



3 September 2009

Interim Results for the six months ended 30 June 2009

Abbey Protection plc (“Abbey Protection” or the “Group”), the specialist supplier of legal and professional fees insurance products and services to UK small-to-medium sized enterprises, today announces interim results for the six months ended 30th June 2009.

Highlights

- Revenue up 13% to £16.4m; pre-tax profit up 10% to £4.3m
- Underwriting results proving resilient, notwithstanding weak economic backdrop with claims ratio improving slightly to 67.7% (2008: 68.1%)
- Shareholders’ funds exceed £20.0m
- Earnings per share up 10% to 3.11p
- Interim dividend increased to 1.6p per share (2008: 1.5p)
- Outlook encouraging, as the Group trades in a non-cyclical sector of the insurance Market, with a robust demand for its services

Colin Davison, Chief Executive Officer of Abbey Protection, commented:

“I am delighted to report another strong set of results. Despite a challenging market, we have grown revenue and profits, emphasising the strength and non-cyclical nature of our business model and reinforcing our market leading position in the supply of legal and professional fees insurance to UK SMEs.”

Financial Highlights

	6 months ended 30 June 2009 unaudited	6 months ended 30 June 2008 unaudited	Year ended 31 December 2008 audited
Revenue	£16.4m	£14.5m	£30.3m
Profit before tax	£4.3m	£3.9m	£8.3m
EBITDA*	£4.6m	£4.1m	£8.7m
Profit after tax	£3.1m	£2.8m	£6.0m
Basic earnings per share	3.11p	2.84p	6.09p

*Earnings before interest payable, taxation, depreciation and amortisation charges

Chief Executive's Statement

This is the second interim report and covers the six months ending 30 June 2009 for Abbey Protection Plc.

In a challenging market, I am delighted to report a 10% growth in pre-tax profits to £4.3m (2008: £3.9m) and a 13% increase in revenue to £16.4m (2008: £14.5m). This is particularly pleasing, given the two thirds reduction in our investment income to £0.3m (2008: £0.9m) as a consequence of dramatically lower UK interest rates in the period.

Our view that we operate in a non-cyclical sector of the insurance market has been reflected not only in our revenue growth, where we have continued to see a robust demand for our services, but also by the consistent performance of our reinsurance subsidiary, Ibex Reinsurance Company Limited ("Ibex"), with an incurred claims ratio for the period of 67.7% (2008: 68.1%).

Current Trading – divisional performance

Abbey Tax Protection (ATP) has delivered an exceptional performance during the first half of the year, with net revenue, after deduction of insurance premiums and intermediary commissions, up 13% to £3.0m (2008: £2.7m). Expenses increased by only 4%, enabling the division to increase its pre-tax profit by 22% compared with the first half of 2008. ATP distributes Professional Expenses Insurance (PEI) and consultancy services through a network of 1,400 firms of accountants. In a highly competitive environment, ATP has confirmed its market leader status by exceeding its PEI new business targets and has achieved nearly 100% renewal (measured in financial terms) on its existing business. Encouragingly, once again, the consultancy arm of ATP has also shown very strong growth with revenues up 23%.

The legal protection divisions, Abbey Legal Protection/Services ("ALP"/"ALS"), delivered a strong performance during the first half of the year, with revenues up 9% to £4.3m (2008: £4.0m). Particularly pleasing was the level of new business in the affinity scheme markets, with over 30 new clients, producing projected annual revenues in excess of £0.5m. The recession has led to an upturn in legal advice call volumes with a 16% increase in employment related enquires – in support of which we have increased staffing levels, not only to maintain service levels but also to protect the underwriting account. Demand for our litigation and consulting services remains robust with a 30% increase to £0.9m (2008: £0.7m).

Our reinsurance subsidiary, Ibex, maintained a stable claims ratio (including provision for claims incurred but not reported 'IBNR') of 67.7% in the period (2008: 68.1%) emphasising how the Group's integrated approach to risk management and use of in-house lawyers and consultants has aided cost control. We operate in a non-cyclical sector of the insurance market and we anticipate that this stability will continue, even as the economic downturn unfolds.

The Group's first ever acquisition at the end of 2008, Accountax ("ACX") has delivered revenue of £1.1m and, before accounting charges for the amortisation of intangible assets, the division has made a pre-tax profit contribution to the Group of £0.3m. This was in line with expectations, but even more encouraging has been the level of cross selling opportunities that have been exploited with other divisions in the Group.

Revenue from the After the Event (“ATE”) division was maintained at £0.9m, with reduced revenue from our run-off contracts being replaced by increased revenue from our Law Society Scheme, Accident Line, and revenue from our newly introduced commercial ATE products.

The Group’s division supplying Human Resource consultancy services direct to businesses, Abbey HR (“AHR”), has had a good start to its third year and has performed in line with budget in a challenging and competitive market. Sales of the division’s products have increased by 34% compared with the first half of 2008 and over the next six months, we expect Abbey HR to continue to increase client numbers and achieve the critical mass required to produce meaningful profits in 2010.

Investment income was down two thirds to £0.3m (2008: £0.9m) as a result of significantly reduced yields from our highly conservative investment portfolio of certificates of deposit and bank deposits. This was as expected but has of course dampened the impressive growth in underlying operating performance. We intend however to maintain an investment philosophy based on limited counterparty exposure and an emphasis on quality institutions.

Adjusting for Accountax, like-for-like acquisition and operating expenses have increased by 3.2% to £6.8m. We continue to maintain the appropriate infrastructure levels as the business expands and develops. Staff costs, including associated expenses, represent 70.7% (2008: 71.1%) of acquisition and operating expenses.

Net cash flow generated by operating activities for the period was £3.3m (2008: £1.3m) against profit after tax of £3.1m (2008: £2.8m). Second half operational cash flow is expected to correlate closely with profit after tax.

The Board has approved an interim dividend of 1.6 pence per share, an increase of 0.1p over 2008, which will be payable on 7 October 2009 to all shareholders on the register at 11 September 2009.

Outlook

Despite the continued economic weakness in the real economy and no short term prospect of a change to the prevailing historically low interest rates, we remain confident about the Group’s prospects for the remainder of the year and beyond. The past 6-12 months have demonstrated our resilience and ability to grow in the face of tough economic conditions and in particular, the non-cyclical nature of our underwriting business.

Although not completely immune to the current recession, we believe that our emphasis on risk management controls and continued demand for our services will enable us to not only maintain, but strengthen our market leading position in the supply of legal and professional fees insurance to UK SMEs.

We will continue to pursue a strong organic growth strategy with continued investment in our legal and consultancy operations. We are also working in new areas such as the Commercial ATE and Tax Indemnities markets.

In addition, we continue to investigate suitable and complementary acquisition targets. In this respect, our healthy, debt free balance sheet provides us with considerable flexibility should an appropriate target become available.

Finally, the de-regulation of the Legal Services sector is on the horizon and the Group is actively looking at the opportunities this will provide.

Colin Davison
Chief Executive
September 2009

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About Abbey Protection PLC

Abbey Protection plc is an integrated specialist insurance and consultancy group, and the UK's leading supplier of legal and professional fees insurance products and services to small-to-medium sized enterprises. The Group's principal products provide protection against costs incurred as a result of legal actions and HM Revenue & Customs investigations.

Founded in 1992, the Group operates from offices in London, Rugby, Croydon and Milton Keynes and had 220 employees as at 31st December 2008. Abbey Protection distributes its products and services through the following divisions: Abbey Legal Protection, Abbey Legal Services, Abbey Tax Protection, Abbey HR, Accountax and After The Event Services.

Visit the Abbey Protection website at www.abbeyprotectionplc.com for more information.

Analyst Presentation

There will be an analyst presentation to discuss the results at 9.30am today at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB.

Those analysts wishing to attend are asked to contact Kat Bloom at Financial Dynamics on +44 20 7269 7223 or at kat.bloom@fd.com.

Consolidated income statement

Unaudited for the 6 months ended 30 June 2009

	Notes	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Revenue				
Intermediary, advisory and other income	3	9,615	7,739	16,294
Gross and net premiums written		6,655	6,008	12,365
Gross and net change in provision for unearned premiums		(180)	(153)	(326)
Gross and net premiums earned	4	6,475	5,855	12,039
Net investment return	5	301	912	1,918
Total revenue		16,391	14,506	30,251
Expenses				
Claims and change in insurance liabilities	6	(4,383)	(3,988)	(7,695)
Acquisition costs		(403)	(351)	(1,111)
Other operating and administrative expenses	7	(7,330)	(6,276)	(13,178)
Total operating expenses		(12,116)	(10,615)	(21,984)
Profit before tax		4,275	3,891	8,267
Tax expense	8	(1,189)	(1,076)	(2,227)
Profit attributable to equity shareholders of the parent		3,086	2,815	6,040
Earnings per share				
From continuing operations		Pence per share	Pence per share	Pence per share
Basic	10	3.11	2.84	6.09
Diluted	10	3.08	2.81	6.03

There were no discontinued operations.

Consolidated statement of changes in equity

Unaudited for the 6 months ended 30 June 2009

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Opening shareholders' equity	19,368	14,661	14,661
Equity settled share based payments	91	71	155
Ordinary dividend paid	(1,984)	-	(1,488)
Profit for the year	3,086	2,815	6,040
Closing shareholders' equity	20,561	17,547	19,368

Consolidated balance sheet

Unaudited as at 30 June 2009

	Notes	30 June 2009 Unaudited £000	30 June 2008 Unaudited £000	31 December 2008 Audited £000
Assets				
Goodwill		5,138	1,028	5,138
Other intangible assets		1,960	169	2,076
Property, plant and equipment		1,784	504	1,699
Financial investments	11	10,519	9,285	8,212
Trade and other receivables	12	18,223	16,068	18,676
Cash and cash equivalents	13	24,098	25,884	25,419
Total assets		61,722	52,938	61,220
Liabilities				
Insurance contract provisions	14	18,050	16,675	16,960
Financial liabilities		1,100	-	1,100
Finance lease obligations		265	194	193
Deferred tax liabilities		2,047	1,430	2,466
Current tax liabilities		1,637	1,340	1,108
Accruals and deferred income	15	6,039	5,438	8,109
Trade and other payables	16	12,023	10,314	11,916
Total liabilities		41,161	35,391	41,852
Equity				
Share capital		1,000	1,000	1,000
Share premium		3,539	3,539	3,539
Own shares		(298)	(298)	(298)
Retained earnings		15,039	12,200	13,937
Merger reserves		282	282	282
Reverse takeover reserve		188	188	188
Capital redemption reserve		557	557	557
Equity settled share incentive reserve		254	79	163
Total shareholders' equity		20,561	17,547	19,368

Consolidated cash flow statement

Unaudited for the 6 months ended 30 June 2009

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Profit before tax	4,275	3,891	8,267
Adjusted for:			
Interest receivable	(360)	(938)	(1,852)
Profit on sale of assets	(22)	-	(21)
Amortisation of intangible assets	197	43	137
Depreciation of property, plant and equipment	154	121	272
Equity settled share based payments	91	71	155
(Increase)/decrease in work in progress	(14)	(135)	(42)
Decrease/(increase) in receivables	347	2,032	(324)
(Decrease)/increase in payables	(763)	(3,782)	496
Cash generated by operations	3,905	1,303	7,088
Interest received	480	913	1,932
Tax paid	(1,079)	(875)	(1,890)
Net cash from operating activities	3,306	1,341	7,130
Investing activities			
(Purchase)/sale of financial investments	(2,307)	8,676	9,749
Purchases of intangible assets	(81)	(22)	(40)
Purchases of property, plant and equipment	(255)	(51)	(201)
Acquisition of subsidiary	-	-	(4,521)
Net cash (used in)/from investing activities	(2,643)	8,603	4,987
Financing activities			
Equity dividend paid	(1,984)	-	(1,488)
Bank loan repayment	-	-	(1,150)
Net cash used in financing activities	(1,984)	-	(2,638)
Net (decrease)/increase in cash and cash equivalents	(1,321)	9,944	9,479
Cash and cash equivalents at beginning of the period	25,419	15,940	15,940
Cash and cash equivalents at the end of the period	24,098	25,884	25,419

Notes to the financial statements

1 Basis of preparation

The consolidated financial information contained within these financial statements is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 December 2008, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ('IFRS'), and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified.

The preparation of the interim financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant judgements and estimates applied by the Group in these interim financial statements have been applied on a consistent basis with the statutory accounts for the year ended 31 December 2008. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those of estimates.

The accounting policies applied in these interim financial statements are the same as those published in the Group's statutory accounts for the year ended 31 December 2008.

During the period, the group has adopted IFRS 8, operating segments. Accordingly, disclosures relating to business segments have been amended and comparative information presented.

2 Segment information

(a) Primary reporting format - business segments

Abbey Protection plc's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different skill sets, technology and marketing strategies.

Abbey Protection plc has four reportable segments: insurance underwriting, abbey legal protection, abbey tax protection and accountax. Insurance underwriting comprises reinsuring a proportion of the business Abbey Protection plc introduces to underwriting partners. Abbey legal protection comprises the intermediation of legal expenses insurance together with the provision of related advice and consultancy. Abbey tax protection comprises the intermediation of professional fee protection insurance together with the provision of related advice and consultancy. Accountax comprises of the provision of tax consultancy and marketing services.

Other segments represent business units whose operations fall below the quantitative disclosure thresholds. These businesses offer HR consultancy, after the event insurance intermediation and insurance run-off services.

The accounting policies applied in preparing operating segment disclosures are the same as those described in the summary of significant accounting policies. Abbey Protection plc evaluates performance on the basis of profit from operations before tax expense.

6 months ended 30 June 2009 - Unaudited

	Insurance underwriting	Abbey legal protection	Abbey tax protection	Accountax*	Other segments	Total
	£000	£000	£000	£000	£000	£000
Revenue from external customers	6,475	4,326	3,022	1,090	1,177	16,090
Interest revenue	275	13	8	0	5	301
Depreciation and amortisation	-	92	26	183	57	358
Reportable segment profit	1,907	759	1,168	128	313	4,275
Reportable segment assets	29,958	6,575	4,150	7,611	5,254	53,548
Expenditures for reportable segment non-current assets	-	181	83	16	56	336

6 months ended 30 June 2008 - Unaudited

	Insurance underwriting	Abbey legal protection	Abbey tax protection	Accountax*	Other segments	Total
	£000	£000	£000	£000	£000	£000
Revenue from external customers	5,855	3,974	2,672	-	1,093	13,594
Interest revenue	672	130	78	-	32	912
Depreciation and amortisation	-	91	37	-	38	166
Reportable segment profit	2,129	670	953	-	139	3,891
Reportable segment assets	27,403	11,857	4,470	-	3,775	47,505
Expenditures for reportable segment non-current assets	-	40	18	-	16	74

*Accountax was acquired on 21 October 2008.

12 months ended 31 December 2008 - Unaudited

	Insurance underwriting	Abbey legal protection	Abbey tax protection	Accountax*	Other segments	Total
	£000	£000	£000	£000	£000	£000
Revenue from external customers	12,039	8,435	5,350	297	2,212	28,333
Interest revenue	1,434	222	158	1	103	1,918
Depreciation and amortisation	-	185	74	83	67	409
Reportable segment profit/(loss)	4,559	1,740	1,763	(48)	253	8,267
Reportable segment assets	30,200	9,004	3,341	7,887	4,718	55,150
Expenditures for reportable segment non-current assets	-	163	19	6094	58	6,334

* Accountax was acquired on 21 October 2008.

Reconciliation of reportable segment assets – Unaudited

	6 months ended 30 June 2009 £000	6 months ended 30 June 2008 £000	Year ended 31 December 2008 £000
Total assets for reportable segments	53,548	47,505	55,150
Unallocated assets	8,174	5,433	6,070
Total assets	61,722	52,938	61,220

Information about major customers - Unaudited

Revenues from one customer represent approximately £2,568,000 of the Group's total revenue (6 months ended 30 June 2008 £2,382,000 and 12 months ended 31 December 2008 £4,856,000). Revenue from this customer is recorded in segmental revenue for insurance underwriting, abbey legal protection and abbey tax protection.

(b) Secondary segment information - geographical analysis

All of the Group's revenues, costs, assets and liabilities are derived from providing its services in the United Kingdom.

3 Intermediary, advisory and other income

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Income from intermediation	4,010	3,548	7,706
Advisory fees	2,082	1,992	3,968
Other income	3,523	2,199	4,620
Total intermediary, advisory and other income	9,615	7,739	16,294

Other income comprises consultancy, claims handling and management services.

4 Net insurance premium

There were no reinsurance policies in effect throughout the periods reported.

5 Net investment return

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Investments at fair value through Income statement:			
- certificates of deposit	177	668	1,310
Other investments:			
-cash and cash equivalents income	183	270	542
Investment income	360	938	1,852
Gains/(losses) on investments at fair value through the income statement	(59)	(26)	66
Net investment return	301	912	1,918

6 Claims and change in insurance liabilities

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Gross claims paid	(3,473)	(3,800)	(7,395)
Gross change in the provision for claims	(910)	(188)	(300)
Claims and change in insurance liabilities	(4,383)	(3,988)	(7,695)

7 Operating and administration expenses

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Staff costs	4,964	4,247	8,714
Other operating expenses	2,366	2,029	4,464
Total operating and administration expenses	7,330	6,276	13,178

8 Tax expense

Income tax for the six months period is charged at 27.8% (six months ended 30 June 2008: 27.7%; year ended 31 December 2008: 26.9%), representing the best estimate of the average annual effective income tax rate expected for the full year, applied to the pre-tax income of the six month period.

9 Dividends

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Amounts recognised as distributions to equity holders in the period:			
Dividends on ordinary shares	1,984	-	1,488
Net appropriation for the year	1,984	-	1,488

On 29 October 2008 a dividend of £1,488,000 (net of £12,000 receivable by a group ESOP trust) was paid representing 1.5 pence per Abbey Protection plc share.

On 30 April 2009 a dividend of £1,984,000 (net of £16,000 receivable by a group ESOP trust) was paid representing 2.0 pence per Abbey Protection plc share.

The board declares the payment of an interim dividend of 1.6p per Abbey Protection plc ordinary share amounting to £1,600,000. The dividend will be payable on 7 October 2009 to all shareholders on the register on 11 September 2009. These financial statements do not reflect this dividend payable.

10 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Profit attributable to equity holders of the parent	3,086	2,815	6,040
Effect of dilutive potential ordinary shares	-	-	-
Earnings for the purposes of diluted earnings per share	<u>3,086</u>	<u>2,815</u>	<u>6,040</u>
	6 months ended 30 June 2009 Unaudited No. of shares	6 months ended 30 June 2008 Unaudited No. of shares	Year ended 31 December 2008 Audited No. of shares
Weighted average number of ordinary shares in issue	99,231,375	99,231,375	99,231,375
Effect of dilutive potential ordinary shares (share options)	1,089,107	880,195	894,278
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>100,320,482</u>	<u>100,111,570</u>	<u>100,125,653</u>

11 Financial investments

Financial investments at fair value through profit and loss

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Certificates of deposit	<u>10,519</u>	<u>9,285</u>	<u>8,212</u>

The fair values of the Group's financial investments have been arrived at by reference to readily available market prices.

12 Trade and other receivables

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Receivables arising from insurance and reinsurance contracts:			
- premiums due from insurers	5,844	4,479	4,226
- trade debtors	9,724	8,682	11,731
Other receivables:			
- other prepayments and accrued income	1,324	1,256	997
- amounts due from related parties	867	985	924
- other debtors	464	666	798
Total insurance and other receivables	18,223	16,068	18,676
Due within one year	18,223	16,068	18,676

13 Cash and cash equivalents

Included in cash and cash equivalents held by the Group as at each period end are balances totalling £2.1m not available for use by the Group. Of this amount, £1m is held in trust to guarantee claims liabilities (see note 18). The balance of £1.1m is held in escrow to guarantee deferred acquisition consideration.

14 Insurance contract provisions (gross and net)

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Unearned premiums	7,037	6,684	6,857
Claims reported by policyholders	6,097	6,365	5,776
Claims incurred but not reported	4,916	3,626	4,327
Total insurance contract provisions	18,050	16,675	16,960

15 Accruals and deferred income

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Accruals	1,345	1,223	1,507
Deferred income	4,694	4,215	6,602
Total accruals and deferred income	6,039	5,438	8,109

16 Trade and other payables

	6 months ended 30 June 2009 Unaudited £000	6 months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Other trade payables	10,922	9,772	11,123
Other taxes and social security	579	383	564
Other payables	522	159	229
Total trade and other payables	12,023	10,314	11,916

Trade and other payables are all expected to be settled within twelve months of the balance sheet date.

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Share option schemes

As at 30 June 2009, share options were outstanding as set out below:

Options granted

	SAYE	SAYE	CSOP	CSOP	CSOP
Date of grant	20/12/2007	24/07/2008	29/11/2007	27/06/2008	29/04/2009
Number of options granted	980,039	76,454	381,815	30,000	51,824
Exercise price	£0.44	£0.536	£0.55	£0.67	£0.58
Share price at date of grant	£0.61	£0.67	£0.55	£0.67	£0.58
Contractual life (years)	3.5	3.5	10	10	10
Vesting Date	01/01/2011	01/09/2011	30/11/2010	30/06/2011	30/04/2012
Settlement	Shares	Shares	Shares	Shares	Shares
Expected volatility	35%	35%	35%	35%	35%
Expected option life at date of grant	Three Years	Three Years	Three Years	Three Years	Three Years
Risk free interest rate	5.00%	5.00%	5.00%	5.00%	2.00%
Expected dividend yield	5.00%	5.00%	5.00%	5.00%	6.20%
Expected annual departures	5.00%	5.00%	5.00%	0.00%	0.00%
Probability of meeting performance criteria at date of grant	100%	100%	100%	100%	100%
Fair value per option at date of grant	£0.20	£0.197	£0.20	£0.20	£0.13
Valuation model	Binomial	Binomial	Binomial	Binomial	Binomial
Total fair value	£168,052	£12,887	£65,799	£6,120	£6,737
	LTIP	LTIP	LTIP		
Date of grant	29/11/2007	27/06/2008	29/04/2009		
Number of options granted	363,636	150,000	330,437		
Exercise price	£0.00	£0.00	£0.00		
Share price at date of grant	£0.55	£0.67	£0.58		
Contractual life (years)	10	10	10		
Vesting Date	01/01/2011	30/06/2011	30/04/2012		
Settlement	Shares	Shares	Shares		
Expected volatility	35%	35%	35%		
Expected option life at date of grant	Three Years	Three Years	Three Years		
Risk free interest rate	5.00%	5.00%	2.00%		
Expected dividend yield	5.00%	5.00%	6.20%		
Expected annual departures	0.00%	0.00%	0.00%		
Probability of meeting performance criteria at date of grant	100%	75%	89.5%		
Fair value per option at date of grant	£0.52	£0.58	£0.58		
Valuation model	Binomial	Binomial	Binomial		
Total fair value	£190,182	£64,913	£142,508		

All share options require a minimum of 3 years service for the share options to vest. The Save as You Earn scheme requires beneficiaries to make regular savings which are deposited in a designated account. The grants made under the Long Term Incentive Plan contain performance conditions linked to the growth in earnings per share and individual performance.

Contingent liabilities

Barclays Bank Plc has issued an irrevocable standby letter of credit in respect of Brit Insurance Limited for £1,000,000 in connection with the insurance activities of Ibex Reinsurance Company Limited. This is secured on its bank balances and has been in force throughout all reporting periods.