

**For immediate release**

**19 November 2009**

**Charles Taylor Consulting plc (“CTC”)**

## **INTERIM MANAGEMENT STATEMENT**

Today’s interim management statement for the period 1 July 2009 to 18 November 2009 is made in accordance with the UK Listing Authority’s Disclosure and Transparency Rules.

### **Summary and Outlook**

The group has seen little change in the economic environment since it reported its half year results on 28 August 2009 and trading is significantly ahead of management expectations, principally due to a combination of a strong performance by our adjusting businesses and a very strong overall result from our newly created insurance companies run-off division. It should be noted however, that the insurance companies run-off division contains substantial minority interests. The group’s financial position remains sound and the prospects for the group as a whole are robust across all four of its divisions.

### **Management Division**

The Standard P&I Clubs continue to expand and remain financially strong. The group’s principal management activity in the United States, Signal Mutual, has also attracted new members and there are the first signs of a pick up in employer payroll levels which, if sustained, will see a better overall result from this activity in 2009 than previously

anticipated. Additionally, a new management fee agreement has been concluded for the three years starting from October 2010.

The division's expansion plans in the UK Public Sector were put in doubt by the decision in *RMP v London Borough of Brent*, but swift action by the Government and cross party support has seen specific enabling powers for the establishment of mutual insurance companies by local authorities and other public bodies incorporated into the Local Democracy, Economic Development and Construction Bill, which has now received royal assent. This is very positive news for the division, which has continued to make development plans for new mutuals in the UK on the assumption that this would occur.

### **Adjusting Division**

Charles Taylor adjusting continues to thrive and the excellent results for the first half are, on current indications, likely to continue through the rest of 2009 and into 2010. A new Beijing office has been established following Chinese government approval that CTC plc be represented there and the network has further expanded with new offices in Indonesia and Canada. Particularly gratifying is the fact that cash collections over the first 10 months of the current year have exceeded a challenging 2009 budget.

### **Insurance Support Services Division**

We have now combined LCL Services with Axiom, acquired in the first half of 2009, to form CTC Axiom and the lower cost base and larger spread of expertise is expected to address

recent underperformance at both of these companies. LCL Services has yet to win any new contracts in 2009 and the 2009 contribution from Axiom is likely to be marginal.

The new combined entity, CTC Axiom, is however on course to make a satisfactory contribution to group results in 2010 and beyond and the necessary reorganisation of the business and its integration into the group will be completed by the end of the year. We are examining a number of proposals to capitalise on its skills base and unrivalled knowledge of the workings of London insurance markets.

A presentation about this restructured part of the group will take place shortly and shareholders will be contacted about this.

### **Insurance Companies Run-off Division**

The strong first half performance has accelerated into the second half of 2009, and a number of new acquisition proposals are under review in both the life and non life sectors.

### **Financial Position**

The group's financial position remains sound and there has been no material change from the situation reported in the half year results announcement in August 2009. Although the cash flow from Signal has been depressed for some time, this is expected to improve, particularly once the new management fee arrangement comes into force in October 2010. The cash flow in the rest of the management division has been as strong as expected. CTC Axiom has required additional working capital as old creditors were paid off and the business was restructured. By contrast cash collected by the adjusting business has increased significantly, as a result of the significant focus which management have placed upon the vital

discipline of working capital control. The group remains fully compliant with all its banking covenants and continually monitors its outlook in order to identify and manage potential risks. The group expects to continue to trade within the parameters of its banking facilities and covenants.

### **2009 Full Year Result**

Due to the markedly better than anticipated performance of the insurance companies run-off division, the company expects to exceed significantly the current profit before tax forecasts for 2009. Earnings per share are likely to be slightly lower than current forecasts due to the increased impact of the minority interests, particularly in relation to Cardrow Insurance Limited. There is also likely to be a higher tax charge relating to adjustments in prior years and the geographical business mix.

For further information, please contact:

John Rowe, Chief Executive

020 3320 2200

[john.rowe@ctcplc.com](mailto:john.rowe@ctcplc.com)

### **NOTES**

1. CTC serves global insurance markets. It provides services to mutual and captive insurers, commercial insurers (whether still underwriting or closed to new business), insurance intermediaries and insured ship owners, and also owns life and non-life insurance companies which are closed to new business. Further information on the group can be found at [www.charlestaylorconsulting.com](http://www.charlestaylorconsulting.com).

2. This statement is based on information sourced from management accounts.

3. Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect the Group's current expectations concerning future events and actual results may differ materially from current expectations or historical results.