

**FOR IMMEDIATE RELEASE**  
**19 MAY 2010**

**Charles Taylor Consulting plc (“CTC”)  
INTERIM MANAGEMENT STATEMENT**

Today’s interim management statement for the period 1 January 2010 to 19 May 2010 is made in accordance with the UK Listing Authority’s Disclosure and Transparency Rules.

**Summary, Outlook and Financial Position**

The Group is trading broadly in line with management’s expectations. Our Adjusting Services division is building on a record result for 2009 and our Insurance Companies Run-off division continues to perform well (although the existence of significant minority interests will mean that not all of the benefit of this will be reflected in the Group’s earnings). There will be however a one-off impact this year on our Management Services division as a result of increased staff costs required following the significant growth of the Standard Clubs at the 20 February renewal.

CTIS, which was loss-making in 2009 and was formed by the merger of Run-off services and the loss-making Axiom business acquired last year, has attracted new business from both existing and new clients in the first part of the year but, on current indications, we do not anticipate more than a small return in 2010, with a more substantial result thereafter.

Net debt at the end of March was £42.0m, compared to £42.2m the previous quarter.

**Management Services division**

The Standard Clubs, whose tonnage has grown by more than 30% over the last twelve months, continue to grow. The increased membership on renewal combined with greater regulatory demands under the impending Solvency II directive requires a significant increase in the recruitment of new personnel during the course of this year. Given the structure of the management fee arrangement this will have a limited one-off impact on the results this year but we expect to see the benefits of this investment thereafter.

Signal’s business is expected to perform better in 2010 than in 2009 as a result of the new management fee arrangements which come into place in October. As important, however, is the level of new members which is ahead of the equivalent period last year. Member payrolls, which are the best indicator of activity, show signs of continuing to improve from their lowest levels and underline the fact that some recovery is under way in the United States.

As indicated previously, we do not expect any new mutuals for UK local authorities to be created before 2011 but a number of initiatives are nonetheless being pursued, and activity is expected to pick up once the hiatus created by the UK central and local government elections is over.

Charles Taylor Underwriting Agencies continues to expand its range of underwriting capabilities. It is also embarking on a number of interesting new projects in conjunction with our captive management operations in Bermuda and our risk management business, Charles

Taylor Risk Consulting, including the establishment of a trade credit solution for the UK-based National Merchant Building Society.

### **Adjusting Services division**

Our plan this year for adjusting is to continue to build further on the record result of last year. After the first quarter, its performance is ahead of our expectations despite a relative lack of major new instructions. We have maintained our large investment in working capital arising from the significant business growth achieved during 2008 and 2009, given the relatively long cycle involved in performing case work, billing it and collecting cash from our clients.

Marine is benefiting from its investment in new staff and a good level of instructions from around the world. Non marine, the smallest business, has received some good instructions relating to fraud and other financial losses and continues to examine expansion opportunities. Energy, the largest business, is building on the excellent results achieved last year despite a lack of significant hurricane-related losses for the market and (until recently, for CTa) major instructions. The New York office, established last year, continues to grow its business and was responsible for the group's appointment on a large loss arising from the recent Chilean earthquake, which is being handled by the Mexico office. Aviation is perhaps the most dependent on the extent of world economic recovery and has had a quiet start to the year although it has received a number of good instructions in Asia and the Middle East. Growing our Aviation risk and asset management activities shows promise although the small asset management business that we acquired during 2009 has been affected by the absence through illness of a key individual, as well as the investment in recruitment required to expand its offering to its client base.

### **Insurance Support Services division**

Progress at Charles Taylor Insurance Services ("CTIS") has been slower than anticipated, reflecting in part the extensive restructuring required in combining two loss-making businesses. However, considerable progress has been made and the longer term outlook remains positive. We have placed CTIS on a stable financial footing and new instructions from both existing and first time clients have been received. A new chief executive, Stephen Card, who will have a more outward-looking focus, was appointed in March to build on the foundations successfully established by his predecessor. We will continue to concentrate on controlling costs, while investing prudently where necessary to realise the potential of the business over the longer term. The amount of working capital committed to the business during the period following our acquisition of Axiom has been maintained at a similar level to that of December 2009, with the fairly slow development of the business not generating material positive cash flows.

The Isle of Man life insurance administration business is performing as expected and is continuing to consider new business opportunities.

### **Insurance Companies Run-off division**

#### **Non Life Business**

Despite the existence of significant minority interests, on current indications we expect a good result overall from owned insurance companies in run-off as we continue to actively manage claims and reduce liabilities and investment markets have recovered.

#### **Life Business**

LCL International is performing somewhat better than in 2009 now that investment markets have recovered. Acquisitions remain under consideration and although the timing of these is difficult to predict there is scope for further development.

## **Acquisitions**

We continue to review a number of opportunities particularly in the adjusting and run-off fields. As far as the former are concerned we believe that there are businesses which would fit well within Charles Taylor adjusting and, where pricing and structure is realistic, we will seek to bring these to fruition. As far as companies in run-off are concerned we are encouraged by the results we have achieved to date and intend to maintain our position of working in partnership with potential vendors, thereby minimising up-front consideration, despite the complication of having to account in some scenarios for significant minority interests.

## **Board changes**

### *Retirement of Michael Knight*

At the company's recent AGM, it was announced that having completed 10 years on the board and as Chairman of the Audit Committee, Michael Knight would be retiring. Michael made a considerable contribution to the company during his years as a non executive director and the board thanks him for all his efforts.

### *Appointment of David Watson*

CTC is pleased to announce that, having been approved by the Financial Services Authority, David Watson was appointed a director with effect from 19 May 2010. He has also been appointed as Chairman of the Audit Committee. Most recently he was Finance Director for the General Insurance Division of Aviva and prior to that held various other senior financial roles at Aviva as well as at Prudential Group and NatWest Markets.

There are no further details relating to the appointment of David Watson that are disclosable under paragraph 9.6.13 of the Listing Rules of the UK Listing Authority.

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## **NOTES TO EDITORS**

1. Charles Taylor Consulting is a leading provider of insurance services. We manage mutual insurance companies, advise insurers on complex insurance losses and provide administration and consultancy services to insurers and insureds worldwide. We also own 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.