



ABBNEY PROTECTION PLC

22 October 2008

Acquisition of Accountax

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 that it has agreed to acquire all of the issued shares in Accountax Consulting Limited (“ACL”), Accountax UK Limited (“AUKL”) and Accountax Law Limited (“ALL”) (collectively “Accountax”) for an initial consideration of £4,400,000 (“the Acquisition”).

Headquartered in Milton Keynes and with a team of 40 people, Accountax began trading in the 1990’s and is a leading independent accountancy, tax and employment law consultancy with clients drawn from accountancy practices, the construction industry and Personal Service Companies.

ACL was incorporated in 1999 and is the market leader in the provision of advice and consultancy to businesses who are involved in IR35 and tax status disputes with HM Revenue & Customs. ACL has a particularly strong reputation in tax litigation including the defence of a number of high profile cases involving Personal Service Companies.

AUKL, established in 1996, is a wholly-owned subsidiary of ACL and specialises in marketing for new audit clients on behalf of 50 accountancy practices through a team of 25 telemarketers.

ALL was established in 2008 to promote Employment Law franchises to firms of accountants and other organisations to enable them to handle employment matters.

Dave Smith, Director and majority shareholder in Accountax, and all of the senior management team will remain with the company.

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

“Accountax is a company we have long admired and I am delighted to welcome the team into the Abbey Protection Group. Like ourselves, Accountax has a history of successful growth and a strong service ethic, and the cultural and strategic fit for the two businesses is compelling. Accountax is also a very strong brand, which we intend to maintain and develop.

The acquisition will give Abbey Protection an additional range of services and products to market through our own accountancy practice clients. This deal represents an important milestone in our strategy of organic growth and the acquisition of complementary businesses, and we are confident of continued success for the enlarged group.”

Dave Smith, Director of Accountax, added:

“Abbey Protection is an ideal partner for Accountax and I am delighted that together we will be at the forefront of our chosen markets by becoming the largest independent tax consultancy in the UK. The deal will also provide significant benefits for our clients and partners, and further opportunities for our employees.”

Details of the Acquisition

The consideration for the Acquisition of Accountax will comprise:

- Initial consideration of £4,400,000, plus an adjustment for net assets which will be determined by completion accounts.
- Maximum contingent consideration of £1,850,000 payable at the end of 2009, subject to operating criteria being met.
- The initial consideration will be satisfied by cash which will be met out of current reserves held by Abbey Protection.
- If Accountax performs as expected the acquisition will contribute revenues of £2.5 million in 2009. On this basis the transaction will be earnings enhancing.
- The acquisition agreement includes warranties, indemnities and protections in favour of Abbey Protection that are usual in a transaction of this nature.

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Notes to Editors

About Abbey Protection

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 and Croydon and had 200 employees as at 31st December 2007. Abbey Protection distributes its products and services through the following divisions: Abbey Legal Protection, Abbey Legal Services, Abbey Tax Protection, Abbey HR and After The Event Services.

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