

ACROMAS

HOLDINGS LTD

31st October 2011

2011/12 mid-year update

Acromas continued to grow and make significant investments during the first half of the 2011/12 financial year (February to July 2011). Despite the general doom and gloom in the press about the state of the economy we have performed strongly across all markets. Our performance demonstrates that in difficult economic times customers look for value from businesses they trust to deliver.

Saga's home and motor insurance have performed very strongly – with new business for motor up by 13% on the same period last year. Plans and designs for the refit of the Saga Sapphire have been completed. She will start her transformation as part of a £60m investment in our fleet in November, she will emerge in Spring 2012 as our fleet's new flagship. Bookings across the fleet for next season are very strong – around 30% up on last year, with many cruises now fully booked.

The AA has again been ranked the best breakdown provider by Which? and secured Which? 'Recommended Provider' status. The number of AA Home Emergency customers has grown rapidly over the period. The AA has invested heavily in its dedicated team of plumbing and heating engineers and is now operating a national AA-liveried service. The satisfaction scores for customers who have used the service have been strong - underlining the importance of a well-trained dedicated workforce in this market.

With interest rates at historic lows people are looking to trusted brands to help make their savings go further. Acromas brands consistently feature in savings best buy tables and we are now one of the UK's top 10 savings providers. The AA was recognised as Best Internet Account Provider 2011 (Moneyfacts) and Best Online Savings Provider 2011 (Moneynet), whilst Saga was commended in the Moneyfacts awards for its annuity proposition. Other new developments include the launch of a new credit card which offers 3% cash back when buying fuel and 0.5% on other purchases.

The development of Saga's healthcare business has continued apace. Following a series of successful acquisitions, including Nestor Healthcare, we are now transitioning their care branches to the Saga Homecare brand. This will create the UK's first truly national and highly trusted brand delivering care in people's homes. In July we announced the intention to acquire Allied Healthcare. The deal, which was funded out of the Group's cash flow, completed in October. This doubles our branch network to more than 200 branches, whose staff make some 2 million visits a month. Seventy nine per cent of the UK population are now within a 20 minute drive of one of our homecare branches. In due course we aim to offer a range of innovative healthcare services to support and care for people in their own homes.

At the start of the financial year we rescued the British School of Motoring (BSM), one of the leading driving schools in the UK and an iconic brand. Through the AA Driving School and BSM, we are now the clear market leader providing lessons to over 300,000 pupils every year.

During the first six months of the financial year Acromas's workforce increased to over 28,000 – through a combination of organic growth and the acquisition of Nestor Healthcare. This figure has now grown further to around 38,000.