



08 September 2008

Interim Results for the six months ended 30 June 2008

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 30 June 2008.

Highlights

- 13% growth in pre-tax profits to £3.9m
- Revenue up 8% to £14.5m
- Steady and profitable underwriting profits (claims ratio of 68.1%)
- Cash and financial investment balances up £1.3m to £35.2m
- Shareholders’ funds up 20% to £17.5m
- Outlook continues to be positive, as the Group trades in a non-cyclical sector of the insurance market

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

“We are extremely pleased with another strong set of results which consolidates our market leading position in the UK SME sector. The business model continues to benefit from the non-cyclical nature of the legal and professional fees insurance market; and with our emphasis on risk management, we aim to continue to maximize shareholder value by providing long term, sustainable growth in these challenging economic times.”

Financial Highlights

	6 months ended 30 June 2008	6 months ended 30 June 2007	Year ended 31 December 2007
Revenue	£14.5m	£13.4m	£27.3m
Profit before tax	£3.9m	£3.4m	£7.3m
Claims ratio (to net earned premiums)	68.1%	72.3%	69.7%
Profit after tax	£2.8m	£2.4m	£5.3m
Basic earnings per share	2.84p	2.68p	5.86p

Chief Executive's Statement

This is the first interim report covering the six months ending 30 June 2008 for Abbey Protection plc ("the Group") following its admission to trading on the Alternative Investment Market of the London Stock Exchange on 29 November 2007.

In a challenging market, I am delighted to report a 13% growth in pre-tax profits to £3.9m (2007: £3.4m) and a 20% increase in shareholders' funds to £17.5m (2007: £14.7m). This is particularly pleasing given the additional costs of circa £170,000 which have been incurred during the period arising from being a public limited company.

Our view that we operate in a non-cyclical sector of the insurance market has been reflected not only in a steady 8% growth in revenue to £14.5m (2007: £13.4m), but also by the performance of our reinsurance subsidiary, Ibex Reinsurance Company Limited ("Ibex"), with an incurred claims ratio for the period of 68.1% (2007: 72.3%).

Current trading – divisional performance

Abbey Tax Protection (ATP) has delivered a strong performance during the first half of the year, with net revenue, after deduction of insurance premiums and intermediary commissions, up 18% to £2.7m (2007: £2.3m). ATP distributes Professional Expenses Insurance (PEI) and consultancy services through a network of 1,400 firms of accountants. In a highly competitive environment, ATP confirmed its market leader status by exceeding its PEI new business targets and has achieved in excess of a 100% renewal (measured in financial terms) on its existing business. Encouragingly, the consultancy arm of ATP has also shown very strong growth with revenues up 28%.

The legal protection divisions, Abbey Legal Protection/Services (ALP/ALS), consolidated their leading position in the SME market, increasing turnover by 8% to £4.0m (2007: £3.7m). The first half of the year saw the division obtain 18 new affinity group clients, the revenue from which will begin to flow in the second half of the year and into 2009. There is evidence of increasing competition on pricing levels, however, the division's high service level has enabled it to retain clients whilst maintaining pricing discipline. Investment has been made in personnel in the Legal Services division, where fee income from the Employment Services litigation team showed encouraging growth, particularly from non insurance related clients.

Our reinsurance subsidiary, Ibex, maintained a stable claims ratio (including provision for claims incurred but not reported "IBNR") of 68.1% in the period (2007: 72.3%) benefiting again from the spread of risk, predictable loss frequencies and lack of catastrophe exposures as well as the Group's integrated approach to risk management and use of in-house lawyers and consultants to aid cost control. We operate in a non-cyclical sector of the insurance market and we anticipate that this stability will continue even in the event of an economic downturn in the UK

The Group's new division supplying Human Resource consultancy services direct to businesses, Abbey HR (AHR), has had a promising start to its second year and has performed in line with budget in a challenging and competitive market. During the year, AHR has introduced a Health & Safety option to its services which is proving to be popular. The division has made good progress and over the remainder of 2008 it should achieve the requisite critical mass required to move into profit in 2009.

Revenue from the After the Event (ATE) division dropped by 22% to £0.9m (2007: £1.2m), with the contribution from the various run-off contracts it manages reducing in line with expectations.

The emphasis of the division is now on the development of its long standing Law Society scheme, *Accident Line* and commercial ATE insurance.

Investment income was up a third to £0.9m (2007: £0.7m) as a result of an increase in the cash and financial investment balances to £35.2m (June 2007: £29.5m) and the improved yields from our highly conservative investment portfolio of certificates of deposit and bank deposits which continue to benefit from limited counter party exposure and an emphasis on quality institutions.

Operating and administrative expenses have grown by 10.5% to £6.6m, but allowing for the additional costs associated with our "plc status", underlying expenses increased by 8% which is in line with revenue growth. We continue to maintain the appropriate infrastructure levels as the business expands and develops. Staff costs, including associated expenses, represent 67.7% (2007: 68.5%) of operating and administration expenses.

Cash flow

Cash flow generated by operations for the period was £1.3m (2007: £2.5m) against profit after tax of £2.8m. The differential was primarily due to a reduction in claims floats and the release of deferred income in the ATE division to profit before tax. Second half operational cash flow is expected to correlate more closely with profit after tax.

Dividend

The Board has approved an interim dividend of 1.5 pence per share, which will be payable on 29 October 2008 to all shareholders on the register at 19 September 2008.

Outlook

The Group operates in a non-cyclical sector of the insurance market and is placing an increasing emphasis on consultancy and other non-risk related income. It is well placed to take advantage of the continued growth in the Independent Compliance Services sector and from de-regulation of the Legal Services market.

Although not immune to the economic down-turn, the Group is trading in line with expectations and believes its strong emphasis on risk management and high service levels will help mitigate any potential downsides of increasing claims and competitor activity.

The Group will continue to pursue its organic growth strategy, especially in the consultancy divisions, as well as explore acquisition opportunities that are complementary to the business and which will broaden the product range and deliver real shareholder value.

Colin Davison
Chief Executive
September 2008

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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 and Croydon and had 200 employees as at 30th June 2008. 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.

Analyst Presentation

There will be an analyst presentation to discuss the results at 2pm today at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB.

Those analysts wishing to attend are asked to contact Nick Henderson or Ed Berry at Financial Dynamics on +44 20 7269 7114 or at nick.henderson@fd.com / +44 020 7269 7297 or at edward.berry@fd.com.

Consolidated income statement

Unaudited for the 6 months ended 30
June 2008

	Notes	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Revenue				
Intermediary, advisory and other income	3	7,739	7,196	14,803
Gross premiums written		6,008	5,902	11,945
Outward reinsurance premiums		-	(54)	(321)
Net change in provision for unearned premiums		(153)	(314)	(703)
Net premiums earned	4	<u>5,855</u>	<u>5,534</u>	<u>10,921</u>
Net investment return	5	912	683	1,625
Total revenue		<u>14,506</u>	<u>13,413</u>	<u>27,349</u>
Expenses				
Claims and change in insurance liabilities	6	(3,988)	(4,001)	(7,617)
Acquisition costs		(351)	(336)	(683)
Other operating and administrative expenses	7	(6,276)	(5,624)	(11,710)
Total operating expenses		<u>(10,615)</u>	<u>(9,961)</u>	<u>(20,010)</u>
Operating profit		3,891	3,452	7,339
Finance costs		-	(15)	-
Profit before tax		3,891	3,437	7,339
Tax expense	8	(1,076)	(1,023)	(2,012)
Profit attributable to equity shareholders of the parent		<u>2,815</u>	<u>2,414</u>	<u>5,327</u>
Earnings per share				
From continuing operations		Pence per share	Pence per share	Pence per share
Basic	10	<u>2.84</u>	<u>2.68</u>	<u>5.86</u>
Diluted	10	<u>2.81</u>	<u>2.68</u>	<u>5.81</u>

There were no discontinued operations.

Consolidated statement of changes in equity

Unaudited for the 6 months ended
30 June 2008

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Opening shareholders' equity	14,661	12,001	12,001
Proceeds from issue of new shares	-	-	1,050
Shares acquired in share for share exchange	-	-	(873)
Redemption of shares	-	-	(52)
Share premium	-	-	3,315
Transfer on reverse acquisition	-	-	188
Equity settled share based payments	71	-	8
Preference dividend paid	-	(26)	15
Ordinary dividend paid	-	(2,000)	(6,250)
Purchase of own shares	-	(68)	(68)
Profit for the year	2,815	2,414	5,327
Closing shareholders' equity	17,547	12,321	14,661

Consolidated balance sheet

Unaudited as at 30 June 2008

	Notes	30 June 2008 Unaudited £000	30 June 2007 Unaudited £000	31 December 2007 Audited £000
Assets				
Goodwill		1,028	1,028	1,028
Other intangible assets		169	174	190
Property, plant and equipment		504	584	574
Financial investments	11	9,285	17,750	17,961
Trade and other receivables	12	16,068	15,996	17,940
Cash and cash equivalents	13	25,884	11,774	15,940
Total assets		52,938	47,306	53,633
Liabilities				
Insurance contract provisions	14	16,675	15,640	16,334
Financial liabilities		-	505	-
Finance lease obligations		194	178	218
Deferred tax liabilities		1,430	1,191	1,710
Current tax liabilities		1,340	1,260	859
Accruals and deferred income	15	5,438	5,725	7,508
Other liabilities	16	10,314	10,486	12,343
Total liabilities		35,391	34,985	38,972
Equity				
Share capital		1,000	875	1,000
Share premium		3,539	224	3,539
Own shares		(298)	(298)	(298)
Retained earnings		12,200	11,238	9,385
Merger reserves		282	282	282
Reverse takeover reserve		188	-	188
Capital redemption reserve		557	-	557
Equity settled share incentive reserve		79	-	8
Total shareholders' equity		17,547	12,321	14,661

Consolidated cash flow statement

Unaudited for the 6 months ended 30 June 2008

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Profit before tax	3,891	3,437	7,339
Interest receivable	(938)	(718)	(1,594)
Interest payable	-	15	-
Loss on sale of assets	-	8	8
Amortisation of intangible assets	43	37	80
Depreciation of property, plant and equipment	121	120	235
Equity settled share based payments	71	-	8
(Increase)/decrease in work in progress	(135)	(49)	97
Decrease/(increase) in debtors	2,032	(1,121)	(3,206)
(Decrease)/increase in creditors	(3,782)	781	4,624
Cash generated by operations	1,303	2,510	7,591
Interest received	913	565	1,435
Interest paid	-	(30)	-
Tax paid	(875)	(335)	(1,206)
Net cash from operating activities	1,341	2,710	7,820
Investing activities			
Sale/(purchase) of financial investments	8,676	(2,664)	(2,875)
Purchases of intangible assets	(22)	(17)	(75)
Purchases of property, plant and equipment	(51)	(41)	(146)
Net cash from/(used in) investing activities	8,603	(2,722)	(3,096)
Financing activities			
Preference dividend paid	-	(37)	15
Equity dividend paid	-	(2,000)	(6,250)
Redemption of share capital	-	-	(52)
Issue of share capital	-	-	3,680
Purchase of own shares	-	(68)	(1,068)
Sale of own shares	-	-	1,000
Net cash used in financing activities	-	(2,105)	(2,675)
Net increase/(decrease) in cash and cash equivalents	9,944	(2,117)	2,049
Cash and cash equivalents at beginning of the period	15,940	13,891	13,891
Cash and cash equivalents at the end of the period	25,884	11,774	15,940

Notes to 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 2007, 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 2007. 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 2007.

2 Segment information

(a) Primary reporting format - business segments

The AP Group has two primary business segments namely insurance underwriting and intermediary, advisory and other. The analysis of the results, assets and liabilities by segment are shown below:

2 Segment information (continued)

(a) Primary reporting format - business segments (continued)

6 months ended 30 June 2008 - Unaudited

	Insurance Underwriting £000	Intermediary, Advisory and Other £000	Total £000
Revenue			
Intermediary, advisory and other income	-	7,739	7,739
Gross premiums written	6,008	-	6,008
Net change in provisions for unearned premiums	(153)	-	(153)
Net earned premiums	5,855	-	5,855
Net investment return	672	240	912
Total revenue	6,527	7,979	14,506
Expenses			
Claims and change in insurance liabilities	(3,988)	-	(3,988)
Acquisition costs	(351)	-	(351)
Other operating and administrative expenses	(59)	(6,217)	(6,276)
Total operating expenses	(4,398)	(6,217)	(10,615)
Profit before income taxes	2,129	1,762	3,891
Income taxes	(588)	(488)	(1,076)
Profit attributable to equity holders of the parent	1,541	1,274	2,815

2 Segment information (continued)

(a) Primary reporting format - business segments (continued)

6 months ended 30 June 2008 (continued) – Unaudited

	Insurance Underwriting £000	Intermediary, Advisory and Other £000	Total £000
Segments assets			
Goodwill	-	1,028	1,028
Other intangible assets	-	169	169
Property, plant and equipment	-	504	504
Financial investments	9,285	-	9,285
Trade and other receivables	5,241	10,827	16,068
Cash and cash equivalents	12,877	13,007	25,884
Total assets	27,403	25,535	52,938
Segments liabilities			
Insurance contract provisions	16,675	-	16,675
Financial liabilities	-	-	-
Financial lease obligations	-	194	194
Deferred tax liabilities	1,447	(17)	1,430
Current tax liabilities	-	1,340	1,340
Accruals and deferred income	12	5,426	5,438
Other liabilities	269	10,045	10,314
Total liabilities	18,403	16,988	35,391

2 Segment information (continued)

(a) Primary reporting format - business segments (continued)

6 months ended 30 June 2007 – Unaudited

	Insurance Underwriting £000	Intermediary, Advisory and Other £000	Total £000
Revenue			
Intermediary, advisory and other income	-	7,196	7,196
Gross premiums written	5,902	-	5,902
Outward reinsurance premiums	(54)	-	(54)
Net change in provisions for unearned premiums	(314)	-	(314)
Net earned premiums	5,534	-	5,534
Net investment return	478	205	683
Total revenue	<u>6,012</u>	<u>7,401</u>	<u>13,413</u>
Expenses			
Claims and change in insurance liabilities	(4,001)	-	(4,001)
Acquisition costs	(336)	-	(336)
Other operating and administrative expenses	(54)	(5,570)	(5,624)
Total operating expenses	<u>(4,391)</u>	<u>(5,570)</u>	<u>(9,961)</u>
Operating profit	1,621	1,831	3,452
Finance costs	-	(15)	(15)
Profit before income taxes	1,621	1,816	3,437
Income taxes	(482)	(541)	(1,023)
Profit attributable to equity holders of the parent	<u>1,139</u>	<u>1,275</u>	<u>2,414</u>

2 Segment information (continued)

(a) Primary reporting format - business segments (continued)

6 months ended 30 June 2007 (continued) – Unaudited

	Insurance Underwriting £000	Intermediary, Advisory and Other £000	Total £000
Segments assets			
Goodwill	-	1,028	1,028
Other intangible assets	-	174	174
Property, plant and equipment	-	584	584
Financial investments	17,750	-	17,750
Trade and other receivables	4,978	11,018	15,996
Cash and cash equivalents	1,052	10,722	11,774
Total assets	23,780	23,526	47,306
Segments liabilities			
Insurance contract provisions	15,640	-	15,640
Financial liabilities	-	505	505
Financial lease obligations	-	178	178
Deferred tax liabilities	1,212	(21)	1,191
Current tax liabilities	-	1,260	1,260
Accruals and deferred income	-	5,725	5,725
Other liabilities	452	10,034	10,486
Total liabilities	17,304	17,681	34,985

2 Segment information (continued)

(a) Primary reporting format - business segments (continued)

Year ended 31 December 2007- Audited

	Insurance Underwriting £000	Intermediary, Advisory and Other £000	Total £000
Revenue			
Intermediary, advisory and other income	-	14,803	14,803
Gross premiums written	11,945	-	11,945
Outward reinsurance premiums	(321)	-	(321)
Net change in provisions for unearned premiums	(703)	-	(703)
Net earned premiums	<u>10,921</u>	<u>-</u>	<u>10,921</u>
Net investment return	1,183	442	1,625
Total revenue	<u>12,104</u>	<u>15,245</u>	<u>27,349</u>
Expenses			
Claims and change in insurance liabilities	(7,617)	-	(7,617)
Acquisition costs	(683)	-	(683)
Other operating and administrative expenses	(102)	(11,608)	(11,710)
Total operating expenses	<u>(8,402)</u>	<u>(11,608)</u>	<u>(20,010)</u>
Operating profit	3,702	3,637	7,339
Finance costs	-	-	-
Profit before income taxes	3,702	3,637	7,339
Income taxes	(1,000)	(1,012)	(2,012)
Profit attributable to equity holders of the parent	<u>2,702</u>	<u>2,625</u>	<u>5,327</u>

2 Segment information (continued)

(a) Primary reporting format - business segments (continued)

Year ended 31 December 2007(continued) - Audited

	Insurance Underwriting £000	Intermediary, Advisory and Other £000	Total £000
Segments assets			
Goodwill	-	1,028	1,028
Other intangible assets	-	190	190
Property, plant and equipment	-	574	574
Financial investments	17,961	-	17,961
Trade and other receivables	4,755	13,185	17,940
Cash and cash equivalents	5,366	10,574	15,940
Total assets	<u>28,082</u>	<u>25,551</u>	<u>53,633</u>
Segments liabilities			
Insurance contract provisions	16,334	-	16,334
Financial liabilities	-	-	-
Financial lease obligations	-	218	218
Deferred tax liabilities	1,727	(17)	1,710
Current tax liabilities	-	859	859
Accruals and deferred income	-	7,508	7,508
Other liabilities	515	11,828	12,343
Total liabilities	<u>18,576</u>	<u>20,396</u>	<u>38,972</u>

(b) Secondary segment information - geographical analysis

All of the AP 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 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Income from intermediation	3,548	3,420	7,158
Advisory fees	1,992	1,894	3,820
Other income	2,199	1,882	3,825
Total intermediary, advisory and other income	7,739	7,196	14,803

Other income comprises consultancy, claims handling and management services.

4 Net insurance premium

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Gross premiums written	6,008	5,902	11,945
Outward reinsurance premiums	-	(54)	(321)
Net premiums written	6,008	5,848	11,624
Change in the gross provision for unearned premiums	(153)	(296)	(560)
Change in the provision for unearned premiums, reinsurers' share	-	(18)	(143)
Change in the net provision for unearned premiums	(153)	(314)	(703)
Earned premiums, net of reinsurance	5,855	5,534	10,921

5 Net investment return

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Investment at fair value through Income statement:			
- sterling bond		5	
- certificates of deposit	668	493	1,092
Other investments:			
-cash and cash equivalents income	270	221	502
Investment income	938	719	1,594
Gains/(losses) on investments at fair value through the income statement	(26)	(36)	31
Net investment return	912	683	1,625

6 Claims and change in insurance liabilities

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Gross claims paid	(3,800)	(2,609)	(5,795)
Gross change in the provision for claims	(188)	(1,392)	(1,822)
Claims and change in insurance liabilities	(3,988)	(4,001)	(7,617)

7 Operating and administration expenses

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Staff costs	4,247	3,854	7,944
Other operating expenses	2,029	1,770	3,766
Total operating and administration expenses	6,276	5,624	11,710

8 Tax expense

Income tax for the six months period is charged at 27.7% (six months ended 30 June 2007: 29.8%; year ended 31 December 2007: 27.4%), 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 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Amounts recognised as distributions to equity holders in the period:			
Dividends on ordinary shares	-	2,000	6,250
Fixed cumulative 6% irredeemable preference share dividend	-	26	(15)
Net appropriation for the year	-	<u>2,026</u>	<u>6,235</u>

As stated within the general information disclosed in note 1 to the 2007 annual report and accounts, Abbey Protection plc acquired Abbey Protection Group Limited on 19 November 2007. The transaction has been accounted for using the reverse acquisition principles outlined in IFRS3 business combinations. The number of shares presented in the equity structure of the group for the year ended 2007 relate to Abbey Protection plc.

On 11 April 2007 a dividend of £2,000,000 was paid representing £29.69 per Abbey Protection Group Limited share.

On 19 November 2007 a dividend of £4,250,000 was paid representing £59.69 per Abbey Protection Group Limited share.

The board declares the payment of an interim dividend of 1.5p per Abbey Protection plc ordinary share amounting to £1,500,000. The dividend will be payable on 29 October 2008 to all shareholders on the register on 19 September 2008. 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 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Profit attributable to equity holders of the parent	2,815	2,414	5,327
Effect of dilutive potential ordinary shares	-	-	-
Earnings for the purposes of diluted earnings per share	<u>2,815</u>	<u>2,414</u>	<u>5,327</u>
	6 months ended 30 June 2008 Unaudited No. of shares	6 months ended 30 June 2007 Unaudited No. of shares	Year ended 31 December 2007 Audited No. of shares
Weighted average number of ordinary shares in issue	99,231,375	90,140,466	90,937,477
Effect of dilutive potential ordinary shares (share options)	880,195	-	674,317
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>100,111,570</u>	<u>90,140,466</u>	<u>91,611,794</u>

11 Financial investments

Financial investments at fair value through profit and loss

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Sterling bonds	-	493	-
Certificates of deposit	9,285	17,257	17,961
	<u>9,285</u>	<u>17,750</u>	<u>17,961</u>

The fair values of the AP 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 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Receivables arising from insurance and reinsurance contracts:			
- premiums due from insurers	4,479	4,119	3,997
- trade debtors	8,682	8,412	10,342
Other receivables:			
- other prepayments and accrued income	1,256	1,268	1,041
- amounts due from related parties	985	1,104	985
- other debtors	666	1,093	1,575
Total insurance and other receivables	<u>16,068</u>	<u>15,996</u>	<u>17,940</u>

13 Cash and cash equivalents

Included in cash and cash equivalents held by the AP Group as at each period end are balances totalling £1m

not available for use by the AP Group because they are held in trust to guarantee claims liabilities.

14 Insurance contract provisions (gross and net)

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Unearned premiums	6,684	6,267	6,531
Claims reported by policyholders	6,365	6,177	6,395
Claims incurred but not reported	3,626	3,196	3,408
Total insurance contract provisions	16,675	15,640	16,334

15 Accruals and deferred income

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Accruals	1,223	1,286	1,138
Deferred income	4,215	4,439	6,370
Total accruals and deferred income	5,438	5,725	7,508

16 Other liabilities

	6 months ended 30 June 2008 Unaudited £000	6 months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Other trade creditors	9,772	9,921	11,751
Other taxes and social security	383	352	419
Other creditors	159	213	173
Total other liabilities	10,314	10,486	12,343

Other liabilities are all expected to be settled within twelve months of the balance sheet date.

17 Share option schemes

Options granted

As at 30 June 2008, share options were outstanding as set out below:

	SAYE	CSOP	LTIP	CSOP	LTIP
Date of grant	20/12/2007	29/11/2007	29/11/2007	27/06/2008	27/06/2008
Number of options granted	980,039	381,815	363,636	30,000	150,000
Exercise price	£0.44	£0.55	£0.00	£0.67	£0.00
Share price at date of grant	£0.61	£0.55	£0.55	£0.67	£0.67
Contractual life (years)	3.5	10	10	10	10
Vesting conditions:	Three Years service	Three Years service	Three Years service	Three Years service	Three Years service
	Savings requirement	-	Growth in earnings per share	-	Growth in earnings per share/ performance conditions
Vesting Date	01/01/2011	30/11/2010	01/01/2011	30/06/2011	30/06/2011
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%	5.00%
Expected dividend yield	5.00%	5.00%	5.00%	5.00%	5.00%
Expected annual departures	5.00%	5.00%	0.00%	0.00%	0.00%
Probability of meeting performance criteria at date of grant	100%	100%	75%	100%	75%
Fair value per option at date of grant	£0.20	£0.20	£0.52	£0.20	£0.58
Valuation model	Binomial	Binomial	Binomial	Binomial	Binomial
Total fair value	£168,052	£65,799	£142,636	£6,120	£64,913

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.