and the advisors who assist the Group with the settlement of claims; and
- The development of the Group's claims experience as it develops its presence in the market. Whilst there is the potential for claims experience to deviate from that estimated this is kept under constant review by management.

The assumption that has the greatest effect on the measurement of the insurance contract provisions is the expected loss ratios. The expected loss ratio is the ratio of expected claims to premiums. A one per cent. reduction in the expected loss ratio would result in a £75,000 (2008: £59,000) decrease in the insurance contract provisions.

14 Prepayments and accrued income

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Reinsurance	–	130	–	–
Other prepayments	969	1,039	14	1
	969	**1,169**	**14**	**1**

The carrying amounts disclosed above reasonably approximate the fair value at the balance sheet date.

Included in other prepayments is an amount of £955,000 in respect of Hogarth Underwriting Agencies Limited. Further details in relation to this balance are set out in note 23.

15 Trade and other receivables

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Amounts due from subsidiary undertakings	–	–	328	328
Receivable from direct insurance operations	5,538	2,477	–	–
Other debtors	3,752	1,839	2,449	1,757
	9,290	**4,316**	**2,777**	**2,085**

The carrying amounts disclosed above reasonably approximate the fair value at the balance sheet date.

Included in other debtors is an amount of £3,036,000 (Company: £2,449,000) in respect of Hogarth Underwriting Agencies Limited. The equivalent values for 2008 were £1,812,000 and £1,757,000 respectively. Further details in relation to this balance are set out in note 23.

Included in other debtors is an amount of £716,000 in respect of an employer's liability claim settled by GIAG. The claim relates to an incident in 2003, the responsibility for the claim settlement of which has been transferred to GIAG. Under UK legislation, all employer's liability claims have to be settled by an insurer even in circumstances where the insured party is in breach of the terms of its insurance contract. GIAG is in the process of recovering the amount paid to settle the claim and all related costs incurred from the insured, which are expected to be in excess of the amount shown in the balance sheet. As at the date of this report, the directors expect that the amount recoverable is not less than the amount shown in the financial statements. However, the recoverability of this amount is subject to litigation and the ability of the third party to settle any judgement against them, such that there is considerable uncertainty at the date of these financial statements as to the recoverability of this amount. In the event that the amount recoverable by GIAG is less than the amount shown in the balance sheet then GIAG has been indemnified by William Dewsall and HUAL.

16 Cash and cash equivalents

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Cash at bank and with third parties	4,341	4,264	7	20
	4,341	**4,264**	**7**	**20**

The carrying values disclosed above reasonably approximate fair value at the balance sheet date.

Cash balances with third parties relate to the balances held by GIAG's representatives on their direct accounts in respect of net premiums collected.

17 Share capital and premium

	Number of shares	Ordinary shares £000s	Share premium £000s	Total £000s
At 1 January	112,200,000	281	5,406	5,687
At 31 December	**112,200,000**	**281**	**5,406**	**5,687**

The total authorised number of shares is 4,000 million (2008: 4,000 million), with a nominal value of 0.25p. All issued shares are fully paid.

On 4 January 2010, a warrant issued to Strand Associates Limited in respect of 1% of the issued share capital at the date of exercise, was exercised. As a result, 1,122,200 new ordinary shares were issued by the Company at a subscription price of 10p per share.

18 Other reserves

Group	Share based premium reserve £000s	Other reserves £000s	Retained earnings £000s
At 1 January 2009	20	3,875	124
Retained profit for the period	–	–	1,419
Currency translation differences	–	–	(23)
At 31 December 2009	**20**	**3,875**	**1,520**

Group	Share based premium reserve £000s	Other reserves £000s	Retained earnings £000s
At 1 January 2008	20	3,875	(291)
Retained profit for the period	–	–	827
Currency translation differences	–	–	(412)
At 31 December 2008	**20**	**3,875**	**124**

Company	Share based premium reserve £000s	Retained earnings £000s
At 1 January 2009	20	(886)
Retained loss for the period	–	(38)
At 31 December 2009	**20**	**(924)**

Company	Share based premium reserve £000s	Retained earnings £000s
At 1 January 2008	20	(697)
Retained loss for the period	–	(189)
At 31 December 2008	**20**	**(886)**

Share based premium reserve

On 22 December 2004, a warrant was issued to Strand Associates Limited in respect of 1% of the issued share capital at the date of exercise, was exercised. The warrant was exercised on 4 January 2010.

Other reserves

On 23 December 2005, 31,000,000 ordinary shares of 0.25p each were issued as consideration to the vendors of Brown Duke AG (subsequently renamed Gable Insurance AG) at a valuation of 12.75p per share. The difference between the total value of the shares issued of £3,952,500 and the nominal value of the shares issued of £77,500 has been credited to other reserves (£3,875,000).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

19 Reconciliation of movements in shareholders funds

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Retained profit for the period	1,419	827	(128)	(189)
Currency translation differences	(23)	(412)	–	–
Net increase in shareholders' funds	1,396	415	(128)	(189)
Equity shareholders' funds brought forward	9,706	9,291	4,821	5,010
Equity shareholders' funds carried forward	**11,102**	**9,706**	**4,693**	**4,821**

20 Trade and other payables

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Trade creditors	1,452	316	83	37
Amounts due to subsidiary undertakings	–	–	2,257	1,543
Taxation (including insurance taxes)	421	269	–	–
Deferred taxation	82	35	–	–
Other creditors	21	86	–	–
	1,976	**706**	**2,340**	**1,580**

The carrying values disclosed above reasonably approximate fair value at the balance sheet date.

The deferred taxation liability has arisen as a result of differences between local GAAP and IFRS by GIAG.

21 Contingent liabilities

Save for the provision for insurance claims (note 13), there were no contingent liabilities as at 31 December 2009 (2008: nil).

22 Capital commitments

There were no capital commitments as at 31 December 2009 (2008: nil).

23 Related party transactions

Hogarth Underwriting Agencies Limited

Hogarth Underwriting Agencies Limited ("HUAL"), a company wholly-owned by William Dewsall, a director of the Company, undertakes underwriting and claims handling services in the UK. Furthermore, HUAL has played an integral role in developing the UK business of GIAG, the first market in which GIAG operated and, more recently, in developing the new markets in which GIAG is writing business. The contract with HUAL was implemented based upon an anticipated level of business, which might be generated from the UK. However, given the market conditions of the last few years and as they are expected to continue in the UK for the foreseeable future, GIAG and GHI have provided finance to HUAL to cover its operating activities. This funding relates in part to advance payment of commission and in part funding of costs incurred by HUAL over and above that which were contemplated in the HUAL agreement. As at 31 December the balance outstanding is shown as to £955,000 in other prepayments and as to £3,036,000 in other debtors. These amounts were to be settled by deducting them from the commission payable to HUAL over future periods.

23 Related party transactions continued

On 29 June 2010, the Company entered into a transaction with HUAL, whereby it bought out the future financial benefits receivable by HUAL from its underwriting and claims handling agreement with GIAG. It had been determined by the Board that it was in the best interests of the Group to restructure these arrangements and it was agreed to buy-out the future commission streams to be received by HUAL. This transaction will result in an intangible asset of the Company of £3.99 million. The asset being acquired relates to future finite cash flows to have been paid by the Group for the period 2010 to 2013. The value of the future commission stream was prepared by the independent directors of the Board was independently reviewed by a third party. The Group will review the intangible asset created over this period, by conducting impairment reviews at the end of each reporting period. However, it is the expectation of the Directors that impairments will occur in a manner that will be akin to a straight line basis over the period 2010 to 2013. The financial effects on the Group as a result of this transaction will give rise to an increase in the costs borne by the Group, a charge for goodwill amortisation as described above but a reduction in the commission payable on premium written. HUAL has waived the fee payable to it under the existing agreements for the 2009 financial year of £250,000.

As HUAL is wholly-owned by William Dewsall, Chief Executive of the Company, the transaction is a related party transaction for the purpose of AIM Rule 13 of the AIM Rules for Companies (the "AIM Rules"), as Mr Dewsall is a holder of 21.13% of the existing issued ordinary share capital of the Company. The independent directors of the Company, having consulted with Arden Partners plc ("Arden Partners") the Company's nominated adviser, consider that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned. In providing its services to the independent directors, Arden Partners has taken into account the independent directors' commercial assessments.

As part of this restructuring, GHI incorporated a new UK service company, Gable Services (London) Limited ("GSLL"), on 12 February 2010, which will be responsible for all costs, which previously have been HUAL's responsibility but which otherwise were Group costs. GSLL will, therefore, employ those persons currently employed by HUAL. Following the implementation of this transaction, HUAL will act as the FSA-regulated insurance intermediary for the Group's UK construction account for which it will receive a commission based on business introduced. GSLL will seek appropriate approval from the FSA in due course, which will obviate any further requirement on HUAL to act as an insurance intermediary on GIAG's behalf. At such time, the Company will give the requisite one month's notice to HUAL to terminate all agreements in place at that time.

Claim settlement

Included in other debtors is an amount of £716,000 in respect of an employer's liability claim settled by GIAG. HUAL was the insurance intermediary, acting under a binding authority, of the original insurance placement and transferred the claim and all rights attaching thereto to GIAG. The claim relates to an incident in 2003, the responsibility for the claim settlement of which has been transferred to GIAG. Under UK legislation, all employer's liability claims have to be settled by an insurer even in circumstances where the insured party is in breach of the terms of its insurance contract. GIAG is in the process of recovering the amount paid to settle the claim and all related costs incurred from the insured, which are expected to be in excess of the amount shown in the balance sheet. As at the date of this report, the directors believe, therefore, that the amount recoverable is not less than the amount shown in the financial statements. However, the recoverability of this amount is subject to litigation and the ability of the third party to settle any judgement against them. In the event that the amount recoverable by GIAG is less than the amount shown in the balance sheet then GIAG has been indemnified by William Dewsall and HUAL.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

24 Reconciliation of profit after taxation to net cash flows from operating activities

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Profit on ordinary activities after taxation	1,419	827	(128)	16
Interest received	(143)	(198)	–	–
Non-cash exchange movements	(23)	(412)	–	–
Depreciation of tangible fixed assets	82	84	60	15
Increase of technical provisions	3,301	413	–	–
Decrease in deferred acquisition and reinsurance costs	(1,260)	105	–	–
Increase in debtors	(4,774)	(2,018)	(705)	(1,027)
Increase/(decrease) in creditors	1,355	411	850	991
Cash flow from operations	**(43)**	**(788)**	**77**	**(5)**

25 Reconciliation of net cash flow to movement in funds

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Change in cash for the period	77	(634)	(13)	(5)
Change in net funds resulting from cash flows	77	(634)	(13)	(5)
Net funds brought forward	4,264	4,898	20	25
Net funds carried forward	**4,341**	**4,264**	**7**	**20**

Independent Auditor's Report

to the members of Gable Holdings Inc

We have audited the Financial Statements of Gable Holdings Inc for the year ended 31 December 2009 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances, and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report

to the members of Gable Holdings Inc

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

The Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the above matters.

Significant uncertainty – emphasis of matter in relation to technical provisions

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the financial statements as follows: As stated in note 3 of the financial statements under the heading "Claims reserving and significant uncertainty" there is significant uncertainty over the level of reserve established to settle future claims, in particular the reserves required to meet all future claims of new products launched in 2008 and 2009.

Carmine Papa (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

Dated: 29 June 2010

Note:
The maintenance of and integrity of the Gable Holdings Inc. website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation of the financial statements may differ from legislation in other jurisdictions.

Company Information

Registered office	Walker House Mary Street PO Box 908GT George Town Grand Cayman Cayman Islands
Directors	**William Dewsall** (Chief Executive Officer) **Lance Ranger** (Non Executive Chairman) **Lucas Slob** (Non Executive) **Ian Tickler** (Non Executive) **J Blaise Craven** (Non Executive)
Secretary	**Kitwell Consultants Limited** Kitwell House The Warren Radlett Hertfordshire WD7 7DU
Nominated adviser	**Arden Partners Plc** 125 Old Broad Street London EC2N 1AR
Nominated broker	**Arden Partners Plc** 125 Old Broad Street London EC2N 1AR
Registrars	**Capita Registrars (Jersey) Limited** 12 Castle Street St Helier Jersey JE2 3RT
Solicitors	**Fladgate LLP** 25 North Row London W1K 6DJ
Auditors	**Littlejohn LLP** Chartered Accountants and Registered Auditors 1 Westferry Circus Canary Wharf London E14 4HD

Notice of Annual General Meeting

Notice is herby given that the annual general meeting of the members of the company will be held at the offices of Gable Insurance AG, Altenbach 17, Vaduz, Liechtenstein on 29 July 2010 at 11:00 a.m. (local time) to consider and, if thought fit, to pass the following:

Ordinary resolutions

1 To receive the accounts and reports for the year ended 31 December 2009.

2 To re-elect William Dewsall as a director who is retiring by rotation in accordance with the articles of association of the company and who being eligible offers himself for re-election.

3 To re-elect Lance Ranger as a director who is retiring by rotation in accordance with the articles of association of the company and who being eligible offers himself for re-election.

4 To authorise the Board of directors to appoint Littlejohn LLP as auditors to the company and to authorise the directors to determine their remuneration.

5 That the directors are authorised to disapply the pre-emption rights set out in article 17 of the company's articles of association, such power to expire at the conclusion of the next annual general meeting of the company, except that the directors may allot equity securities following an offer or agreement made before the expiry of the authority and provided that the authority is limited to:

   a the allotment of equity securities pursuant to the exercise of share options granted by the company up to an aggregate nominal amount of £28,330.05 being 10% of the company's issued share capital at the date of this notice; and

   b the allotment of equity securities, otherwise than in accordance with paragraph 5(a), up to an aggregate nominal amount of £28,330.05 being 10% of the company's issued share capital at the date of this notice.

By order of the Board

Kitwell Consultants Limited
Secretary

Registered office:
Walker House
Mary Street
PO Box 908GT George Town
Grand Cayman
Cayman Islands

29 June 2009

Notice of Annual General Meeting

Notes

1 All shareholders who wish to attend and vote at the meeting must be entered on the company's register of members no later than 48 hours before the time fixed for the meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

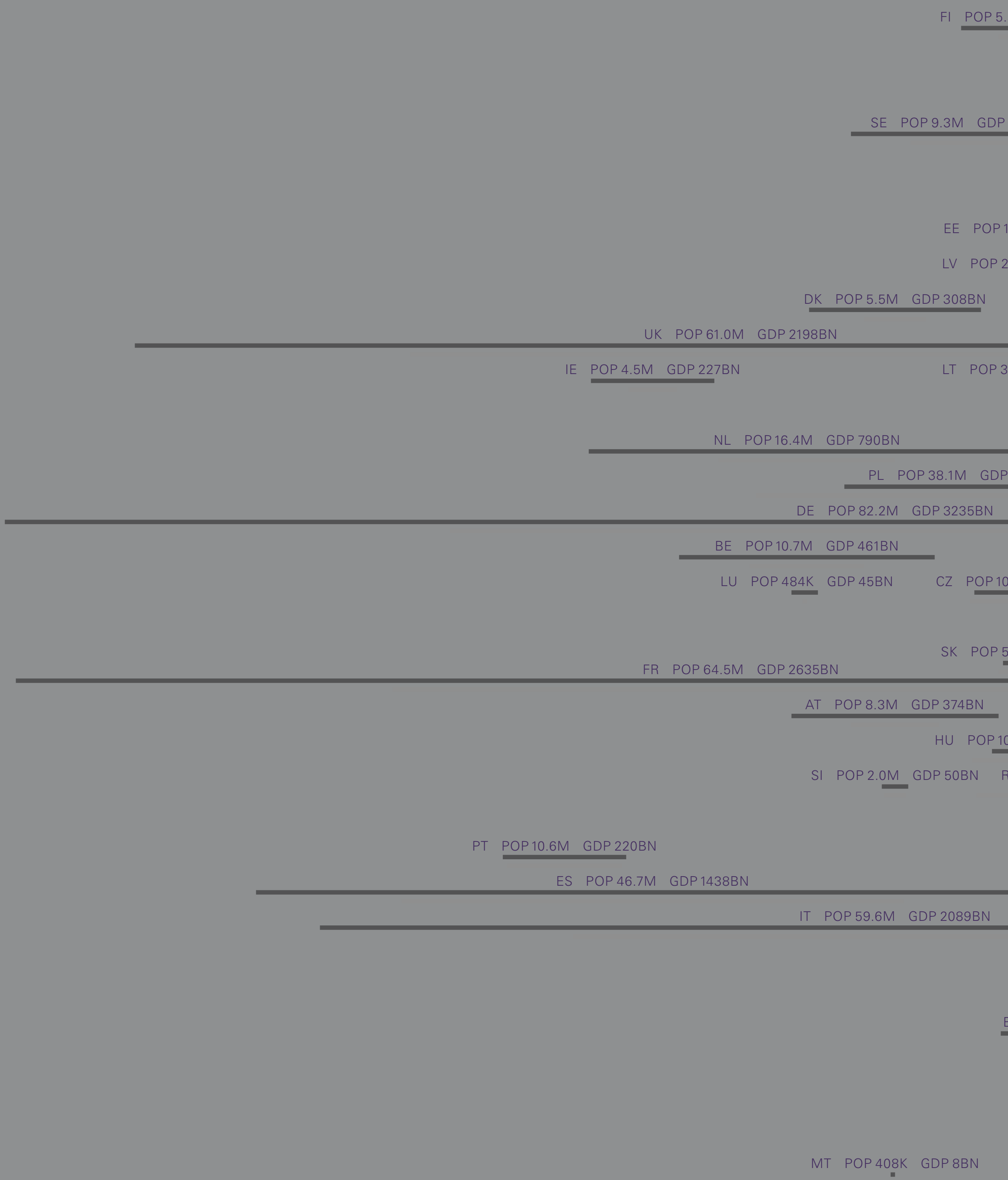
2 A member entitled to attend and vote at the above meeting has the right to appoint a proxy to attend and vote in his place. A proxy need not be a member of the company. In the case of joint shareholders, the person whose name appears first in the register of members has the right to attend and vote at general meetings to the exclusion of all others. Investors who hold their shares through a nominee may wish to attend the meeting as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker. Whilst proxies may vote on a poll on any resolution, they are not entitled to vote on a show of hands. Proxies may ask questions at the meeting if, in his discretion, the chairman of the meeting allows it. Members are invited to complete and return the enclosed proxy form if they are unable to attend the meeting. The return of the proxy form will not prevent a member from attending in person and voting at the meeting.

3 To be effective, a completed and signed proxy (and any power of attorney or other authority under which it is signed) must be delivered to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham BR3 4TU by no later than 48 hours before the time fixed for the meeting or any adjourned meeting. You may also deliver by hand to Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU during normal business hours. Completion of a form of proxy will not prevent a member from attending and voting in person.

4 In the case of joint holders of shares in the company, the vote of the senior holder shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names appear in the company's register of shareholders (or the company's registrars' records).

5 In the case of holders of depositary interests representing ordinary shares in the company, a form of direction must be completed in order to appoint Capita IRG Trustees Limited, the Depositary, to vote on the holder's behalf at the meeting or, if the meeting is adjourned, at the adjourned meeting. To be effective, a completed and signed form of direction (and any power of attorney or other authority under which it is signed) must be delivered to the company's Transfer Agent, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.

Printed by Michael Searle and Son Limited



FI
SE POP 9.3M
EE
LV
DK POP 5.5M GDP 308BN
UK POP 61.0M GDP 2198BN
IE POP 4.5M GDP 227BN
LT
NL POP 16.4M GDP 790BN
PL POP 38.1M
DE POP 82.2M GDP 3235BN
BE POP 10.7M GDP 461BN
LU POP 484K GDP 45BN
CZ
SK
FR POP 64.5M GDP 2635BN
AT POP 8.3M GDP 374BN
HU
SI POP 2.0M GDP 50BN
PT POP 10.6M GDP 220BN
ES POP 46.7M GDP 1438BN
IT POP 59.6M GDP 2089BN
MT POP 408K GDP 8BN

www.gableholdings.com