



1 September 2011

Interim Results for the six months ended 30 June 2011

Abbey Protection plc ("Abbey Protection" or the "Group"), the specialist supplier of legal and professional fees insurance products and services to UK small-and-medium sized enterprises, today announces interim results for the six months ended 30 June 2011.

Highlights

- 6% increase in pre-tax profits to £5.0m
- Revenue in principal trading divisions up 9% to £16.5m
- Earnings per share up 10% to 3.79p
- Steady and profitable underwriting results with a claims ratio of 65.2%
- Shareholders' funds up to £26.9m
- 12% increase in half year dividend to 1.9p (H1 2010: 1.7p)
- Outlook encouraging, with ongoing demand for services and continued opportunities for both legal and specialist tax services

Colin Davison, Chief Executive Officer, commented:

"The results reflect the progress the Group has made during the first six months of the year, against an increasingly volatile economic backdrop. The Group has produced another period of sustained growth in revenues and profits, driven by a continued demand for our core services and products, together with an increasing appetite for our specialist consultancy services.

The Group and its resilient business models are well positioned to overcome the challenges ahead and we're confident that we can take advantage of the many opportunities arising from the rapidly evolving legal and specialist tax services market."

Financial Highlights

	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 December 2010
Revenue	£18.3m	£17.3m	£34.9m
EBITDA	£5.4m	£5.1m	£10.2m
Profit before tax	£5.0m	£4.7m	£9.6m
Profit after tax	£3.8m	£3.4m	£6.9m
Basic earnings per share	3.79p	3.44p	6.97p
Dividend Per Share	1.9p	1.7p	4.0p

Analyst Presentation

There will be an analyst presentation to discuss the results at 09.30am today at Financial Dynamics, 26 Southampton Buildings, London WC2A 1PB.

Those analysts wishing to attend are asked to contact Ed Berry at Financial Dynamics on +44 020 7269 7297 or at edward.berry@fd.com

Abbey Protection's interim report for the six months ended 30 June 2011 will be available on Abbey Protection's website <http://www.abbeyprotectionplc.com>

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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 242 employees as at 30th June 2011. 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.

Chief Executive's Statement

Summary

This is the fourth interim report, covering the six months ending 30 June 2011 for Abbey Protection plc ("the Group").

A 6% increase in pre tax profits to £5.0m (2010: £4.7m) in challenging trading conditions is a very pleasing result and with revenues up 6% too at £18.3m (2010: £17.3m), we are delighted that there remains strong demand for our services.

After tax, profits grew by 10% to £3.8m (2010: £3.4m) and earnings per share also grew 10% to 3.8 pence per ordinary share (2010: 3.4 pence per ordinary share) reflecting the lower tax rate regime that the UK government has begun to implement.

The principal trading divisions (Abbey Legal, Abbey Tax and Ibex) demonstrated again the resilience of our core business models, with revenues increasing by 9% to £16.5m (2010: £15.1m) and profits up 12% to £4.9m (2010: £4.4m).

Current trading – principal trading divisions

Abbey Legal, comprising Abbey Legal Protection ("ALP") and Abbey Legal Services ("ALS"), produced a strong performance in the period with profit before tax up over a quarter at £1.2m, in part buoyed by revenues emanating from affinity schemes business incepting in the latter half of 2010. Call volumes in our Legal Services Centre have stabilised and fee income from employment related services increased by 12% in the first half of the year to £1.2m.

Abbey Tax Protection ("ATP") delivered excellent results with profit before tax for the period increasing by 19% to £1.6m. Sales in our core fee protection product remained strong, notwithstanding continuing price competition. Sales from our various consultancy products including tax planning insurance, capital allowances and tax advisory increased by 27.5% to £1.7m.

Gross premiums at Ibex, our reinsurance subsidiary for ALP and ATP were higher in 2010 due to a change in the way that premiums were ceded to the Company. Net earned premiums increased by 9% to £7.4m in the period. A slight increase in the claims ratio to 65.2% (2010: 63.3%), coupled with continued low investment yields, meant that the overall profit contribution from Ibex for the first six months of 2011 was static at £2.1m.

Current trading – other trading divisions

Although revenue at Accountax was down by £0.2m to £0.9m for the period, this was largely a factor of a reduced number of successful no win/no fee cases in the consultancy division which boosted income in 2010. However, the underlying consultancy business is much stronger with an increased number of retainer customers which has reduced the reliance on one off assignments. The marketing side of Accountax suffered in the first part of the year due to pressures in the accountancy market, but pleasingly, sales are beginning to revive and we expect a better second half of the year.

Revenue within the After the Event ("ATE") division fell marginally to £0.6m and profit before tax was also slightly down at £0.1m. The division faces its own challenges, particularly with the Law Society's Accident Line insurance product suffering wholesale reductions in road traffic accident premiums and the forthcoming implementation of the Jackson reforms. However, on the positive side, Commercial After the Event insurance sales continued to progress well, with gross premiums written for insurers reaching £0.8m for the period.

A good performance from Abbey HR ("AHR") increased divisional revenue by 22% in the period to £0.3m, with a break even profit contribution.

Cash flow and investment income

Whilst cash flow remained strong for the first half of the year, operational cash flow was some £1.1m lower than the comparative period. The principal cause was an increase in paid claims of some £0.8m at the insurance subsidiary, Ibex, reflecting the settlement of a large claim in the period, account growth and the slight worsening of the claims ratio reported above.

We remain committed to paying trade suppliers within contractual terms whilst providing flexible terms for our customers where possible and appropriate.

Although investment returns remain stubbornly low, we continue to follow our low risk investment strategy of investing in cash, short term deposits and certificates of deposit.

Dividend

The board is delighted to approve an increase of 12% in the interim dividend to 1.9 pence per share (2010: 1.7 pence per share), which will be payable on 7 October 2011 to all shareholders on the register at 9 September 2011.

Outlook

Although there remain challenges ahead, we are confident of the resilience of our business models – and with our ongoing commitment to the highest of service standards, we believe we are well placed to maintain our pre-eminent position as the market leader in the supply of legal expenses and professional fees insurance to UK SMEs.

The Jackson reforms will undoubtedly impact the ATE market, but our exposure (through the Law Society's Accident Line scheme) is significantly less than a number of our competitors – and we are already well advanced in our plans to replace this income through commercial after the event sales and other ancillary income streams.

Whilst the organic growth potential remains in our core legal and professional fees insurance markets, we are well positioned to take advantage of the opportunities afforded in specialist consultancy services in the tax market and the deregulation of legal services (now delayed until the end of 2011).

Colin Davison
Chief Executive
September 2011

Consolidated income statement

Unaudited for the 6 months ended 30 June 2011

	Note	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
		Unaudited	Unaudited	Audited
		£000	£000	£000
Revenue				
Intermediation, advisory and other income	3	10,709	10,238	20,352
Gross and net premiums written		6,222	7,227	15,150
Gross and net change in provision for unearned premiums		1,179	(447)	(1,101)
Gross and net premiums earned	4	7,401	6,780	14,049
Net investment return	5	231	264	513
Total revenue		18,341	17,282	34,914
Expenses				
Claims and change in insurance liabilities	6	(4,827)	(4,290)	(8,789)
Acquisition costs		(505)	(481)	(918)
Other operating and administrative expenses	7	(7,977)	(7,766)	(15,654)
Total operating expenses		(13,309)	(12,537)	(25,361)
Profit before tax		5,032	4,745	9,553
Tax expense	8	(1,259)	(1,329)	(2,645)
Profit attributable to equity shareholders of the parent		3,773	3,416	6,908
Earnings per share				
From continuing operations		Pence per share	Pence per share	Pence per share
Basic	10	3.79	3.44	6.97
Diluted	10	3.76	3.40	6.87

There were no discontinued operations.

There was no other comprehensive income.

Consolidated statement of changes in equity

Unaudited for the 6 months ended 30 June 2011

	Share capital	Share premium	Merger reserve	Equity settled share incentive reserve	Capital redemption reserve	Reverse takeover reserve	Own shares	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Shareholders' equity at 1 January 2010	1,000	3,539	282	384	557	188	(298)	16,748	22,400
Equity settled share-based payments	-	-	-	106	-	-	-	10	116
Ordinary dividend paid	-	-	-	-	-	-	-	(2,084)	(2,084)
Profit for the year	-	-	-	-	-	-	-	3,416	3,416
Shareholders' equity at 30 June 2010	1,000	3,539	282	490	557	188	(298)	18,090	23,848
Equity settled share-based payments	-	-	-	63	-	-	-	84	147
Ordinary dividend paid	-	-	-	-	-	-	-	(1,688)	(1,688)
Acquisition of treasury shares	-	-	-	-	-	-	(287)	-	(287)
Own shares released on vesting of share options	-	19	-	-	-	-	191	-	210
Profit for the year	-	-	-	-	-	-	-	3,492	3,492
Shareholders' equity at 31 December 2010	1,000	3,558	282	553	557	188	(394)	19,978	25,722
Equity settled share-based payments	-	-	-	(285)	-	-	-	(104)	(389)
Ordinary dividend paid	-	-	-	-	-	-	-	(2,290)	(2,290)
Acquisition of treasury shares	-	-	-	-	-	-	(694)	-	(694)
Own shares released on vesting of share options	-	-	-	-	-	-	812	-	812
Profit for the year	-	-	-	-	-	-	-	3,773	3,773
Shareholders' equity at 30 June 2011	1,000	3,558	282	268	557	188	(276)	21,357	26,934

Consolidated balance sheet

Unaudited as at 30 June 2011

	Note	30 June 2011	30 June 2010	31 Dec 2010
		Unaudited	Unaudited	Audited
		£000	£000	£000
Assets				
Goodwill		4,618	4,618	4,618
Other intangible assets		1,351	1,697	1,545
Property, plant and equipment		1,555	1,729	1,642
Financial investments	11	19,402	14,290	19,454
Trade and other receivables	12	23,421	20,385	23,614
Cash and cash equivalents	13	17,148	22,745	18,879
		<hr/>	<hr/>	<hr/>
Total assets		67,495	65,464	69,752
Liabilities				
Insurance contract provisions	14	17,754	18,734	19,214
Finance lease obligations		146	269	168
Deferred tax liabilities		99	705	60
Current tax liabilities		1,306	2,503	2,352
Accruals and deferred income	15	6,879	6,742	9,012
Trade and other payables	16	14,377	12,663	13,224
		<hr/>	<hr/>	<hr/>
Total liabilities		40,561	41,616	44,030
Equity				
Share capital		1,000	1,000	1,000
Share premium		3,558	3,539	3,558
Own shares		(276)	(298)	(394)
Retained earnings		21,357	18,090	19,978
Merger reserves		282	282	282
Reverse takeover reserve		188	188	188
Capital redemption reserve		557	557	557
Equity settled share incentive reserve		268	490	553
		<hr/>	<hr/>	<hr/>
Total shareholders' equity		26,934	23,848	25,722

Consolidated cash flow statement

Unaudited for the 6 months ended 30 June 2011

	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Profit before tax	5,032	4,745	9,553
Adjusted for:			
Interest receivable	(243)	(215)	(450)
Profit on disposal of assets	-	-	(17)
Amortisation of intangible assets	201	207	411
Depreciation of property, plant and equipment	119	147	276
Equity settled share-based payments	68	116	263
Decrease/(increase) in receivables	270	(25)	(3,296)
(Decrease)/increase in payables	(2,462)	(877)	2,406
Cash generated by operations	2,985	4,098	9,146
Interest received	166	106	384
Tax paid	(2,266)	(1,471)	(3,583)
Net cash from operating activities	885	2,733	5,947
Investing activities			
Sales/(purchases) of financial investments	52	(6,801)	(11,965)
Purchases of intangible assets	(7)	(23)	(75)
Purchases of property, plant and equipment	(32)	(145)	(243)
Acquisition of subsidiary	-	(580)	(580)
Net cash from/(used in) investing activities	13	(7,549)	(12,863)
Financing activities			
Equity dividend paid	(2,290)	(2,084)	(3,772)
Purchase of own shares	(694)	-	(291)
Receipts on exercise of share options	355	-	213
Net cash used in financing activities	(2,629)	(2,084)	(3,850)
Net decrease in cash and cash equivalents	(1,731)	(6,900)	(10,766)
Cash and cash equivalents at beginning of the period	18,879	29,645	29,645
Cash and cash equivalents at the end of the period	17,148	22,745	18,879

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 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2010, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The report of the independent auditor on those statutory accounts contained no qualification or statement under Section 498(2) or (3) of the Companies Act 2006.

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 2010. 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 2010.

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: Abbey Legal Protection, Abbey Tax Protection, Accountax and Insurance Underwriting. 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 the provision of tax consultancy and marketing services. Insurance Underwriting comprises reinsuring a proportion of the business the Group introduces to underwriting partners.

Other segments represent business units whose operations fall below the quantitative disclosure thresholds. These businesses offer human resources 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 applied throughout these financial statements. Abbey Protection plc evaluates performance on the basis of profit from operations before tax expense.

6 months ended 30 June 2011 - Unaudited

	Abbey Legal Protection	Abbey Tax Protection	Accountax	Insurance Underwriting	Other segments	Total
	£000	£000	£000	£000	£000	£000
Revenue from external customers	5,022	3,831	871	7,401	985	18,110
Interest revenue	41	28	6	147	9	231
Depreciation and amortisation	79	32	175	-	34	320
Reportable segment profit	1,241	1,551	38	2,149	53	5,032
Expenditures for reportable segment non-current assets	14	17	2	-	6	39

6 months ended 30 June 2010 - Unaudited

	Abbey Legal Protection	Abbey Tax Protection	Accountax	Insurance Underwriting	Other segments	Total
	£000	£000	£000	£000	£000	£000
Revenue from external customers	4,657	3,428	1,084	6,780	1,069	17,018
Interest revenue	39	28	7	182	8	264
Depreciation and amortisation	98	40	177	-	39	354
Reportable segment profit	975	1,302	156	2,125	187	4,745
Expenditures for reportable segment non-current assets	34	58	2	-	74	168

Year ended 31 December 2010 - Audited

	Abbey Legal Protection	Abbey Tax Protection	Accountax	Insurance Underwriting	Other segments	Total
	£000	£000	£000	£000	£000	£000
Revenue from external customers	9,621	6,755	1,877	14,049	2,099	34,401
Interest revenue	78	56	14	348	17	513
Depreciation and amortisation	183	79	352	-	73	687
Reportable segment profit	2,153	2,459	77	4,567	297	9,553
Expenditures for reportable segment non-current assets	80	99	20	-	119	318

Information about major customers - Unaudited

Revenues from one customer represent approximately £2,675,000 of the Group's total revenue (6 months ended 30 June 2010 £2,659,000 and 12 months ended 31 December 2010 £5,326,000). Revenue from this customer is recorded in segmental revenue for Abbey Legal Protection, Abbey Tax Protection and Insurance Underwriting.

(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 Intermediation, advisory and other income

	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Income from intermediation	4,901	4,259	9,260
Advisory fees	2,233	2,210	4,362
Other income	3,575	3,769	6,730
Total intermediation, advisory and other income	10,709	10,238	20,352

Other income comprises consultancy, claims handling, marketing services 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 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Investments at fair value through Income Statement:			
- certificates of deposit income	155	99	278
Other investments:			
- cash and cash equivalents income	88	116	172
Interest investment income	243	215	450
Net (loss)/gain on investments at fair value through the Income Statement	(12)	49	63
Net investment return	231	264	513

6 Claims and change in insurance liabilities (gross and net)

	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Claims paid	(5,108)	(4,299)	(8,972)
Change in the provision for claims	281	9	183
Claims and change in insurance liabilities	(4,827)	(4,290)	(8,789)

7 Operating and administration expenses

	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Staff costs	5,543	5,283	10,720
Other operating expenses	2,434	2,483	4,934
Total operating and administration expenses	7,977	7,766	15,654

8 Tax expense

Income tax for the six months period is charged at 25.0% (six months ended 30 June 2010: 28.0%; year ended 31 December 2010: 27.7%), 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 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Amounts recognised as distributions to equity holders in the period:			
Dividends on ordinary shares	2,290	2,084	3,772
Net appropriation for the year	2,290	2,084	3,772

On 26 March 2010 a dividend of £2,084,000 (net of £16,000 receivable by a group ESOP trust) was paid representing 2.1 pence per Abbey Protection plc share.

On 7 October 2010 a dividend of £1,688,000 (net of £12,000 receivable by a group ESOP trust) was paid representing 1.7 pence per Abbey Protection plc share.

On 25 March 2011 a dividend of £2,290,000 (net of £10,000 receivable by a group ESOP trust) was paid representing 2.3 pence per Abbey Protection plc share.

The Board declares the payment of an interim dividend of 1.9 pence per Abbey Protection plc ordinary share amounting to £1,900,000. The dividend will be payable on 7 October 2011 to all shareholders on the register on 9 September 2011. These interim 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 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Profit attributable to equity holders of the parent	3,773	3,416	6,908
Effect of dilutive potential ordinary shares	-	-	-
Earnings for the purposes of diluted earnings per share	3,773	3,416	6,908

	6 months ended 30 June 2011	6 months ended 30 June 2010	Year ended 31 Dec 2010
	Unaudited	Unaudited	Audited
	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares in issue	99,435,245	99,231,375	99,129,980
Effect of dilutive potential ordinary shares (share options)	900,106	1,373,738	1,381,291
Weighted average number of ordinary shares for the purposes of diluted earnings per share	100,335,351	100,605,113	100,511,271

11 Financial investments

	30 June 2011 Unaudited	30 June 2010 Unaudited	31 Dec 2010 Audited
	£000	£000	£000
Financial investments at fair value through profit and loss - certificates of deposit	18,902	14,290	18,954
Loan receivable	500	-	500
Total financial investments	19,402	14,290	19,454

The fair values of the Group's financial investments at fair value through profit and loss have been arrived at by reference to readily available market prices and are considered level one financial investments as defined in the fair value hierarchy within IFRS 7 Financial Investment Disclosures paragraph 27B. There have been no transfers between level 1 and level 2 financial investments.

12 Trade and other receivables

	30 June 2011	30 June 2010	31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Receivables arising from insurance and reinsurance contracts:			
- premiums due from insurers	6,298	5,991	6,606
Trade debtors	15,149	12,235	14,850
Other receivables:			
- other prepayments and accrued income	1,158	1,045	985
- amounts due from related parties	431	709	638
- other debtors	385	405	535
Total insurance and other receivables	23,421	20,385	23,614
Due within one year	23,421	20,385	23,614

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

13 Cash and cash equivalents

Included in cash and cash equivalents held by the Group as at each period end are balances totalling £1.0 million not available for use by the Group. This amount is held in trust to guarantee claims liabilities.

14 Insurance contract provisions (gross and net)

	30 June 2011	30 June 2010	31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Unearned premiums	7,230	7,755	8,409
Claims reported by policyholders	7,081	6,403	7,268
Claims incurred but not reported	3,443	4,576	3,537
Total insurance contract provisions	17,754	18,734	19,214

15 Accruals and deferred income

	30 June 2011	30 June 2010	31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Accruals	1,583	1,434	1,849
Deferred income	5,296	5,308	7,163
Total accruals and deferred income	6,879	6,742	9,012

16 Trade and other payables

	30 June 2011	30 June 2010	31 Dec 2010
	Unaudited	Unaudited	Audited
	£000	£000	£000
Other trade payables	13,273	11,610	12,264
Other taxes and social security	694	619	581
Other payables	410	434	379
Total trade and other payables	14,377	12,663	13,224

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

17 Share option schemes

Options granted

During the period to 30 June 2011, the following options were granted or were outstanding at the balance sheet date:

Save As You Earn (SAYE)

Date of grant	20/12/2007	24/07/2008	27/05/2010	26/05/2011
Options outstanding at 1 January 2011	812,481	74,350	232,273	-
Options granted during the period	-	-	-	606,747
Options forfeited during the period	(872)	-	(5,706)	(5,605)
Options exercised during the period	(807,246)	-	-	-
Options outstanding at 30 June 2011	4,363	74,350	226,567	601,142
Exercise price	£0.44	£0.536	£0.636	£0.644
Share price at date of grant	£0.61	£0.67	£0.785	£0.805
Contractual life (years)	3.5	3.5	3.5	3.5

Vesting Date	01/02/2011	01/09/2011	01/07/2013	01/07/2014
Settlement	Shares	Shares	Shares	Shares
Expected volatility	35%	35%	20%	11%
Expected option life at date of grant	Three Years	Three Years	Three Years	Three Years
Risk free interest rate	5.00%	5.00%	1.30%	3.48%
Expected dividend yield	5.00%	5.00%	5.00%	5.36%
Expected annual departures	2.38%	2.75%	3.00%	3.00%
Probability of meeting performance criteria at date of grant	100%	100%	100%	100%
Fair value per option at date of grant	£0.20	£0.197	£0.125	£0.111

Company Share Ownership Plan (CSOP)

Date of grant	27/06/2008	29/04/2009	30/04/2010	27/04/2011
Options outstanding at 1 January 2011	30,000	51,724	37,735	-
Options granted during the period	-	-	-	317,755
Options forfeited during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options outstanding at 30 June 2011	30,000	51,724	37,735	317,755
Exercise price	£0.67	£0.58	£0.80	£0.80
Share price at date of grant	£0.67	£0.58	£0.80	£0.80
Contractual life (years)	10	10	10	10
Vesting Date	30/06/2011	30/04/2012	01/05/2013	30/04/2014
Settlement	Shares	Shares	Shares	Shares
Expected volatility	35%	35%	20%	11%
Expected option life at date of grant	Three Years	Three Years	Three Years	Three Years
Risk free interest rate	5.00%	2.00%	3.50%	3.48%
Expected dividend yield	5.00%	6.20%	5.00%	5.36%
Expected annual departures	0.00%	0.00%	0.00%	0.00%
Probability of meeting performance criteria at date of grant	100%	100%	100%	100%
Fair value per option at date of grant	£0.20	£0.13	£0.12	£0.05

Long Term Incentive Plan (LTIP)

Date of grant	29/11/2007	27/06/2008	29/04/2009	30/04/2010	27/04/2011
Options outstanding at 1 January 2011	363,636	150,000	330,437	146,666	-
Options granted during the period	-	-	-	-	49,844
Options forfeited during the period	-	(15,000)	-	-	-
Options exercised during the period	(363,636)	-	-	-	-
Options outstanding at 30 June 2011	-	135,000	330,437	146,666	49,844
Exercise price	£0.00	£0.00	£0.00	£0.00	£0.00
Share price at date of grant	£0.55	£0.67	£0.58	£0.795	£0.803
Contractual life (years)	10	10	10	10	10
Vesting Date	1/1/2011	30/06/2011	30/04/2012	01/05/2013	01/05/2014
Settlement	Shares	Shares	Shares	Shares	Shares
Expected volatility	35%	35%	35%	20%	11%
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%	2.00%	3.50%	3.48%
Expected dividend yield	5.00%	5.00%	6.20%	5.00%	5.36%
Expected annual departures	0.00%	0.00%	0.00%	0.00%	0.00%
Probability of meeting performance criteria at date of grant	100%	90%	96.1%	96.8%	100%
Fair value per option at date of grant	£0.52	£0.58	£0.48	£0.68	£0.68

All share options are fair valued at the date of grant using a binomial valuation model.

All share options require a minimum of three 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 growth in earnings per share and/or individual performance.

The weighted average share price at the date of exercise for SAYE share options exercised during the period was £0.81. The weighted average share price at the date of exercise for LTIP share options exercised during the period was £0.81.

The aggregate fair value of SAYE share options granted during the period was £61,412. The aggregate fair value of CSOP share options granted during the period was £15,125. The aggregate fair value of LTIP share options granted during the period was £34,083.

The Company has calculated expected volatility with reference to the share price of the Group and comparable companies.

At the balance sheet date 4,363 SAYE share options were exercisable at £0.44 per share, 30,000 CSOP share options were exercisable at £0.67 per share and 135,000 LTIP share options were exercisable at nil consideration.

18 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.