ADMIRAL GROUP PLC

2009 INTERIM FINANCIAL STATEMENTS

Admiral Group plc Results for the Six Months Ended 30 June 2009
25 August 2009

Admiral announces another record half year profit and continued good growth. Profit before tax at £105.3 million was 5% ahead of H1 2008, whilst turnover rose 17% to £540.1 million. The Board is declaring a record interim dividend payment of 27.7p per share.

H1 2009 Highlights

- Group profit before tax up 5% at £105.3 million (H1 2008: £100.3 million)
- Interim dividend of 27.7p per share (2008 interim: 26.0p)
- Group turnover* up 17% at £540.1 million (H1 2008: £463.4 million)
- Group net revenue up 19% at £243.1 million (H1 2008: £204.0 million)
- Number of Group customers up 18% to 1.92 million from 1.63 million at 30 June 2008
- Profit from UK car insurance up 18% to £101.2 million (H1 2008: £86.0 million)
- UK ancillary income per vehicle steady at £71 (H1 2008: £71)
- Turnover from outside the UK £24.5 million (up 64%) and 100,500 customers
- Rastreator.es, our Spanish price comparison site, successfully launched in Spain in March 2009
- Employee Share Scheme – over £4.5 million shares will be distributed to over 3,000 staff based on the H1 2009 result

* Turnover is defined as total premiums written (including co-insurers' share) and other revenue

Comment from Henry Engelhardt, Group Chief Executive

"Wow! Considering the general economic climate and pathetic investment returns this was an outstanding result. Once again, I'm happy to announce an all-time record for profits; that the business continued its strong growth; and that we will soon pay a record dividend.

"Key to our success was the great result turned in by the UK car insurance business. We increased the number of customers by 17% by giving a combination of competitive prices and great service. As well as growing the number of customers we increased premium rates by around 5.5% in the first half of 2009, meaning current rates are around 8% higher than 12 months ago.

"As the UK business goes from strength to strength we have continued to invest in our long-term future by developing our operations outside the UK. Overall we now have over 100,000 customers outside the UK, in Spain, Germany and Italy and these businesses contributed £24.5m of turnover in the first six months of the year. On 30 March we launched Rastreator, our Spanish price comparison site. Looking to the future, we are working on the launch of a direct car insurance operation in the USA, based in Richmond, Virginia, which will be called Elephant. We are also starting work on two further price comparison operations in Italy and France.

“Confused.com started the year well, increasing revenue against a backdrop of a UK price comparison market which remains highly competitive.

“It's a great set of numbers for the first half of the year, and I’m very pleased to say that, as a result, every member of staff will receive £1,500 of free shares in the Group, worth over £4.5 million in total.”

Comment from Alastair Lyons, Group Chairman

"With a further advance in first half profits we are delighted once again to be able to declare an increase in our interim dividend, now at 27.7 pence per ordinary share. This represents 97% of after-tax earnings for the first six months of 2009, testament to the strength of Admiral's capital-efficient cash-generative business model."

Interim dividend

The interim dividend of 27.7p per share will be paid on 21 October 2009. The ex-dividend date is 7 October 2009, the record date 9 October 2009.

Management presentation

Analysts and investors will be able to access the Admiral Group management presentation which commences at 9.30am on Tuesday 25 August 2009 by dialling +44 (0)1452 556 620 and using participant code 24931002. A copy of the presentation slides will be available at www.admiralgroup.co.uk.

Summary Financial Review

Group key performance indicators and financial highlights

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Turnover*	£540.1m	£463.4m	£910.2m
Net revenue	£243.1m	£204.0m	£422.8m
Number of customers	1.92m	1.63m	1.75m
Loss ratio	67.0%	65.0%	64.7%
Expense ratio	22.0%	20.8%	21.8%
Combined ratio	89.0%	85.8%	86.5%
Profit before tax	£105.3m	£100.3m	£202.5m
Earnings per share	28.5p	27.3p	54.9p

* Turnover (a non-GAAP measure) is defined as total premiums written (including co-insurers’ share) and other revenue

The number of customers across the Group increased by 18% to 1.92 million at 30 June 2009 compared to the same date last year. The increase in customer numbers was the main contributor to a 17% rise in turnover, up to £540.1 million from £463.4 million. Net revenue rose 19% to £243.1 million.

The key underwriting ratios increased slightly in the first half of 2009 compared to the same period in 2008 – the combined ratio moving up to 89% from 86%. However the effect of this was outweighed by significantly higher profit commission and growth in ancillary income in line with the increase in UK turnover.

Profit before tax rose 5% to £105.3 million from £100.3 million, whilst earnings per share rose 4% to 28.5p from 27.3p.

UK Car Insurance

The most mature and by some margin the largest part of the Group is the UK car insurance business. We sell car insurance to private individuals both directly (on the internet or by phone), and via price comparison websites. We trade through four brands – Admiral, Bell, Diamond and elephant.co.uk.

The business performed very positively in the first half of 2009, generating strong growth in turnover (up 15% to £470.1 million) and profits (up 18% to £101.2 million):

Non-GAAP format income statement – UK Car Insurance:

£m	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Turnover*1	470.1	407.2	804.9
Total premiums written*2	404.6	350.1	690.2
Net insurance premium revenue	94.6	73.5	161.9
Investment income	5.7	8.9	17.1
Net insurance claims	(63.6)	(48.0)	(105.1)
Net insurance expenses	(14.2)	(10.9)	(26.0)
Underwriting profit	22.5	23.5	47.9
Profit commission	22.7	14.3	34.7
Net ancillary income	51.5	44.1	89.0
Other revenue	4.5	4.1	8.3
UK car insurance business profit before tax	**101.2**	**86.0**	**179.9**

**1 Turnover (a non-GAAP measure) comprises total premiums written (including co-insurers' share) and other revenue*
**2 Total premiums written (non-GAAP) includes premium underwritten by co-insurers*

Key performance indicators:

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Reported loss ratio	64.2%	62.0%	62.0%
Reported expense ratio	17.9%	18.1%	19.0%
Reported combined ratio	82.1%	80.1%	81.0%
Written basis expense ratio	16.7%	17.2%	17.0%
Claims reserve releases	£18.4m	£18.4m	£38.0m
Releases as % of premium	19.4%	25.0%	23.5%
Profit commission as % of premium	24.0%	19.4%	21.4%
Vehicles insured at period-end	1.73m	1.48m	1.59m
Ancillary income per vehicle	£70.8	£71.1	£70.7

Co-insurance and reinsurance arrangements

In 2009, Admiral underwrites 27.5% of the UK premium (in line with 2008). 50% of the UK total is underwritten by the Munich Re Group (specifically Great Lakes Reinsurance (UK) Plc) through a long-term co-insurance agreement, and 22.5% was proportionally reinsured to Swiss Re (10.0%), Hannover Re (6.25%) and New Re (6.25%).

The nature of the Great Lakes co-insurance agreement is such that 50% of all motor premium and claims for the 2009 year accrues directly to Great Lakes and does not appear in the Group's income statement. Similarly, Great Lakes reimburses the Group for its proportional share of expenses incurred in acquiring and administering the motor business.

The profit commission terms in the agreements allow Admiral to participate to a large extent in the profitability of the total underwriting, and the most recent reinsurance contracts allow for a significant proportion of the profit to be remitted back to Admiral.

UK Car Insurance Financial Performance

The first half of 2009 saw strong growth in the main UK business, with the number of vehicles insured rising by almost 17% to 1.73 million compared to 30 June 2008. Total premiums written grew 16% to £404.6 million from £350.1 million.

Admiral increased rates for new business and renewals by around 5.5% in the first half of 2009, meaning current rates are around 8% higher than 12 months ago. However, a continued shift in the mix of the portfolio towards lower average premium business contributed to average written premiums remaining relatively flat in the first half of 2009 compared to the same period last year.

Internal data on the competitiveness of Admiral's rates against other insurers suggests that market rates moved broadly in line with Admiral in the first half of the year.

Underwriting profit declined slightly, to £22.5 million from £23.5 million, mostly as a result of lower investment income. Positive back year claims reserve development continued during the period, though whilst the absolute value of releases remained the same at £18.4 million, the relative impact reduced to 19% of net premium revenue from 25% in the same period last year.

The combined ratio, net of releases increased to 82.1% from 80.1%. If the impact of releases is excluded, the accident year combined ratio improved to 101.5% from 105.1%, reflecting a better projection of the current year than the equivalent position last year.

Latest results for the UK private market (according to EMB actuaries) showed a worsening combined ratio in 2008 of 108% up from 104% in 2007 (Admiral's UK ratio net of releases was 81% in 2008). If the positive impact of releases is excluded, the market ratio remained flat at around 115%.

Admiral's UK expense ratio improved slightly to just under 18% (the UK market in 2008 reported a worsening expense ratio of over 30%, again according to EMB).

Counteracting the slight fall in underwriting profit was the significant increase in profit commission income, which rose by around 60% to £22.7 million from £14.3 million. This is a reflection of the much more remunerative profit commission terms on the co-insurance and reinsurance contracts in effect for the most recent underwriting years.

The total of profit commission and Admiral's own underwriting profits shows a significant improvement compared to the same period last year – an increase of 20% to £45.3 million from £37.8 million.

On the Group's own underwriting, we continue to reserve initially on a conservative basis, above actuarial projections of ultimate outcomes. This results in a significant margin being held in claims reserves to allow for any unforeseen adverse development in open claims and creates a position whereby Admiral makes above industry average reserve releases.

In addition to these releases, there is a significant amount of revenue not yet recognised arising from profit commissions earned on the premiums that Admiral does not underwrite itself. Proportionally these balances have become much more significant and consequently we consider it more appropriate to consider these two parts together when we determine the quantum of reserve releases. We seek to achieve a consistent level of overall prudence.

Net income from ancillary products and services continues to be a major source of UK and Group profits. UK net ancillary profit increased in line with the number of vehicles insured (around 17%) to £51.5 million from £44.1 million. As these figures suggest, ancillary income per vehicle in the 12 months to June 2009 was consistent with the equivalent figure at June 2008 (at £71), and there were no major changes in the component elements.

It is also worth noting that although Admiral does not underwrite all the car insurance generated for its own account, it does retain all ancillary income generated.

Price Comparison

The Group owns Confused.com, the UK's leading price comparison website for car insurance. Confused also offers comparison services for other insurance and financial products.

The Group has launched a new business in Spain (Rastreator.es) and is in the process of developing new European operations for launch over the next year.

Non-GAAP format income statement – Price Comparison:

£m	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Revenue:			
Motor	31.3	29.8	52.9
Other	8.9	6.8	13.2
Total	40.2	36.6	66.1
Operating expenses	(29.2)	(21.0)	(40.5)
Operating profit	**11.0**	**15.6**	**25.6**
Operating margin	**27%**	**43%**	**39%**

At the end of 2008, Confused launched its rebuilt website alongside a new media campaign. Since the start of 2009, Confused has further increased its marketing spend in order to protect its market share, whilst maintaining an acceptable level of profitability.

The new campaign has been a success, and Confused has delivered a substantially higher number of quotes in the first half of 2009 compared to previous periods. The number of sales of motor and other products also increased. Data suggests that Confused's market share has stabilised at around one third of the car insurance price comparison market.

Overall, Confused's revenue grew by 10% compared to the first half of last year, to £40.2 million. Motor revenue increased by 5% to £31.3 million, whilst other income rose around 30% to £8.9 million.

The proportion of revenue represented by non-motor has shown sustained growth, as Confused seeks to broaden its product offerings:

	H1 06	H1 07	H1 08	H1 09
Non-motor revenue % of total revenue	11%	14%	19%	22%

Increased media spend in the first half of 2009 has been the major factor underlying a 39% increase in operating expenses to £29.2 million. The operating margin has suffered as a result, decreasing from 39% in 2008 as a whole to 27% in the first half of 2009. Confused made an operating profit of £11.0 million in the first half of 2009.

Rastreator

The Group successfully launched its new Spanish price comparison business – Rastreator.es – in Madrid, Spain in May 2009. However, it is very early days for Rastreator which has not yet marketed in a meaningful way. A TV campaign is planned for later this year, which should significantly boost Rastreator's presence. Post-launch income and expenses for Rastreator are not significant.

Other price comparison operations

The Group is preparing to launch two new price comparison businesses, in France and Italy, within the next twelve months.

Non-UK Car Insurance

An important part of the Group's long-term strategy is to establish profitable, growing and sustainable businesses outside the UK. Balumba.es was launched in Spain in 2006, AdmiralDirekt.de followed in Germany a year later, and most recently ConTe.it started trading in Italy in 2008.

The Group is well advanced in preparing for a launch in the US later in 2009 or early next year.

Non-UK Car Insurance Financial Performance

Non-GAAP format income statement:

£m	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Turnover	24.5	14.7	29.7
Total premiums written	22.6	13.0	26.0
Net insurance premium revenue	5.9	3.5	7.9
Investment income	0.1	0.2	0.7
Net insurance claims	(6.5)	(4.5)	(9.5)
Net insurance expenses	(5.2)	(2.7)	(6.2)
Underwriting result	(5.7)	(3.5)	(7.1)
Net ancillary income	1.4	1.3	2.8
Other revenue	0.2	0.1	0.2
Non-UK Car Insurance result (before tax)	**(4.1)**	**(2.1)**	**(4.1)**

Note - Pre-launch costs excluded

Co-insurance and reinsurance arrangements

Underwriting arrangements for Balumba, AdmiralDirekt and ConTe are similar, with the Munich Re Group underwriting 65% of the risks in each. Admiral retains the remaining 35%.

The contracts contain profit commission clauses that allow Admiral to participate in the profitability of the business written by Munich Re, when each business reaches profitability on a cumulative basis.

Non-UK Car Insurance financial commentary

The combined turnover from the three non-UK businesses grew in the first half of 2009 – up 67% to £24.5 million. The number of vehicles insured also rose strongly, by around 44% to just over 100,000. However, at this stage in their development (Balumba, the oldest does not turn three until October 2009), these businesses are not yet of a scale or maturity to be profitable.

Analysis of selected indicators:

Six months ended 30 June 2009	**Balumba**	**AdmiralDirekt**	**ConTe**	**Total**
Total premiums written (£m)	8.1	11.4	3.1	22.6
Vehicles insured at period-end	48,100	37,500	14,900	100,500
Result (£m)	(1.0)	(2.2)	(0.9)	(4.1)

Year ended 31 December 2008	**Balumba**	**AdmiralDirekt**	**ConTe**	**Total**
Total premiums written (£m)	20.8	4.3	0.9	26.0
Vehicles insured at period-end	55,400	15,000	3,300	73,700
Result (£m)	(1.2)	(2.3)	(0.6)	(4.1)

Balumba

The significant rate increases put through during 2008 to achieve the improvement in Balumba's loss ratio shown below, and the consequent drop in conversion and retention rates have resulted in a fall in the number of vehicles insured over the past twelve months.

	Underwriting year		
	2007	2008	2009
After 6 months	149%	108%	79%
After 18 months	136%	108%	-
After 30 months	134%	-	-

Whilst the loss ratio has improved on underwriting and accident year bases, the reduced size of Balumba's vehicle base has increased the expense ratio. As a consequence, Balumba experienced a relatively flat combined ratio of around 160% for the first six months of 2009 compared to 2008 as a whole.

AdmiralDirekt

AdmiralDirekt has grown its customer base significantly since the end of 2008 and compared to the same time last year. Written premium is correspondingly significantly higher than in 2008. The significant increase in the size of the portfolio means AdmiralDirekt now has more meaningful data with which to prepare for the forthcoming renewal season.

ConTe

Having only just passed its first birthday at the half year-end, ConTe's numbers are still small as would be expected, with less than 15,000 vehicles on cover at the end of June 2009. Early indications are positive, with loss ratios for both 2008 and 2009 underwriting years below 100% at 30 June 2009.

New US insurance business

Work is well advanced on preparing to launch a US car insurance business later in 2009 or early in 2010. The business will trade as Elephant and will be based in Virginia, which is where it will initially trade.

Other Group Items

Gladiator – Non-GAAP income statement and KPIs:

£m	Six months ended		Year ended
	30 June 2009	30 June 2008	31 December 2008
Revenue	5.3	4.9	9.5
Expenses	(3.9)	(3.4)	(6.7)
Operating profit	**1.4**	**1.5**	**2.8**
Operating margin	26%	31%	29%
Customer numbers	89,400	75,800	84,900

Although Gladiator (the Group's commercial vehicle insurance broker) has continued to grow its customer base (up 18% compared to 30 June 2008, 5% on 31 December 2008), competition has intensified in UK commercial van insurance in 2009, and consequently growth has slowed. Gladiator's operating margin has also reduced, falling to 26% from 29% in 2008 as a whole.

Gladiator has reacted by improving its systems and further widening the scope of its distribution.

Other income statement items

(Non-GAAP) £m	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Group net interest income	1.1	3.5	6.6
Share scheme charges	(3.4)	(3.0)	(5.9)
Expansion costs	(1.0)	(0.4)	(0.8)
Other central overhead	(0.8)	(0.8)	(1.6)

The most significant item to note above is the substantial drop in net interest income – falling 69% to £1.1 million. This is entirely due to the fall in interest rates, predominantly in the UK, over the second half of 2008 and into 2009.

Expansion costs relate to pre-launch expenses incurred in developing the Group's international operations. These were higher than in the first half of 2008, reflecting the costs incurred in launching Rastreator and also the ongoing work in the US.

Investments

The key objectives of the Group's investment strategy continue to be:

1. Capital preservation
2. Low volatility in returns
3. High levels of liquidity

As shown below, there has been little change in where funds are invested during the first half of 2009 compared to 2008. The majority of funds continue to be invested in either AAA-rated money market funds (cash-like returns, same day liquidity, low risk, good diversification) or term cash deposits (all with original maturities of less than one year in strongly rated banks).

Cash and investments holdings analysis:

	30 June 2009				
	UK car insurance £m	Price comparison £m	Non-UK car insurance £m	Other £m	Total £m
Liquidity money market funds	324.3	-	25.0	41.0	390.3
Long term cash deposits	100.0	-	-	-	100.0
Cash	52.6	15.0	17.6	11.0	96.2
Total	**476.9**	**15.0**	**42.6**	**52.0**	**586.5**

	30 June 2008				
	UK car insurance £m	Price comparison £m	Non-UK car insurance £m	Other £m	Total £m
Liquidity money market funds	356.9	-	15.9	-	372.8
Cash	118.2	12.0	7.9	15.2	153.3
Total	**475.1**	**12.0**	**23.8**	**15.2**	**526.1**

	31 December 2008				
	UK car insurance £m	Price comparison £m	Non-UK car insurance £m	Other £m	Total £m
Liquidity money market funds	287.3	-	23.5	-	310.8
Long term cash deposits	100.0	-	-	-	100.0
Short term cash deposits	4.0	-	-	-	4.0
Cash	46.4	15.6	18.2	60.1	140.3
Total	**437.7**	**15.6**	**41.7**	**60.1**	**555.1**

As noted, the Group has seen a sharp fall in investment and interest income, mirroring the substantial fall in interest rates in the UK (most of the Group's funds are held in sterling). Total investment and interest income fell to £6.9 million in H1 2009 – down 45% on the £12.5 million recognised in the first half of last year. The average rate of return on invested sterling funds and funds on deposit was 1.8% in the first half of 2009, compared to 5.1% in 2008 as a whole (and 5.5% in H1 2008). The Group has suffered no impairments on any of its invested assets.

Meaningful increases in returns are not anticipated until market interest rates begin to rise again.

Taxation

The taxation charge reported in the income statement is £29.9 million, which equates to 28.4% of profit before tax, close to the general rate of corporation tax in the UK.

Earnings per share

Basic earnings per share rose by 4% to 28.5p from 27.3p. The growth rate is largely in line with the increase in pre-tax profit.

Dividend

The Directors have declared an interim dividend for 2009 of 27.7p per share. In line with the Group's dividend strategy, this is made up of a 12.8p normal element (based on 45% of post-tax profits) and a 14.9p special element, based on surplus capital held at 30 June 2009.

The payment is 7% higher than the 2008 interim dividend.

The payment date is 21 October 2009, ex-dividend date 7 October and record date 9 October.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group's businesses remain consistent with those disclosed in the 2008 Annual Report.

Condensed consolidated income statement

	Note	6 months ended 30 June 2009 £m	6 months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Insurance premium revenue	3	178.9	139.1	301.4
Insurance premium ceded to reinsurers	3	(78.4)	(62.1)	(131.6)
Net insurance premium revenue		**100.5**	**77.0**	**169.8**
Other revenue	4	113.0	100.2	193.9
Profit commission	5	22.7	14.3	34.7
Investment and interest income	6	6.9	12.5	24.4
Net revenue		**243.1**	**204.0**	**422.8**
Insurance claims and claims handling expenses		(129.4)	(102.2)	(213.8)
Insurance claims and claims handling expenses recovered from reinsurers		59.2	49.8	99.2
Net insurance claims		**(70.2)**	**(52.4)**	**(114.6)**
Expenses	7	(64.2)	(48.2)	(99.8)
Share scheme charges	20	(3.4)	(3.1)	(5.9)
Total expenses		**(137.8)**	**(103.7)**	**(220.3)**
Profit before tax		**105.3**	**100.3**	**202.5**
Taxation expense	8	(29.9)	(28.4)	(57.6)
Profit after tax attributable to equity holders of the Company		**75.4**	**71.9**	**144.9**
Earnings per share:				
Basic	9	28.5p	27.3p	54.9p
Diluted	9	28.4p	27.3p	54.9p
Dividends paid (total)	10	69.6	60.5	128.5
Dividends paid (per share)	10	26.5p	23.2p	49.2p

Condensed consolidated statement of comprehensive income

	Note	6 months ended 30 June 2009 £m	6 months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Profit for the period		**75.4**	**71.9**	**144.9**
Other comprehensive income				
Exchange differences on translation of foreign operations		(6.5)	0.8	9.9
Other comprehensive income for the period, net of income tax		**(6.5)**	**0.8**	**9.9**
Total comprehensive income for the period		**68.9**	**72.7**	**154.8**

Condensed consolidated balance sheet

	Note	As at: 30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
ASSETS				
Property, plant and equipment	11	11.5	8.8	11.0
Intangible assets	12	78.2	71.3	75.7
Reinsurance assets	14	195.7	155.9	170.6
Deferred tax	17	-	1.5	-
Financial assets	13	688.2	536.6	586.9
Trade and other receivables	15	36.2	26.8	25.5
Cash and cash equivalents	16	96.2	153.3	144.3
Total assets		**1,106.0**	**954.2**	**1,014.0**
EQUITY				
Share capital	20	0.3	0.3	0.3
Share premium account		13.1	13.1	13.1
Other reserves		3.8	1.2	10.3
Retained earnings		264.4	241.0	251.8
Total equity		**281.6**	**255.6**	**275.5**
LIABILITIES				
Insurance contracts	14	491.2	412.8	439.6
Deferred tax	17	12.2	-	10.3
Trade and other payables	18	293.1	255.1	270.1
Current tax liabilities		27.9	30.7	18.5
Total liabilities		**824.4**	**698.6**	**738.5**
Total equity and total liabilities		**1,106.0**	**954.2**	**1,014.0**

Condensed consolidated statement of cash flows

	Note	6 months ended 30 June 2009 £m	6 months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Profit after tax		**75.4**	**71.9**	**144.9**
Adjustments for non-cash items:				
- Depreciation		2.4	1.7	3.7
- Amortisation of software		0.8	0.5	1.4
- Accrued income on investments and deposits		(1.0)	0.1	0.8
- Share scheme charge		6.4	6.0	11.3
Change in gross insurance contract liabilities		51.6	49.7	76.5
Change in reinsurance assets		(25.1)	(24.2)	(38.9)
Change in trade and other receivables, including from policyholders		(33.3)	(23.3)	(36.5)
Change in trade and other payables, including tax and social security		22.6	15.7	30.7
Taxation expense		29.9	28.4	57.6
Cash flows from operating activities, before movements in investments		**129.7**	**126.5**	**251.5**
Net cash flow into investments held at fair value		(78.5)	(37.3)	(76.0)
Cash flows from operating activities, net of movements in investments		51.2	89.2	175.5
Taxation payments		(18.1)	(27.8)	(56.9)
Net cash flow from operating activities		**33.1**	**61.4**	**118.6**
Cash flows from investing activities:				
Purchases of property, plant and equipment and software		(5.7)	(4.0)	(11.3)
Proceeds from the disposals of property, plant, equipment and software		0.2	-	-
Net cash used in investing activities		**(5.5)**	**(4.0)**	**(11.3)**
Cash flows from financing activities:				
Capital element of new finance leases		0.7	0.3	0.5
Repayment of finance lease liabilities		(0.3)	(0.5)	(0.7)
Equity dividends paid		(69.6)	(60.5)	(128.5)
Net cash used in financing activities		**(69.2)**	**(60.7)**	**(128.7)**
Net decrease in cash and cash equivalents		**(41.6)**	**(3.3)**	**(21.4)**
Cash and cash equivalents at 1 January		144.3	155.8	155.8
Effects of changes in foreign exchange rates		(6.5)	0.8	9.9
Cash and cash equivalents at end of period	16	**96.2**	**153.3**	**144.3**

Condensed consolidated statement of changes in equity

	Share capital £m	Share premium account £m	Foreign exchange reserve £m	Retained profit and loss £m	Total equity £m
At 1 January 2008	0.3	13.1	0.4	223.8	237.6
Profit for the period	-	-	-	71.9	71.9
Other comprehensive income					
Currency translation differences	-	-	0.8	-	0.8
Total comprehensive income for the period	**-**	**-**	**0.8**	**71.9**	**72.7**
Transactions with equity-holders					
Dividends	-	-	-	(60.5)	(60.5)
Share scheme credit	-	-	-	6.0	6.0
Deferred tax charge on share scheme credit	-	-	-	(0.2)	(0.2)
Total transactions with equity-holders	**-**	**-**	**-**	**(54.7)**	**(54.7)**
As at 30 June 2008	0.3	13.1	1.2	241.0	255.6
At 1 January 2008	0.3	13.1	0.4	223.8	237.6
Profit for the period	-	-	-	144.9	144.9
Other comprehensive income					
Currency translation differences	-	-	9.9	-	9.9
Total comprehensive income for the period	**-**	**-**	**9.9**	**144.9**	**154.8**
Transactions with equity-holders					
Dividends	-	-	-	(128.5)	(128.5)
Share scheme credit	-	-	-	11.3	11.3
Deferred tax credit on share scheme credit	-	-	-	0.3	0.3
Total transactions with equity-holders	**-**	**-**	**-**	**(116.9)**	**(116.9)**
As at 31 December 2008	0.3	13.1	10.3	251.8	275.5

Condensed consolidated statement of changes in equity (continued)

	Share capital £m	Share premium account £m	Foreign exchange reserve £m	Retained profit and loss £m	Total equity £m
At 1 January 2009	0.3	13.1	10.3	251.8	275.5
Profit for the period	-	-	-	75.4	75.4
Other comprehensive income					
Currency translation differences	-	-	(6.5)	-	(6.5)
Total comprehensive income for the period	**-**	**-**	**(6.5)**	**75.4**	**68.9**
Transactions with equity-holders					
Dividends	-	-	-	(69.6)	(69.6)
Share scheme credit	-	-	-	6.4	6.4
Deferred tax credit on share scheme credit	-	-	-	0.4	0.4
Total transactions with equity-holders	**-**	**-**	**-**	**(62.8)**	**(62.8)**
As at 30 June 2009	0.3	13.1	3.8	264.4	281.6

Notes to the condensed interim financial statements

1. General information and basis of preparation

Admiral Group plc is a Company incorporated in England and Wales. Its registered office is at Capital Tower, Greyfriars Road, Cardiff CF10 3AZ and its shares are listed on the London Stock Exchange.

The condensed interim financial statements comprise the results and balances of the Company and its subsidiaries (the Group) for the six-month period ended 30 June 2009 and the comparative periods for the 6-month period ended 30 June 2008 and the year ended 31 December 2008. This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2008.

The financial statements of the Company’s subsidiaries are consolidated in the Group financial statements. The Company controls 100% of the voting share capital of all its subsidiaries. In accordance with IAS 24, transactions or balances between Group companies that have been eliminated on consolidation are not reported as related party transactions.

The comparative figures for the financial year ended 31 December 2008 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

The accounts have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Group's projections for the next twelve months and beyond, including cash flow forecasts and regulatory capital surpluses. The Group has no debt.

Accounting policies

The condensed set of interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the company’s published consolidated financial statements for the year ended 31 December 2008, except for the application of revised IAS1 Presentation of financial statements (2007) which became effective on 1 January 2009. Numerous other IFRS and interpretations have been endorsed by the EU in the period to 1 June 2009 and although they have been adopted by the Group, none of them has had a material impact on the Group’s financial statements.

The revised presentation required by IAS1 results in the consolidated statement of recognised income and expense being replaced by a new consolidated statement of comprehensive income which presents all non-owner changes in equity. A consolidated statement of changes in equity is also brought forward to the primary statements, having previously been included in the notes. This statement presents all owner and non-owner changes in equity. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Since the change in accounting policy only impacts the presentation of financial statements, there is no impact on earnings per share.

Critical accounting judgements and estimates

The Group's 2008 annual report provides full details of significant judgements and estimates used in the application of the Group's accounting policies. There have been no significant changes to these judgements and estimates during the period.

Estimation techniques used in calculation of claims provisions:

Estimation techniques are used in the calculation of the provisions for claims outstanding, which represents a projection of the ultimate cost of settling claims that have occurred prior to the balance sheet date and remain unsettled at the balance sheet date.

The key area where these techniques are used relates to the ultimate cost of reported claims. A secondary area relates to the emergence of claims that occurred prior to the balance sheet date, but had not been reported at that date.

The estimates of the ultimate cost of reported claims are based on the setting of claim provisions on a case-by-case basis.

These provisions are compared with projected ultimate costs using a variety of different projection techniques (including incurred and paid chain ladder and an average cost of claim approach) to allow an actuarial assessment of their likely accuracy and to include allowance for unreported claims.

The most significant sensitivity in the use of the projection techniques arises from any future step change in claims costs, which would cause future claim cost inflation to deviate from historic trends. This is most likely to arise from a change in the regulatory or judicial regime that leads to an increase in awards or legal costs for bodily injury claims that is significantly above or below the historical trend.

The claims provisions are subject to independent review by the Group's actuarial advisors.

Refer to note 14 for an analysis on the changes in estimates of claims provisions for each underwriting year.

2. Operating segments

The Group has four reportable segments, as described below. These segments represent the principal split of business that is regularly reported to the Group's Board of Directors, which is considered to be the Group's chief operating decision maker in line with IFRS 8, Operating Segments.

UK Car Insurance

The segment consists of the underwriting of private car insurance and the generation of ancillary income in the UK. The Directors consider the results of these activities to be reportable as one segment as the activities carried out in generating the income are not independent of each other and are performed as one business. This mirrors the approach taken in management reporting.

Price Comparison

The segment relates to the Group's price comparison websites; Confused.com in the UK and the Rastreator.es in Spain. Rastreator was launched in May 2009 and is therefore included in the price comparison segment for the first time in H1 2009.

Non-UK Car Insurance

The segment consists of the underwriting of private car insurance and the generation of ancillary income outside of the UK. It specifically covers the Group's Balumba.es, AdmiralDirekt.de and ConTe.it operations in Spain, Germany and Italy respectively.

Other

The 'Other' segment includes the Gladiator Commercial Van Insurance broking operation in addition to certain central expenses, overseas development expenses, share scheme costs, finance charges and interest. None of these are reportable segments based on their immateriality.

Segment income, results and other information

						30 June 2009
	UK Car Insurance £m	Price Comparison £m	Non–UK Car Insurance £m	Other £m	Eliminations £m	Segment total £m
Turnover*	470.1	40.2	24.5	5.3	-	540.1
Net revenue	188.6	40.2	8.0	6.3	-	243.1
Profit / (loss) before tax	101.2	11.0	(4.1)	(2.8)	-	105.3
Reportable segment assets	1,019.6	29.4	85.2	56.9	(85.1)	1,106.0

	UK Car Insurance £m	Price Comparison £m	Non–UK Car Insurance £m	Other £m	Eliminations £m	30 June 2008 Segment total £m
Turnover *	407.2	36.6	14.7	4.9	-	463.4
Net revenue	153.8	36.6	5.2	8.4	-	204.0
Profit / (loss) before tax	86.0	15.6	(2.1)	0.8	-	100.3
Reportable segment assets	827.8	22.3	22.1	128.9	(46.9)	954.2

	UK Car Insurance £m	Price Comparison £m	Non–UK Car Insurance £m	Other £m	Eliminations £m	31 December 2008 Segment total £m
Turnover *	804.9	66.1	29.7	9.5	-	910.2
Net revenue	328.3	66.1	12.2	16.2	-	422.8
Profit / (loss) before tax	179.9	25.6	(4.1)	1.1	-	202.5
Reportable segment assets	930.8	23.2	88.0	65.9	(93.9)	1,014.0

* Turnover is a non-GAAP measure and consists of total premiums written (including co-insurers share) and other revenue.

Segment revenues

The UK and Non–UK Car Insurance reportable segments derive all insurance premium income from external policyholders. Revenue within these segments is not derived from an individual policyholder that represents 10% or more of the Group’s total revenue.

The total of Price Comparison revenues from transactions with other reportable segments is £6.7m (H1 2008: £6.0m, Full year 2008: £11.0m). These amounts have not been eliminated in order to avoid distorting expense and combined ratios which are key indicators of insurance business.

Revenues from external customers for products and services is consistent with the split of reportable segment revenues as shown above.

Information about geographical locations

All material revenues from external customers, and net assets attributed to a foreign country are shown within the Non–UK Car Insurance reportable segment shown above.

3. Net insurance premium revenue

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Total motor insurance premiums before co-insurance	427.1	363.2	716.3
Group gross premiums written after co-insurance	222.2	170.2	334.6
Outwards reinsurance premiums	(105.0)	(71.2)	(140.2)
Net insurance premiums written	117.2	99.0	194.4
Change in gross unearned premium provision	(43.3)	(31.1)	(33.2)
Change in reinsurers' share of unearned premium provision	26.6	9.1	8.6
Net insurance premium revenue	100.5	77.0	169.8

The Group's share of the UK, Spanish, German and Italian private motor insurance business was underwritten by Admiral Insurance (Gibraltar) Limited (AIGL) and Admiral Insurance Company Limited (AICL). All contracts are short-term in duration, lasting for 10 or 12 months.

4. Other revenue

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Ancillary revenue	62.8	54.6	109.8
Price Comparison revenue	40.2	36.6	66.1
Gladiator revenue	5.3	4.9	9.5
Instalment income	4.7	4.1	8.5
Total other revenue	113.0	100.2	193.9

Ancillary revenue is primarily made up of commissions and fees earned on sales of insurance products (underwritten by external parties) and services complementing the motor policy.

5. Profit commission

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Underwriting year:			
2004 & prior	0.7	4.3	8.1
2005	1.9	5.7	8.9
2006	3.1	3.6	9.2
2007	12.5	0.7	8.5
2008	4.2	-	-
2009	0.3	-	-
	22.7	14.3	34.7

6. Investment and interest income

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Net investment return	5.8	9.0	17.7
Interest receivable	1.1	3.5	6.7
Total investment and interest income	6.9	12.5	24.4

7. Expenses

	30 June 2009			30 June 2008		
	Insurance contracts £m	Other £m	Total £m	Insurance contracts £m	Other £m	Total £m
Acquisition of insurance contracts	8.2	-	8.2	5.4	-	5.4
Administration and marketing costs	11.2	44.8	56.0	8.2	34.6	42.8
Sub-total	19.4	44.8	64.2	13.6	34.6	48.2
Share scheme charges	-	3.4	3.4	-	3.1	3.1
Total expenses	19.4	48.2	67.6	13.6	37.7	51.3

	31 December 2008		
	Insurance contracts	Other	Total
	£m	£m	£m
Acquisition of insurance contracts	12.5	-	12.5
Administration and marketing costs	19.7	67.6	87.3
Sub-total	32.2	67.6	99.8
Share scheme charges	-	5.9	5.9
Total expenses	32.2	73.5	105.7

The £11.2m (H1 2008: £8.2m Full year 2008: £19.7m) administration and marketing costs allocated to insurance contracts is principally made up of salary costs.

Analysis of other administration and marketing costs:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Ancillary sales expenses	9.9	9.0	17.9
Confused.com operating expenses	29.2	21.0	40.6
Gladiator operating expenses	3.9	3.4	6.7
Central overheads and expansion costs	1.8	1.2	2.4
Total	44.8	34.6	67.6

The gross amount of expenses, before recoveries from co-insurers and reinsurers is £125.9m (H1 2008: £100.3m Full year 2008: £211.2m). This amount can be reconciled to the total expenses and share scheme charges above of £67.6m (H1 2008: £51.3m Full year 2008: £105.7m) as follows:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Gross expenses	125.9	100.3	211.2
Co-insurer share of expenses	(37.7)	(34.6)	(72.8)
Expenses, net of co-insurer share	88.2	65.7	138.4
Adjustment for deferral of acquisition costs	(2.5)	(2.1)	(6.0)
Expenses, net of co-insurer share (earned basis)	85.7	63.6	132.4
Reinsurer share of expenses (earned basis)	(18.1)	(12.3)	(26.7)
Total expenses and share scheme charges	67.6	51.3	105.7

Reconciliation of expenses related to insurance contracts to reported expense ratio:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Insurance contract expenses from above	19.4	13.6	32.2
Add: claims handling expenses	2.8	2.4	4.7
Adjusted expenses	22.2	16.0	36.9
Net insurance premium revenue	100.5	77.0	169.8
Reported expense ratio	22.0%	20.8%	21.8%

8. Taxation

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
UK Corporation tax			
Current charge at 28% (comparative periods, 28.5%)	27.6	28.5	50.1
Over provision relating to prior periods – corporation tax	-	-	(4.7)
Current tax charge	27.6	28.5	45.4
Deferred tax			
Current period deferred taxation movement	2.3	(0.1)	12.1
Over provision relating to prior periods deferred tax	-	-	0.1
Total tax charge per income statement	29.9	28.4	57.6

The charge has been calculated using the expected annual average effective tax rate.

Factors affecting the tax charge are:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Profit before taxation	105.3	100.3	202.5
Corporation tax thereon at 28% (comparative periods 28.5%)	29.5	28.6	57.7
Expenses and provisions not deductible for tax purposes	-	-	0.4
Other temporary differences	0.4	(0.2)	(0.4)
Adjustments relating to prior periods	-	-	(0.1)
Tax charge for the period as above	29.9	28.4	57.6

9. Earnings per share

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Profit for the period after taxation	75.4	71.9	144.9
Weighted average number of shares – basic	265,074,506	263,186,944	263,821,341
Earnings per share – basic	28.5p	27.3p	54.9p
Weighted average number of shares – diluted	265,524,506	263,596,944	264,188,008
Earnings per share – diluted	28.4p	27.3p	54.9p

10. Dividends

Dividends were declared and paid as follows:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
March 2008 (23.2p per share, paid May 2008)	-	60.5	60.5
July 2008 (26.0p per share, paid September 2008)	-	-	68.0
March 2009 (26.5p per share, paid May 2009)	69.6	-	-
Total dividends	69.6	60.5	128.5

The dividends declared in March 2008 and March 2009 represent the final dividends paid in respect of the 2007 and 2008 financial years (September 2008 - interim payment for 2008).

11. Property, plant and equipment

	Improvements to short leasehold buildings	Computer equipment	Office equipment	Furniture and fittings	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2008	2.7	13.3	5.0	2.0	23.0
Additions	0.5	1.7	0.5	0.1	2.8
Disposals	-	-	-	-	-
At 30 June 2008	3.2	15.0	5.5	2.1	25.8
Depreciation					
At 1 January 2008	1.3	9.2	3.3	1.5	15.3
Charge for the year	0.3	0.9	0.4	0.1	1.7
Disposals	-	-	-	-	-
At 30 June 2008	1.6	10.1	3.7	1.6	17.0
Net book amount					
At 30 June 2008	1.6	4.9	1.8	0.5	8.8
Cost					
At 1 January 2008	2.7	13.3	5.0	2.0	23.0
Additions	1.3	3.5	1.8	0.4	7.0
Disposals	-	-	-	-	-
At 31 December 2008	4.0	16.8	6.8	2.4	30.0
Depreciation					
At 1 January 2008	1.3	9.2	3.3	1.5	15.3
Charge for the year	0.6	1.9	0.9	0.3	3.7
Disposals	-	-	-	-	-
At 31 December 2008	1.9	11.1	4.2	1.8	19.0
Net book amount					
At 31 December 2008	2.1	5.7	2.6	0.6	11.0
Cost					
At 1 January 2009	4.0	16.8	6.8	2.4	30.0
Additions	0.2	2.1	0.4	0.3	3.0
Disposals	-	(0.1)	-	-	(0.1)
At 30 June 2009	4.2	18.8	7.2	2.7	32.9
Depreciation					
At 1 January 2009	1.9	11.1	4.2	1.8	19.0
Charge for the year	0.4	1.4	0.5	0.1	2.4
Disposals	-	-	-	-	-
At 30 June 2009	2.3	12.5	4.7	1.9	21.4
Net book amount					
At 30 June 2009	1.9	6.3	2.5	0.8	11.5

The net book value of assets held under finance leases is as follows:

	30 June 2008 £m	30 June 2008 £m	31 December 2008 £m
Computer equipment	1.7	1.9	1.6

12. Intangible assets

	Goodwill £m	Deferred acquisition costs £m	Software £m	Total £m
Carrying amount:				
At 1 January 2008	62.3	4.6	2.1	69.0
Additions	-	5.1	1.2	6.3
Amortisation charge	-	(3.5)	(0.5)	(4.0)
At 30 June 2008	62.3	6.2	2.8	71.3
At 1 January 2008	62.3	4.6	2.1	69.0
Additions	-	14.6	4.3	18.9
Amortisation charge	-	(10.8)	(1.4)	(12.2)
Disposals	-	-	-	-
At 31 December 2008	62.3	8.4	5.0	75.7
Additions	-	6.3	2.7	9.0
Amortisation charge	-	(5.6)	(0.8)	(6.4)
Disposals	-	-	(0.1)	(0.1)
At 30 June 2009	62.3	9.1	6.8	78.2

Goodwill relates to the acquisition of Group subsidiary EUI Limited (formerly Admiral Insurance Services Limited) in November 1999. It is allocated solely to the UK Car Insurance segment. As described in the accounting policies within the 2008 annual report, the amortisation of this asset ceased on transition to IFRS on 1 January 2004. All annual impairment reviews since the transition date have indicated that the estimated recoverable value of the asset is greater than the carrying amount and therefore no impairment losses have been recognised. No evidence has arisen during the 6 month period to 30 June 2009 to suggest that an interim impairment review is required.

13. Financial instruments

The Group's financial instruments can be analysed as follows:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Investments held at fair value	390.3	372.8	310.8
Held to maturity deposits with credit institutions	100.0	-	100.0
Receivables – amounts owed by policyholders	197.9	163.8	176.1
Total financial assets as per consolidated balance sheet	688.2	536.6	586.9
Trade and other receivables	36.2	26.8	25.5
Cash and cash equivalents	96.2	153.3	144.3
	820.6	716.7	756.7
Financial liabilities:			
Trade and other payables	293.1	255.1	270.1

All receivables from policyholders are due within 12 months of the balance sheet date.

All investments held at fair value are invested in AAA-rated money market liquidity funds. These funds (spread across five very large managers) target a 7-day LIBID return with capital security and low volatility and continue to achieve these goals.

14. Reinsurance assets and insurance contract liabilities

A) Analysis of recognised amounts:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Gross:			
Claims outstanding	292.8	260.4	282.3
Unearned premium provision	198.4	152.4	157.3
Total gross insurance liabilities	491.2	412.8	439.6
Recoverable from reinsurers:			
Claims outstanding	103.8	90.6	103.8
Unearned premium provision	91.9	65.3	66.8
Total reinsurers' share of insurance liabilities	195.7	155.9	170.6
Net:			
Claims outstanding	189.0	169.8	178.5
Unearned premium provision	106.5	87.1	90.5
Total insurance liabilities – net	295.5	256.9	269.0

B) Analysis of net claims reserve releases:

The following table analyses the impact of movements in prior year claims provisions, in terms of their net value, and their impact on the reported loss ratio. This data is presented on an underwriting year basis.

	Six months ended				
	30 June 2007 £m	31 December 2007 £m	30 June 2008 £m	31 December 2008 £m	30 June 2009 £m
Underwriting year:					
2000	-	0.7	-	0.4	-
2001	0.5	1.0	-	0.5	0.5
2002	0.6	0.7	-	-	0.3
2003	1.4	1.8	1.4	0.9	0.7
2004	4.7	2.9	2.9	3.5	(0.6)
2005	5.1	7.5	7.1	3.9	2.4
2006	-	2.6	4.9	5.6	5.1
2007	-	-	2.1	4.8	4.4
2008	-	-	-	-	5.6
Total net release	12.3	17.2	18.4	19.6	18.4
Net insurance premium revenue	71.6	70.6	77.0	92.8	100.5
Release as % of net premium revenue	17.2%	24.3%	23.8%	21.1%	18.3%

	Financial year ended 31 December				
	2004 £m	2005 £m	2006 £m	2007 £m	2008 £m
Underwriting year:					
2000	1.5	0.4	1.1	0.7	0.4
2001	3.0	5.0	1.9	1.5	0.5
2002	3.2	5.2	2.3	1.3	-
2003	1.5	4.6	5.1	3.2	2.3
2004	-	2.1	7.9	7.6	6.4
2005	-	-	2.6	12.6	11.0
2006	-	-	-	2.6	10.5
2007					6.9
Total net release	9.2	17.3	20.9	29.5	38.0
Net insurance premium revenue	107.5	139.5	145.0	142.2	169.8
Release as % of net premium revenue	8.5%	12.4%	14.4%	20.7%	22.4%

C) Reconciliation of movement in net claims reserve:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Net claims reserve at start of period	178.5	166.5	166.5
Net claims incurred	67.4	50.1	109.8
Net claims paid	(56.9)	(46.8)	(97.8)
Net claims reserve at end of period	189.0	169.8	178.5

D) Reconciliation of movement in net unearned premium provision:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Net unearned premium provision at start of period	90.5	64.9	64.9
Written in the period	117.2	99.0	194.4
Earned in the period	(101.2)	(76.8)	(168.8)
Net unearned premium provision at end of period	106.5	87.1	90.5

15. Trade and other receivables

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Trade receivables	32.4	24.2	22.3
Prepayments and accrued income	3.8	2.6	3.2
Total trade and other receivables	36.2	26.8	25.5

16. Cash and cash equivalents

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Cash at bank and in hand	96.2	153.3	140.3
Cash on short term deposit	-	-	4.0
Total cash and cash equivalents	96.2	153.3	144.3

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term deposits with original maturities of three months or less.

17. Deferred tax

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Liability/ (asset) brought forward at start of period	10.3	(1.6)	(1.6)
Movement in period – through income statement	2.3	(0.1)	12.2
Movement in period – through equity	(0.4)	0.2	(0.3)
Liability/ (asset) carried forward at end of period	12.2	(1.5)	10.3

The net balance provided at the end of the period is analysed as follows:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Tax treatment of share scheme charges	(2.2)	(1.4)	(2.4)
Capital allowances	-	0.1	-
Other differences	(0.1)	(0.2)	(0.1)
Unremitted overseas income	14.5	-	12.8
Deferred tax liability / (asset) at end of period	12.2	(1.5)	10.3

The amount of deferred tax income / (expense) recognised in the income statement for each of the temporary differences reported above is:

Amounts credited to income or expense	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Tax treatment of Lloyd's Syndicates	-	0.5	0.5
Tax treatment of share scheme charges	(0.6)	(0.4)	0.1
Capital allowances	-	-	0.1
Other differences	-	-	(0.1)
Unremitted overseas income	(1.7)	-	(12.8)
Net deferred tax (charged)/ credited to income	(2.3)	0.1	(12.2)

18. Trade and other payables

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Trade payables	6.6	11.0	10.8
Amounts owed to co-insurers and reinsurers	157.8	136.8	147.9
Finance leases due within 12 months	0.5	0.2	0.2
Finance leases due after 12 months	0.1	-	-
Other taxation and social security liabilities	10.7	11.6	9.5
Other payables	28.9	20.5	18.8
Accruals and deferred income (see below)	88.5	75.0	82.9
Total trade and other payables	293.1	255.1	270.1

Analysis of accruals and deferred income:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Premium receivable in advance of policy inception	50.6	40.2	45.6
Accrued expenses	33.8	28.7	29.3
Deferred income	4.1	6.1	8.0
Total accruals and deferred income as above	88.5	75.0	82.9

19. Obligations under finance leases

	At 30 June 2009			At 30 June 2008		
Analysis of finance lease liabilities:	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
Less than one year	0.5	-	0.5	0.2	-	0.2
Between one and five years	0.1	-	0.1	-	-	-
	0.6	-	0.6	0.2	-	0.2

	At 31 December 2008		
	Minimum lease payments £000	Interest £000	Principal £000
Less than one year	0.2	-	0.2
Between one and five years	-	-	-
	0.2	-	0.2

The average term of leases outstanding is 16 months. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates to their carrying amount.

20. Share capital

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Authorised:			
500,000,000 ordinary shares of 0.1p	0.5	0.5	0.5
Issued, called up and fully paid:			
266,121,510 ordinary shares of 0.1p	0.3	-	-
264,541,810 ordinary shares of 0.1p	-	-	0.3
262,375,407 ordinary shares of 0.1p	-	0.3	-
	0.3	0.3	0.3

During the first half of 2009, 1,579,690 new ordinary shares of 0.1p were issued to the trusts administering the Group's share schemes.

395,742 of these were issued to the Admiral Group Share Incentive Plan (SIP) Trust for the purposes of this share scheme. These shares are entitled to receive dividends.

1,183,948 shares were issued to the Admiral Group Employee Benefit Trust for the purposes of the Admiral Group Senior Executive Restricted Share Plan (also known as the Discretionary Free Share Scheme or DFSS). The Trustees have waived the right to dividend payments, other than to the extent of 0.001p per share, unless and to the extent otherwise directed by the Company from time to time. Rights to dividends have now been waived on a total of 4,741,948 ordinary shares in issue.

Staff share schemes:

Analysis of share scheme costs (per income statement):

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
SIP charge	1.5	1.2	2.5
DFSS charge	1.9	1.9	3.4
Total share scheme charges	3.4	3.1	5.9

The share scheme charges reported above are net of the co-insurance share and therefore differ from the gross credit to reserves reported in the statement of changes in equity (£6.4m).

The consolidated cashflow statement also shows the gross charge in the reconciliation between 'profit after tax' and 'cashflows from operating activities'. The co-insurance share of the charge is included in the 'change in trade and other payables' line.

Number of free share awards committed at 30 June 2009:

	Awards outstanding (*)	Vesting date
SIP H1 06 scheme	350,811	September 2009
SIP H2 06 scheme	277,538	March 2010
SIP H1 07 scheme	353,444	September 2010
SIP H2 07 scheme	337,770	March 2011
SIP H1 08 scheme	352,732	September 2011
SIP H2 08 scheme	477,603	March 2012
SIP H1 09 scheme	450,000	September 2012
DFSS 2006 scheme – 2nd Award	105,369	September 2009
DFSS 2007 scheme – 1st Award	1,210,781	April 2010
DFSS 2007 scheme – 2nd Award	26,350	December 2010
DFSS 2008 scheme – 1st Award	1,306,681	April 2011
DFSS 2008 scheme – 2nd Award	86,902	November 2011
DFSS 2009 scheme – 1st Award	1,311,015	April 2012
Total awards committed	6,646,996	

* – being the maximum number of awards expected to be made before accounting for expected staff attrition.

During the six months ended 30 June 2009, awards under the SIP H2 06 scheme and the DFSS 2006 (1st award) scheme vested. The total number of awards vesting for each scheme is as follows:

Number of free share awards vesting during the six months ended 30 June 2009:

	Original Awards	Awards vested
SIP H2 05 scheme	350,034	288,517
DFSS 2006 scheme 1st award	603,720	543,079

21. Financial commitments

The Group was committed to total minimum obligations under operating leases on land and buildings as follows:

Operating leases expiring:	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Within one years	-	-	-
Within two to five years	3.6	1.9	4.1
Over five years	31.9	26.0	31.6
Total commitments	35.5	27.9	35.7

Operating lease payments represent rentals payable by the Group for its office properties.

In addition, the Group had contracted to spend the following on property, plant and equipment at the end of each period:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Expenditure contracted to	-	-	0.9

22. Related party transactions

There were no related party transactions occurring during the six months ended 30 June 2009 that require disclosure. Details relating to the remuneration and shareholdings of key management personnel were set out in the remuneration report of the 2008 annual report. Key management personnel are able to obtain discounted motor insurance at the same rates as all other Group staff, typically at a reduction of 15%.

The Board considers that only the Board of Directors of Admiral Group plc are key management personnel.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;

- the interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Henry Engelhardt	Kevin Chidwick
Chief Executive Officer	Finance Director
20 August 2009	20 August 2009

Independent review report to Admiral Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the Condensed consolidated income statement, the Condensed consolidated statement of comprehensive income, the Condensed consolidated balance Sheet, Condensed consolidated statement of cashflows, the Condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU*.*

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Chris Moulder
for and on behalf of KPMG Audit Plc
Chartered Accountants
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE

24 August 2009