GABLE

GABLE HOLDINGS INC.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2005

GABLE

Annual Report and Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2005

Page

GABLE

Company Information

FOR THE PERIOD ENDED 31 DECEMBER 2005

Registered office	Walkers SPV Limited Walker House Mary Street PO Box 908GT George Town Grand Cayman Cayman Islands
Directors	William Dewsall (Chief Executive Officer) Ian Tickler (Non Executive) J Blaise Craven (Non Executive) Joanna Barrett (Non Executive)
Secretary	Kitwell Consultants Limited Kitwell House The Warren Radlett Hertfordshire WD7 7DU
Nominated adviser	Strand Partners Limited 26 Mount Row London W1K 3SQ
Nominated broker	Walker Crips Stockbrokers Limited Sophia House 76/80 City Road London EC1Y 2EQ
Registrars	Capita IRG (Offshore) Limited Victoria Chambers Liberation Square 1/3 The Esplanade St Helier Jersey JE4 0FF
Solicitors	Fladgate Fielder 25 North Row London W1K 6DJ
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ

Chairman's Statement

FOR THE PERIOD ENDED 31 DECEMBER 2005

Gable Holdings Inc (AIM: GAH) announces its maiden preliminary results covering the period from the Company's incorporation on 30 November 2004 to 31 December 2005.

During the period, the Company incurred costs of £600,000 which together with net interest received of £24,000 produced a loss before taxation of £576,000.

Gable was admitted to AIM as an investment company on 21 January 2005 when it raised £1,000,000 before expenses, by way of a placing of Ordinary Shares at 5p per share. The Company was established to build, through acquisition, a group specialising in the insurance and reinsurance sector.

On admission the Company had no trading businesses or subsidiaries and the funds raised from the placing at that time were used to investigate suitable investment opportunities, carry out due diligence on such opportunities and to meet the Company's initial working capital requirements.

In its AIM admission document dated 6 January 2005, the directors of the Company at that time stated their intention that the Company would invest in insurance, reinsurance and specialised underwriting agency companies based in EEA States and that such entities would focus on the property, general and professional liability and contractor's insurance classes.

I am pleased to report that during the period the Company made significant progress with the execution of its strategy, culminating at the end of December in the completion of the acquisition of Brown Duke AG, a new European-based insurance underwriter for £3.9 million which was satisfied through the issue to the vendors of 31,000,000 new ordinary shares. At the same time Gable raised approximately £4.75 million gross (approximately £4.4 million net of expenses) by the issue of, in aggregate, 38,000,000 new ordinary shares at 12.5 pence per share, representing approximately 34 per cent. of the enlarged share capital of Gable following admission of the shares to trading on AIM. The new funds were raised to satisfy the minimum solvency capital requirements of the insurance company and to provide working capital for the enlarged business.

Following completion, Brown Duke's name was changed to Gable Insurance AG and it commenced trading in January 2006 focusing primarily on writing insurance business in the niche construction and liability insurance markets in the UK and Ireland. Brown Duke's highly regarded management team was led by William Dewsall who has over 24 years' experience and a successful track record in the London insurance market. On completion of the acquisition William joined the Board of Gable as its Chief Executive.

Board

The Company announced on 15 March that John Leat had resigned from the Board with immediate effect due to ill health and that the Board is in discussions with a potential replacement as non-executive Chairman. I am pleased to say that I will be able to update shareholders in the near future with regard to a new appointment to the Board. During the intervening period I have undertaken the role of acting chairman and would like to thank my non-executive colleagues for their assistance in the execution of the Chairman's duties. The board wishes Mr Leat a speedy recovery and thanks him for his support.

Chairman's Statement

FOR THE PERIOD ENDED 31 DECEMBER 2005

Outlook

I am very encouraged to see that since commencing business in January we have already quoted over £40m of premium to date and, more importantly, the quality of the actual business written from that quoted has been of a very high calibre and this is reflected in the zero loss ratio to date. Gable commenced underwriting at the end of January, albeit slightly later than originally anticipated. We believe our strategy of writing high quality business gives us the greatest foundation for building a robust business that holds significant potential for our first full year of trading in 2007.

We clearly have a product which appeals to the construction sector and I am pleased to say that our technology platform has also been well received by the broking community in the UK where we have seen a consistent flow of broking relationships develop with us since the business started.

During the last quarter of the current year it is the Company's intention to launch the next of its new products. Your Board is very pleased with the successful start that Gable has made and whilst the market is competitive we remain optimistic for the outlook of the Company.

William Dewsall
Chief Executive and Acting Chairman

27 June 2006

Report of the Directors

FOR THE PERIOD ENDED 31 DECEMBER 2005

The directors present their annual report together with the audited financial statements for the period from incorporation on 30 November 2004 to 31 December 2005.

Principal activity

The principal activity of the Company is that of an investment company. The principal activity of the Group is that of writing insurance business.

Business review

The results of the Group are shown on page 13. The directors do not recommend the payment of a dividend.

The company was incorporated on 30 November 2004. The Company raised £1,000,000 before expenses through a placing of shares on the admission to the AIM Market (AIM) of the London Stock Exchange plc of the Company as an investment Company on 21 January 2005. At the time of the AIM admission the Company stated that it was its intention to build, largely through acquisition, a group specialising in the insurance and reinsurance sector.

On 23 December 2005 the Company acquired the entire issued capital of Brown Duke AG for £3,953,000 through the issue of 31 million new ordinary shares, which has subsequently been renamed Gable Insurance AG, and at the same time raised £4,750,000 before expenses through a placing of 38 million new ordinary shares at 12.5p.

An indication of the future developments within the business is contained in the chairman's statement on page 3.

Directors

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

	Ordinary shares of 0.25p each 31 December 2005 Number	Ordinary shares of 0.25p each on incorporation (or appointment to the Board if later) Number
John Leat (appointed 17 December 2004)	1,140,000	1,100,000
Ian Tickler (appointed 17 December 2004)	1,140,000	1,100,000
J Blaise Craven (appointed 17 December 2004)	–	–
Joanna Barrett (appointed 17 December 2004)	1,140,000	1,100,000
William Dewsall (appointed 23 December 2005)	19,000,000	19,000,000

Marc Parrott and Robert Duggan were appointed to, and resigned from, the Board on 17 December 2004.

John Leat resigned from the Board on 15 March 2006.

Stephen Fryett was appoint to the Board on 22 December 2004 and resigned from the Board on 30 March 2005.

Report of the Directors

CONTINUED

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 23 June 2006 were as follows:

	Ordinary shares of 0.25p each Number	Percentage of capital %
Corvus Capital Inc.	18,700,000	16.79
HSBC Global Custody Nominee (UK)	11,990,074	10.76
W B Nominees Limited	6,709,926	6.02
Barry Clementson	6,000,000	5.39
Ron Brown	6,000,000	5.39
OMX Securities Nominees Limited	5,871,000	5.27
Morstan Nominees Limited	5,600,000	5.03
Man Financial Limited	3,374,000	3.03

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 76 days of average supplies for the period.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors

CONTINUED

International financial reporting standards ("IFRS")

The Board recognises that there is a requirement to prepare its financial statements under IFRS for the financial year ending 31 December 2007. The Board intends to keep this matter under review and monitor its impact in the period to the transition date.

Auditors

Grant Thornton UK LLP were appointed first auditors of the Company during the period and being eligible offer themselves for reappointment.

ON BEHALF OF THE BOARD

Kitwell Consultants Limited
Company Secretary

27 June 2006

Corporate Governance

FOR THE PERIOD ENDED 31 DECEMBER 2005

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. It meets on a regular basis 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 three 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. William Dewsall is currently acting Chairman of the Board pending the announcement of a replacement for John Leat following his resignation. The Group's 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. The Directors will be available to answer questions. 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.

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.

An audit committee, chaired by Ian Tickler was established following the acquisition of Brown Duke, comprising of the three non-executive directors, which will meet at least half yearly and which 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 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, it will keep the decision under annual review.

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. For this reason they continue to adopt the going concern basis in preparing the financial statements.

GABLE

Report on Remuneration

FOR THE PERIOD ENDED 31 DECEMBER 2005

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 will be chaired by Joanna Barrett. The remuneration committee is to meet at least biannually and has as its remit 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:

	J Leat £'000	I Tickler £'000	J Craven £'000	J Barrett £'000	W Dewsall £'000	S Fryett £'000	Total £'000
Period to 31.12.05							
Salary and fees	11	12	9	11	–	26	69
Annual salary and fees	12	12	12	12	350		398

Pensions
There are no pension schemes in operation.

Benefits in kind
The directors do not receive any benefits in kind.

Bonuses
No amounts are payable for bonuses in respect of the period ended 31 December 2005. The service agreement with William Dewsall provides for a performance related bonus of £100,000 per quarter.

Notice periods
William Dewsall's service agreement is for an initial period of 18 months following which it 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 2005 no options were held by the Directors.

Report of the Independent Auditors

TO THE MEMBERS OF GABLE HOLDINGS INC.

We have audited the financial statements of Gable Holdings Inc. for the period ended 31 December 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated balance sheet, the Company balance sheet, the consolidated cash flow statement and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein. As detailed in the principal accounting policies the Company was incorporated as a Corporation in the Cayman Islands, which does not prescribe the adoption of any particular accounting framework. Accordingly, the Board has resolved that the Company will follow UK Accounting Standards and apply the Companies Act 1985 when preparing its annual financial statements.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 the Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises only the Chairman's statement, the report of the directors, the corporate governance statement and the report on remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Report of the Independent Auditors

CONTINUED

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Group and the Company as at 31 December 2005 and of the loss of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Birmingham

27 June 2006

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.

Principal Accounting Policies

FOR THE PERIOD ENDED 31 DECEMBER 2005

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Principles. The Company was incorporated in the Cayman Islands which does not prescribe the adoption of any particular accounting framework. Accordingly, the Board of Directors have resolved that the Company will follow United Kingdom accounting standards and apply the Companies Act 1985 when preparing its financial statements.

The principal accounting policies of the Group are set out below.

Fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

IT systems and software	5 years

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings (see note 9) drawn up to 31 December 2005. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

The Company has prepared its accounts on the basis that "merger relief" is available (similar to that which, for UK based companies, is offered by Section 131 of the Companies Act 1985) in respect of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of Brown Duke AG. Accordingly, in such circumstances the cost of investments will represent the nominal value of shares issued, together with the fair value of any additional consideration given and costs.

Goodwill

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is capitalised and amortised over its useful economic life as shown in note 7.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

Financial instruments

Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

GABLE

Consolidated Profit and Loss Account

FOR THE PERIOD ENDED 31 DECEMBER 2005

	Note	Period from 30.11.2004 to 31.12.2005 £'000
Administrative expenses		(600)
Operating loss		(600)
Interest receivable	2	24
Loss on ordinary activities before taxation	1	(576)
Taxation	4	–
Loss on ordinary activities after taxation and retained loss	13, 14	(576)
Loss per ordinary share (pence) – basic	6	(1.44p)

There were no recognised gains or losses other than the loss for the financial period.

All of the activities of the Group are classed as continuing. The acquired business did not have a material impact on the Group's trading results for the period.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Balance Sheet

AT 31 DECEMBER 2005

	Note	£'000
Fixed assets		
Intangible assets	7	4,250
Tangible assets	8	75
		4,325
Current assets		
Debtors	10	24
Cash at bank		4,858
		4,882
Creditors:		
Amounts falling due within one year	11	(301)
Net current assets		4,581
Total assets less current liabilities and net assets		8,906
Capital and reserves		
Called up share capital	12	279
Share premium account	13	5,328
Other reserves	13	3,875
Profit and loss account	13	(576)
Equity shareholders' funds	14	8,906

The accompanying accounting policies and notes form an integral part of these financial statements.

GABLE

Company Balance Sheet

AT 31 DECEMBER 2005

	Note	£'000
Fixed assets		
Tangible assets	8	75
Investments	9	4,315
		4,390
Current assets		
Debtors	10	313
Cash at bank		651
		964
Creditors:		
Amounts falling due within one year	11	(288)
Net current assets		676
Total assets less current liabilities and net assets		5,066
Capital and reserves		
Called up share capital	12	279
Share premium account	13	5,328
Profit and loss account	13	(541)
Equity shareholders' funds		5,066

The financial statements were approved by the Board of Directors on 27 June 2006

William Dewsall
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

FOR THE PERIOD ENDED 31 DECEMBER 2005

	Note	Period from 30.11.2004 to 31.12.2005 £'000
Net cash outflow from operating activities	17	(323)
Returns on investments and servicing of finance		
Interest received		24
Investing activities		
Purchase of tangible fixed assets		(75)
Acquisitions and disposals		
Acquisition of subsidiary		(312)
Net cash acquired with subsidiary		15
Net cash outflow from acquisitions and disposals		(297)
Net cash outflow before financing		(671)
Financing		
Issue of shares		5,805
Share issue costs		(276)
Net cash inflow from financing		5,529
Increase in cash	18	4,858

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2005

1 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation was derived from the principal activities of the Group.

The loss on ordinary activities is stated after charging:

	Period from 30.11.2004 to 31.12.2005 £'000
Amortisation of goodwill	–
Depreciation	–
Auditors' remuneration:	
Audit services	15
Valuation services	8

Included within share premium and cost of investment are amounts of £7,500 and £74,400 respectively paid to the auditors for Reporting Accountants and due diligence services.

2 Interest receivable

	Period from 30.11.2004 to 31.12.2005 £'000
Bank interest receivable	24

3 Directors and employees

	Period from 30.11.2004 to 31.12.2005 No.
The average number of persons (including Directors) employed by the Group during the period was	4

There were no wages and salaries or other staff costs incurred other than directors fees of £69,000 paid in the period. Details of the Directors' emoluments are included in the Report on Remuneration.

4 Taxation on loss on ordinary activities

There is no tax charge for the period. The Group does not operate within the UK and there is no tax arising on its operations.

The tax assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	Period from 30.11.2004 to 31.12.2005 £'000
Loss on ordinary activities before tax	(576)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(173)
Effect of	
Expenses not deductible for UK tax purposes	173
Current tax charge for period	–

Notes to the Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2005

5 Loss for the financial period

The parent company has not included its own profit and loss in these financial statements. This benefit is available to equivalent companies incorporated in the UK under Section 230 of the Companies Act 1985. The parent company's loss for the year was £541,000.

6 Loss per share

The calculation of the basic loss per share is based on the loss on ordinary activities after tax of £576,000 divided by the weighted average number of ordinary shares in issue during the period of 39,892,929. The impact of the warrants on the loss per share is anti-dilutive.

7 Intangible fixed assets

Group	**Goodwill on consolidation £'000**
Cost	
Additions in period and at 31 December 2005 (note 20)	4,250
Amortisation	
Charged in the period and at 31 December 2005	–
Net book amount at 31 December 2005	4,250

Goodwill on consolidation relates to the acquisition of Brown Duke AG on 23 December 2005. No amortisation has been provided during the period as the activities of the business did not commence until after the period end. The goodwill will be amortised over 20 years, based on the directors' view of the strength of the business model acquired and products offered.

8 Tangible fixed assets

Group and Company	**IT systems and software £'000**
Cost	
Additions in period and at 31 December 2005	75
Depreciation	
Charged in period and at 31 December 2005	–
Net book amount at 31 December 2005	75

Tangible fixed assets relate to the development of bespoke software for the Group's underwriting activities. This software was not brought into use until after the year end and hence no depreciation has been provided during the period.

9 Fixed asset investments

Company

	Investment in group undertakings £'000
Cost and net book amount	
Additions in period and at 31 December 2005	4,315

As described in note 20, the Company acquired the entire issued share capital of Brown Duke AG for a total cost of £4,265,000 including expenses. As this includes the premium on the shares issued as consideration of £3,875,000 and the Company is taking advantage of merger relief only £390,000 is recognised as cost of investment by the Company. Immediately following the acquisition, the Company subscribed for additional shares in Brown Duke AG, out of the proceeds of the Placing of ordinary shares which took place co-terminous with the acquisition, for a total consideration of £3,925,000 in order to capitalise Brown Duke AG with the Minimum Solvency Capital in order for Brown Duke AG to obtain the necessary Insurance Authorisation.

At 31 December 2005 the company holds 100% of the ordinary share capital of the following subsidiaries:

Name	Country of incorporation	Nature of business
Gable Insurance AG (formerly Brown Duke AG)	Liechtenstein	General insurance
Gable Underwriting Agency Limited	England and Wales	Dormant

10 Debtors

	Group 31.12.2005 £'000	Company 31.12.2005 £'000
Amounts due from subsidiary undertakings	–	289
Prepayments and accrued income	2	2
Other debtors	22	22
	24	313

11 Creditors: amounts falling due within one year

	Group 31.12.2005 £'000	Company 31.12.2005 £'000
Trade creditors	248	244
Accruals and deferred income	53	44
	301	288

12 Share capital

	31.12.2005 £'000
Authorised	
4,000,000,000 ordinary shares of 0.25p	10,000
Allotted, issued and fully paid	
111,400,000 ordinary shares of 0.25p	279

The Company was incorporated on 30 November 2004 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each. One ordinary share was issued at par.

On 13 December 2004 the Company adopted new articles of association which resulted in the denomination of the share capital being converted into shares of 0.25p each (Sterling) and increased the authorised share capital to £10,000,000 divided into 4,000,000,000 ordinary shares of 0.25p each.

On 22 December 2004 a further 21,999,999 ordinary shares of 0.25p each were issued at par for £55,000 cash.

On 21 January 2005 20,400,000 ordinary shares of 0.25p each were issued at 5p per share. The total value of the issue was £1,020,000 (including 400,000 ordinary shares issued to the Nominated Advisor as part of their advisory role). The total premium on the issue of £969,000 was credited to the share premium account.

On 23 December 2005 31,000,000 ordinary shares of 0.25p each were issued as consideration shares to the vendors of Brown Duke 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 in the Group accounts (£3,875,000). On the same day a further 38,000,000 ordinary shares of 0.25p each were issued at 12.5p per share in conjunction with the acquisition of Brown Duke AG in order to raise sufficient funds to satisfy the Minimum Solvency Capital and to provide working capital for the enlarged Group. The difference between the total value of the consideration received of £4,750,000 and the nominal value of the shares issued of £95,000 has been credited to share premium (£4,655,000).

Warrants

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. The warrant is exercisable between 21 January 2005 and 20 January 2010 at 10 pence per share.

Notes to the Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2005

13 Reserves

Group

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000
On incorporation	–	–	–
Retained loss for period	–	–	(576)
On share placings	5,624	–	–
Issue costs	(296)	–	–
Shares issued as consideration for acquisition	–	3,875	–
At 31 December 2005	5,328	3,875	(576)

Other reserves represent the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking when the Company has taken advantage of merger relief.

Company

	Share premium account £'000	Profit and loss account £'000
On incorporation	–	–
Retained loss for period	–	(541)
On share placings	5,624	–
Issue costs	(296)	–
At 31 December 2005	5,328	(541)

14 Reconciliation of movements in shareholders' funds

Group

	Period from 30.11.2004 to 31.12.2005 £'000
Loss for financial period	(576)
Issue of ordinary share capital (net of issue costs)	9,482
Net increase in shareholders' funds	8,906
Equity shareholders' funds brought forward	–
Equity shareholders' funds carried forward	8,906

15 Contingent liabilities

There were no contingent liabilities at 31 December 2005.

16 Capital commitments

There were no capital commitments at 31 December 2005.

17 Reconciliation of operating loss to net cash outflow from operating activities

	Period from 30.11.2004 to 31.12.2005 £'000
Operating loss	(600)
Increase in debtors	(24)
Increase in creditors	301
Net cash outflow from operating activities	(323)

Notes to the Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2005

18 Reconciliation of net cash flow to movements in net funds

	Period from 30.11.2004 to 31.12.2005 £'000
Increase in cash for the period	4,858
Change in net funds resulting from cashflows	4,858
Net funds brought forward	–
Net funds carried forward	4,858

19 Analysis of changes in net funds

	On incorporation £'000	Cash flow £'000	31.12.2005 £'000
Cash at bank	–	4,858	4,858

20 Acqusitions

On 23 December 2005 the Company acquired the entire issued share capital of Brown Duke AG for consideration of £3,952,500 settled in shares. Goodwill arising on the acquisition has been capitalised. The purchase of Brown Duke AG has been accounted for by the acquisition method of accounting.

Advantage has been taken by the Company of merger relief (similar to that available to companies incorporated in the UK under Section 131 of the Companies Act 1985) in respect of the premium on the issue of shares to finance the acquisition.

The assets and liabilities of Brown Duke AG acquired were as follows:

	£'000
Bank and cash	15
Purchased goodwill capitalised	4,250
	4,265
Satisfied by:	
Issue of shares	3,953
Expenses relating to the acquisition	312
	4,265

No adjustments are required to the book value of assets acquired in order to determine fair values.

Brown Duke AG was incorporated in Liechtenstein on 6 October 2005, had not commenced trading prior to acquisition and did not have any material impact on the Group results for the period.

Notes to the Financial Statements

21 Financial instruments

The Group uses financial instruments comprising cash. The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures other than the currency risk disclosures.

Borrowing facilities

The Group has no borrowing facilities available to it.

Currency risk

The Group has £4,858,000 invested in Swiss Francs denominated deposits representing the capital invested in Gable Insurance AG in Leichtenstein.

Interest rate risk

The Group finances its operations through cash at bank. All financial assets earn interest at floating rates, based upon Bank of England base rates.

22 Related party transactions

During the period the Company has entered into various transactions with Corvus Capital Inc., a 12.57% shareholder, and CVS Management Limited, a wholly owned subsidiary of Corvus Capital Inc..

Corvus Capital Inc. charged the Company a fee of £99,000 for the provision of a £3.9 million short term loan advanced to meet the required minimum capital requirements in Leichtenstein and CVS Management Limited charged £166,000 for consultancy services provided on both an ongoing basis and in connection with the acquisition of Brown Duke AG and associated fundraising. At the period end £10,000 was owed to the Company from CVS Management Limited.

GABLE

Notice of Annual General Meeting

Notice is given that the annual general meeting of the members of the company will be held at 30 Quai Guastave-Ador, 1207 Geneva, Switzerland on 6 September 2006 at 2.00 p.m. CET to consider and if thought fit, to pass the following:

Ordinary Resolutions

1. To receive the accounts and reports for the period ended 31 December 2005.
2. To re-elect J Blaise Craven 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 reappoint Grant Thornton UK LLP as auditors and authorise the directors to determine their remuneration.
4. 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:

   4.1 the allotment of equity securities pursuant to exercise of the warrants issued to Strand Associates Limited and dated 22 December 2004; and

   4.2 the allotment of equity securities, otherwise than in accordance with paragraph 4.1, up to an aggregate nominal amount of £27,850, being ten per cent. of the company's issued share capital at the date of this notice.

By order of the board

Kitwell Consultants Limited
Secretary

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

27 June 2006

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. The form of proxy and the power of attorney or other authority, if any, under which it is signed, or a copy of such power or authority certified by a notary, must be left at the registered office of the company at least 48 hours before the date set for the meeting or adjourned meeting.
3. The form of proxy must be signed by the shareholder appointing the proxy or by his/her attorney authorised in writing. If the shareholder is a corporation, the form of proxy should be sealed with its common seal or signed by an officer or an attorney of the corporation or other person authorised to sign it.
4. 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, 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.

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