



Half Year Financial Highlights

- Free reserves strengthen to a record level of \$227.8 million
- Combined ratio improves to 100.3%
- Members' claims frequency and values remain low
- Further reduction in Pool contribution to 5.88% for 2014
- Investment performance positive at 2.25%
- Owned and chartered tonnage increased to 80 million GT

Overview

The Club's financial position has continued to strengthen in the six months to August 2014. As a result, the combined ratio has reduced again to 100.3% and is forecast to remain at a similar level for the full year. The overall free reserve at mid-year has increased to a record level of \$227.8 million compared with \$216.2 million at February 2014.

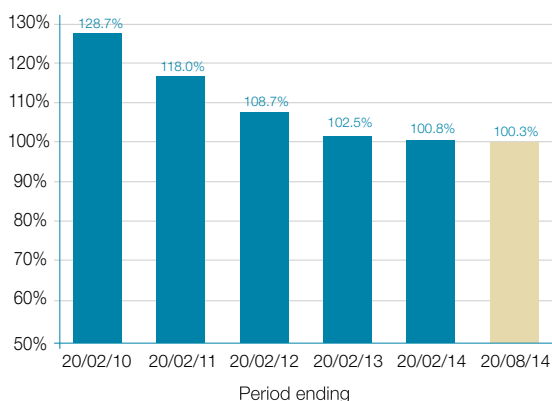
Owned and chartered tonnage has increased to 80 million GT as a result of entries from new and existing Members since February.

Claims Development

Members' incurred claims for all open and closed policy years have developed within expectations and for 2014, at August, are at a lower level than for any recent policy year.

The Club has a positive Pool loss ratio of 93.8% with a provisional contribution to the 2014 policy year of 5.88%. Although 2014 is at an early stage of development, Pool claims reported to date appear encouraging, particularly compared with the higher levels in 2011 and 2012.

Financial Performance – August 2014
Improved combined ratio



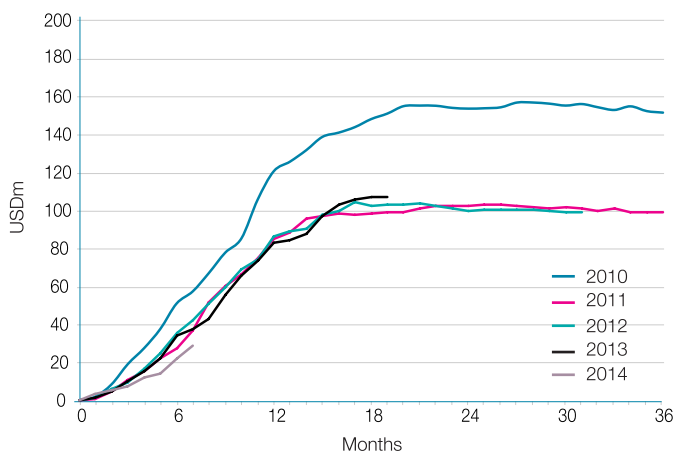
Financial Strength – August 2014
Increased free reserves





However, as happened during the second half of 2011, the Pool can be affected by a few large claims so caution is required in drawing conclusions at this early stage on the ultimate cost of the Pool for 2014.

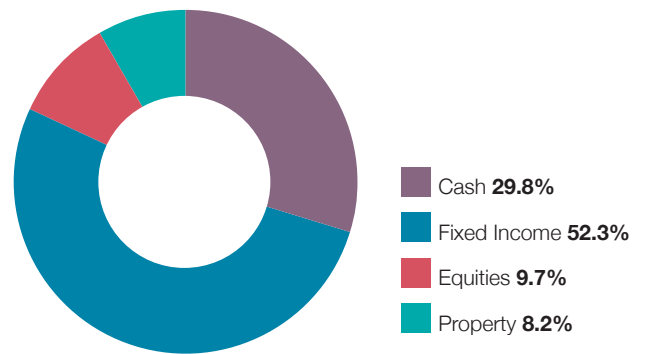
Financial performance – August 2014
Members' net claims incurred – PY development



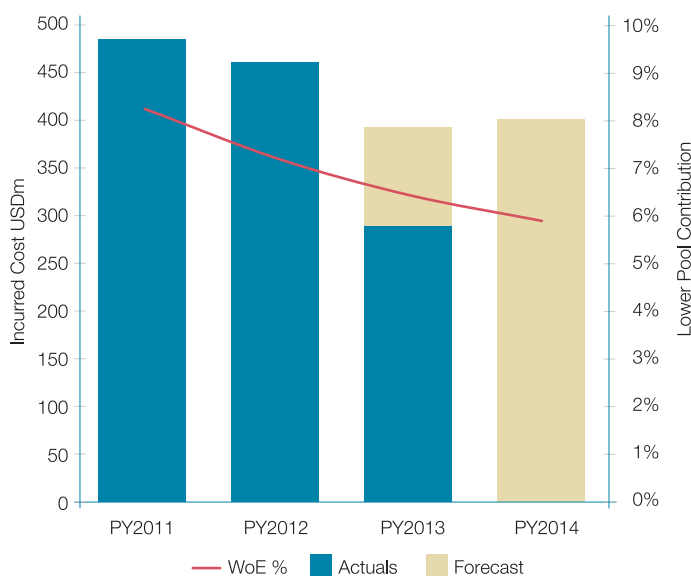
Investment Performance

A conservative investment asset allocation has been maintained since February with a reduction in equities and a withdrawal from absolute return funds altogether. Even so, the Club achieved an investment return at mid-year of 2.25% (\$12.2 million).

Asset Allocation August 2014



Reduced Pool Contribution



Renewal 2015

Notwithstanding such positive results to date, the effects of "churn" and the difficult trading environment continue to put pressure on underwriting ratios. The prospect of a continuing modest investment return reinforces the need for the Club to set rates that will achieve break-even results from year to year.

The Board as usual will decide what policy for renewal shall be applied for 2015 in November.