

ACROMAS

HOLDINGS LTD

Summary mid-year update – July 2009

Despite the challenging economic conditions, our two great British brands continue to go from strength to strength, remaining preeminent in their chosen markets. The AA as the nation's favourite motoring organisation, and Saga as the UK's leading provider of products and services for the over 50s.

We continue to make strong progress sharing expertise, systems and economies of scale and we remain ahead of schedule in terms of delivering the planned customer and financial benefits. Despite these difficult times we were able to perform in line with our financial targets for the half year.

Given our relentless focus on customer service, I was pleased to see that a recent survey showed that over 98% of those who made a claim with Saga Motor Insurance said that they were treated as a valued customer, whilst 95% of AA breakdown claims customers were so delighted with the service they received they would recommend the AA.

The AA

Which? magazine has, for the third year running, identified the AA as the top roadside assistance provider in the UK. The Which? survey gave our patrols 5 stars for courtesy and knowledge and their ability to fix cars at the roadside – 10% more than the second placed provider. Customers also rated our call centre staff as the most polite in the industry.

The first six months has seen further innovative trials for additional services to AA members: bespoke motorbike repair and recovery vans aimed at our biking members and AA Service & Repair providing repairs and servicing at a time and place convenient to members.

At the end of June the AA acquired the leading driver training company, DriveTech (UK) which is one of the largest fleet risk management and driver education companies in the UK. This underlines the AA's commitment to improve road safety and the standard of driver training, and further strengthens our leading position in this market.

Saga

During July we acquired the ship, Astoria. She will join the Saga fleet as Saga Pearl II after undergoing an extensive refit which is due to be completed by March 2010.

Direct Choice, one of our insurance broking businesses, was successfully moved from cramped and expensive buildings in East Anglia to modern offices in Kent. This has enabled the business to locate staff together in one building at a much lower cost. The business also now has access to a significantly better IT infrastructure and other Saga support functions such as marketing and product development and e-commerce.

The quality of Saga Magazine meant that the number of subscribers grew at a time when most other magazines saw their subscriber numbers fall considerably. In fact, by the middle of 2009 Saga Magazine was outselling Reader's Digest by 112,648 copies each month.

Putting Something Back

The Saga Respite for Carers Trust completed its first full year of operation and helped some 55 carers accompanied by a friend to have a well-deserved break away from their caring responsibilities. The programme is being expanded in the coming year.

The AA Charitable Trust for Road Safety and the Environment was launched to the public in January 2009. The Trust offers free "Drive Smart" lessons to new drivers most at risk from accidents. In the first six months of the year some 600 new drivers have taken the safe/eco driving course. Various police forces in England and Wales are now referring new drivers at risk to the course. New initiatives for the charity are currently being worked up.

The Saga Charitable Trust continues to support communities in developing countries where Saga operates holidays. The trust continues to expand, and has projects in 14 countries.

Looking ahead

Whilst the economic outlook remains challenging, I am confident that with our diverse range of businesses and single minded pursuit of excellence in customer service, we are well positioned for the future.

I continue to be impressed with the dedication of our staff and their commitment to serving the needs of our customers on a daily basis. Their efforts give me great encouragement and I look forward to the future with confidence.



Andrew Goodsell

Chief Executive, Acromas Holdings