ADMIRAL GROUP PLC

2011 INTERIM FINANCIAL STATEMENTS

Admiral Group plc Results for the Six Months Ended 30 June 2011
24 August 2011

Admiral announces another record half-year profit and continued strong growth. Profit before tax at £160.6 million was 27% ahead of H1 2010, while turnover rose 53% to £1.1 billion.

The Board is declaring a record interim dividend payment of 39.1p per share.

H1 2011 Highlights

- Group profit before tax up 27% at £160.6 million (H1 2010: £126.9 million)
- Earnings per share up 28% at 43.3p (H1 2010: 33.7p)
- Record interim dividend up 20% at 39.1p per share (2010 interim: 32.6p)
- Group turnover* up 53% at £1.1 billion (H1 2010: £720.5 million)
- Group vehicle count up 33% to 3.15 million from 2.37 million at 30 June 2010
- International Car Insurance turnover up 45% to £53.9 million (H1 2010: £37.1 million) and vehicles up 53% to 236,000 (H1 2010: 154,000)
- Group net revenue up 43% at £425.1 million (H1 2010: £296.4 million)
- Employee Share Scheme – over £8 million of shares will be distributed to over 5,700 staff based on the H1 2011 result

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

Comment from Henry Engelhardt, Chief Executive Officer

"Over £1 billion turnover in six months! It wasn't so long ago that we were pleased to report over £1 billion turnover for a full year. This is an incredible achievement and is credit to the hard work of everyone at Admiral.

"In the UK the momentum of vehicle growth and price rises from 2010 and Q1 2011 carried us through the first half of 2011, although injury claims and their related costs continue to rise in the UK market, something to which we are not immune. As one of the lowest cost providers in a commoditised market we are well placed for a future which is shaping up to be the survival of the fittest.

"Outside the UK we are continuing the tough job of building sustainable, profitable and growing businesses from scratch. On a daily basis the new customers we get from outside the UK are now over 15% of the UK's new business, meanwhile consumer preference for price comparison shopping in our European markets is growing.

"All in all we're pleased with the numbers for the first half of 2011. As a result, every member of staff will receive £1,500 of free shares in the Group, worth over £8 million in total."

Comment from Alastair Lyons, 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, up 20% to 39.1 pence per ordinary share. This represents 90% of after-tax profits for the first six months of 2011, testament to the strength of Admiral's business model which delivers strong profits and a high return on capital.

"This August also marks the 20 year anniversary of our CEO and COO working together to create Admiral. I would like to take this opportunity to thank Henry and David for their hard work and unstinting commitment."

Interim dividend

The interim dividend of 39.1p per share will be paid on 21 October 2011. The ex-dividend date is 28 September 2011, the record date 30 September 2011.

Management presentation

Analysts and investors will be able to access the Admiral Group management presentation which commences at 9.00am on Wednesday 24 August 2011 by dialling +44 (0)20 3059 5845 and using participant password "Admiral". A copy of the presentation slides will be available at www.admiralgroup.co.uk

A pdf version of this interim results announcement is also available at www.admiralgroup.co.uk

Business Review
Group financial highlights and key performance indicators

	H1 2009	H1 2010	H1 2011	FY 2010
Turnover	£540.1m	£720.5m	£1,104.4m	£1,584.8m
Net revenue	£243.1m	£296.4m	£425.1m	£640.7m
Number of customers	1.92m	2.37m	3.15m	2.75m
Loss ratio	67.0%	67.8%	77.5%	69.4%
Expense ratio	22.0%	21.5%	16.7%	19.9%
Combined ratio	89.0%	89.3%	94.2%	89.3%
Profit before tax	£105.3m	£126.9m	£160.6m	£265.5m
Earnings per share	28.5p	33.7p	43.3p	72.3p
Return on equity	54%	58%	63%	59%

Turnover comprises total premiums written and Other Revenue

The Group enjoyed another period of very strong growth in the first half of 2011, with a one-third increase in customer numbers to 3.15 million accompanied by a 53% rise in turnover to £1,104.4 million.

Pre-tax profit rose by 27% to £160.6 million, while earnings per share increased by 28% to 43.3p.

The Group's core UK Car Insurance business took further advantage of continuing favourable market conditions to again grow substantially (by 33% in customer and 59% in premium terms) while still delivering high profits. This business accounts for 90% of Group customers and turnover and remains the key driver behind the overall growth figures.

The UK combined ratio for the first half of the year was 90.4% - up from 82.9% in H1 2010. The increase is a result of lower levels of prior year reserve releases (continuing the pattern emerging in the second half of last year), in part offset by a lower expense ratio and a lower loss ratio on business earned in the period. Despite the increased combined ratio, UK Car Insurance profit rose strongly by 28% to £168.2 million from £131.5 million.

Outside the UK, the combined International Car Insurance businesses generated turnover of £53.9 million (+ 45% v H1 2010) and ended the period with 236,000 insured vehicles (53% higher than 30 June 2010, despite the comparative figure including the AdmiralDirekt business in Germany which was disposed of in January 2011).

These businesses recorded a loss of £3.2 million (£4.1 million in H1 2010) and a combined ratio of 157% (183%).

In UK Price Comparison, Confused.com's market share held steady while turnover increased by 10%. The market remains fiercely competitive however, and Confused's pre-tax profit was down against H1 2010 to £8.2 million (H1 2010 £8.8 million). The Group's International Price Comparison businesses continued to grow, with turnover up substantially to £5.0 million from £1.4 million in H1 2010.

The Directors have declared an interim dividend of 39.1 pence per share (£105.6 million), up 20% on the interim 2010 dividend (32.6p, £86.3 million).

The Group's results are presented in three key segments – UK Car Insurance, International Car Insurance and Price Comparison. Other Group items are summarised in a fourth section.

UK Car Insurance
Non-GAAP[*1] format income statement

£m	H1 2009	H1 2010	H1 2011	FY 2010
Turnover[*2]	470.1	639.4	999.3	1,419.7
Total premiums written[*3]	404.6	555.8	881.7	1,237.6
Net insurance premium revenue	94.6	117.2	190.0	269.4
Investment income	5.7	3.2	3.4	8.3
Net insurance claims	(63.6)	(81.0)	(151.0)	(192.6)
Net insurance expenses	(14.2)	(16.1)	(20.7)	(32.4)
Underwriting profit	**22.5**	**23.3**	**21.7**	**52.7**
Profit commission	22.7	36.9	45.3	67.0
Net ancillary income	51.5	65.5	90.7	142.4
Other revenue	4.5	5.8	10.5	13.7
UK Car Insurance profit before tax	**101.2**	**131.5**	**168.2**	**275.8**

*1 GAAP = Generally Accepted Accounting Practice
*2 Turnover (a non-GAAP measure) comprises total premiums written and other revenue
*3 Total premiums written (non-GAAP) includes premium underwritten by co-insurers

Key performance indicators

	H1 2009	H1 2010	H1 2011	FY 2010
Reported loss ratio	64.2%	65.9%	76.3%	68.3%
Reported expense ratio	17.9%	17.0%	14.1%	15.2%
Reported combined ratio	82.1%	82.9%	90.4%	83.5%
Written basis expense ratio	16.7%	14.6%	12.8%	14.4%
Claims reserve releases	£18.4m	£17.3m	£4.0m	£23.5m
Releases as % of net premium	19.4%	14.8%	2.1%	8.7%
Profit commission as % of net premium	24.0%	31.5%	23.8%	24.9%
Vehicles insured at period-end	1.73m	2.12m	2.83m	2.46m
Ancillary income per vehicle	£70.8	£74.5	£78.9	£77.5

UK Car Insurance – Co-insurance and Reinsurance

For the 2011 year of account, Admiral underwrote a net 27.5% of UK premiums (in line with 2009 and 2010). 40% of the UK total is underwritten by the Munich Re Group (specifically Great Lakes Reinsurance (UK) Plc) through a long-term co-insurance agreement, with 32.5% being proportionally reinsured to a panel of reinsurers: New Re (11.25%), Hannover Re (8.75%), Swiss Re (7.5%) and Mapfre Re and XL Re (2.5% each).

The nature of the co-insurance is such that 40% of all motor premium and claims for the 2011 year (45% for 2010) 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.

Arrangements for 2012 and beyond

The split of business over the following two years is as follows:

	2012	**2013**
Admiral net	25.0%	25.0%
Great Lakes	40.0%	40.0%
New Re	13.25%	13.25%
Hannover Re	8.75%	-
Swiss Re	7.5%	7.5%
Mapfre Re	3.0%	3.0%
XL Re	2.5%	2.5%
To be allocated	-	8.75%
TOTAL	**100.0%**	**100.0%**

The Great Lakes co-insurance contract will run until at least the end of 2016, and will see Great Lakes co-insure 40% of the UK business for that remaining period. Admiral has committed to retain at least 25% for the duration, whilst the allocation of the balance is at Admiral's discretion.

UK Car Insurance Financial Performance

Market conditions in H1 2011 were broadly similar to the second half of 2010, with a combination of poor underwriting results and low investment returns continuing to push prices up across the market and encouraging a number of insurers to scale back portfolios, especially in certain segments.

Admiral continued to grow and increase market share, ending the period with over 2.8 million vehicles insured in the UK – 33% higher than a year earlier and 15% up on 31 December 2010. Price tracking surveys suggest the rate of price growth has slowed into 2011 (and in Q2 v Q1), signalling a slowing in the hardening phase of the cycle. Admiral's premium rates in H1 increased by around 11% across new business and renewals (with data from the price surveys and internal competiveness tracking suggesting Admiral's rates increased at a faster rate than the market).

While customer numbers were up by a third year-on-year, rate changes have led to significant increases in average premium and total premiums written increased by 59% to £881.7 million (H1 2010: £555.8 million).

The loss ratio on premium earned in H1 2011 (i.e. excluding the impact of reserve releases from previous periods) was 78%, down from 81% in the first half of 2010. The improvement reflects increases in premium rates over the period, offsetting claims inflation (which has trended higher in the past year compared to the recent past, as discussed further below).

During H1 2011, Admiral has seen less positive development of prior year claims than historically has been the case, resulting in significantly lower reserve releases being made compared with previous periods. Releases totalled £4.0 million (2.1% of premium) compared to £17.3 million in H1 2010 (14.8% of premium). This is a consequence of increases in the projections of ultimate loss ratios on earlier underwriting years, in turn resulting from worse development in average claim costs on those years than was previously projected.

After taking the lower level of releases into account, the reported loss ratio for H1 2011 was 76% v 66% in H1 2010. The UK market loss ratio for the 2010 accident year (the most recent data available) was 92%. Our loss ratios remain significantly lower than the market.

As usual with claims reserves, there remains some uncertainty in the projections of recent underwriting years and the ratios above are subject to potentially material change (positive or negative) over the coming periods.

Claims reserving

There has been no change in Admiral's reserving policy, which is initially to reserve conservatively, above independent and internal projections of ultimate loss ratios. This is designed to create a significant margin being held in reserves to allow for unforeseen adverse development in open claims which would typically result in Admiral making above industry average reserve releases.

As profit commission income is recognised in the income statement in line with loss ratios accounted for on our own claims reserves, the reserving policy also results in profit commission income being deferred and released over time.

In determining the quantum of releases from prior years, we seek to maintain a consistent level of prudence in reserves (taken together with 'reserves' of profit commission) based on actuarial projections of ultimate loss ratios.

Increasing average premiums further benefited the expense ratio in H1 2011, with a reported ratio of 14.1% (compared to 17.0% in H1 2010). The underlying written basis expense ratio in H1 2011 was around 13% - its lowest ever level.

The UK business combined ratio for H1 2011 was 90.4% compared to 82.9% in H1 2010 (and 84% in FY 2010). The improvement in the expense ratio of around 3% was more than offset by a 10 percentage point worsening in the reported loss ratio as discussed above. The most recently available market combined ratio in 2010 was around 124% (including the impact of prior year claims strengthening of 8%).

After adding investment income of £3.4 million (H1 2010: £3.2 million), the total UK underwriting result was £21.7 million (H1 2010: £23.3 million) – the significant increase in net insurance premium revenue of £72.8 million being offset by the increase in the combined ratio.

Profit commission recognised on co- and reinsurance contracts amounted to £45.3 million, up from £36.9 million in H1 2010. The increase results from the first recognition of income on the 2010 underwriting year derived from reinsurance contracts.

Ancillary income - analysis of contribution:

£m	**H1 2009**	**H1 2010**	**H1 2011**	**FY 2010**
Ancillary contribution	**61.0**	**77.6**	**107.1**	**168.3**
Internal costs	(9.5)	(12.1)	(16.4)	(25.9)
Net ancillary profit	**51.5**	**65.5**	**90.7**	**142.4**
Ancillary contribution per vehicle	**£70.8**	**£74.5**	**£78.9**	**£77.0**

Continued strong growth in customer numbers contributed to a further significant increase in net ancillary profit, which rose 38% to £90.7 million. The average number of vehicles insured in the year to 30 June 2011 increased by 31% to 2.51 million (year to 30 June 2010: 1.91 million) leading to ancillary contribution per average vehicle of £78.90 (H1 2010: £74.50).

Taking all of the above into account, profit from UK Car Insurance rose by 28% to £168.2 million (H1 2010: £131.5 million).

International Car Insurance

Non-GAAP format income statement

£m	H1 2009	H1 2010	H1 2011	FY 2010
Turnover	24.5	37.1	53.9	77.6
Total premiums written	22.6	34.0	49.5	71.0
Net insurance premium revenue	5.9	8.1	11.5	18.7
Investment income	0.1	0.1	0.1	0.1
Net insurance claims	(6.5)	(7.8)	(11.1)	(15.9)
Net insurance expenses	(5.2)	(7.1)	(6.9)	(16.5)
Underwriting profit	**(5.7)**	**(6.7)**	**(6.4)**	**(13.6)**
Net ancillary income	1.4	2.4	3.6	5.3
Other revenue and charges	0.2	0.2	(0.4)	0.3
International Car Insurance loss before tax	**(4.1)**	**(4.1)**	**(3.2)**	**(8.0)**

Note - Pre-launch costs excluded

Key performance indicators

	H1 2009	H1 2010	H1 2011	FY 2010
Reported loss ratio	111%	96%	97%	85%
Reported expense ratio	87%	87%	60%	88%
Reported combined ratio	198%	183%	157%	173%
Vehicles insured	100,500	154,100	235,900	195,000
Ancillary income per vehicle	£35.1	£37.6	£35.4	£32.5

International Co-insurance and Reinsurance

Extensive use of reinsurance is also a feature of the Group's insurance operations outside the UK.

The arrangements in Spain and Italy involve Admiral retaining 35% of the risks, the majority share of 65% being underwritten by Munich Re. In France, Admiral retains a net 30%, with 70% reinsured among three reinsurers.

In the USA, Admiral retains one third of the underwriting, with the remaining two thirds shared between two reinsurers. Both bear their proportional share of expenses and underwriting, subject to certain caps on the reinsurers' total exposures.

All contracts have profit commission terms that allow Admiral to receive a proportion of the profit earned on the underwriting once the business reaches cumulative profitability.

The contracts in place in Italy, France and the USA include proportional sharing of ancillary profits.

International Car Insurance Financial Performance

The Group is active in four markets outside the UK – Spain (Admiral Seguros), Italy (ConTe), the US (Elephant Auto) and France (L'olivier Assurances).

The combined businesses continued to grow and show improvement in their operating results in the first half of 2011. Total premium written of £49.5 million was over 45% higher than H1 2010, despite the comparative including £8.6 million of premium written by AdmiralDirekt, the German car insurance business disposed of by the Group in January 2011. Excluding German premium, growth in H1 2011 was over 90%.

The number of vehicles insured also rose significantly, ending June 2011 at nearly 236,000 – 53% higher than a year earlier (92% higher excluding AdmiralDirekt) and accounting for 7% of Group customers (up from 6% a year earlier).

Although the reported loss ratio was in line with H1 2010, the combined ratio showed notable improvement, reducing to 157% from 183% in H1 2010. This was due to a falling expense ratio which improved to 60% from 87%, largely as a result of the strong growth and increasing scale of the operations.

Loss before tax for the combined operations also improved, falling to £3.2 million from £4.1 million in H1 2010.

Price Comparison
Non-GAAP format income statement

£m	H1 2009	H1 2010	H1 2011	FY 2010
Revenue:				
Motor	31.3	29.9	36.7	59.6
Other	8.9	8.1	8.7	16.1
Total	**40.2**	**38.0**	**45.4**	**75.7**
Operating expenses	(29.2)	(30.9)	(40.4)	(63.6)
Operating profit	**11.0**	**7.1**	**5.0**	**12.1**
Confused.com profit	11.0	8.8	8.2	16.9
International Price Comparison result	-	(1.7)	(3.2)	(4.8)

UK Price Comparison – Confused.com:

The UK price comparison market appeared to become even more competitive in H1 2011, with the four main competitors spending record amounts on advertising during the period.

Against this backdrop, Confused had a relatively positive six months, maintaining market share in its core car insurance comparison product at around one quarter. Revenue (at £40.4 million) in H1 was at its highest level in any half-year period (car insurance accounting for 79% of revenue compared to 78% in H1 2010).

As a result of the further increased marketing activity, Confused itself spent more to maintain market share and consequently operating profit reduced to £8.2m million (from £8.8 million in H1 2010, though was in line with H2 2010). Confused's operating margin was around 20% (H1 2010: 25%).

International Price Comparison:

The Group has three price comparison businesses outside the UK – in Spain (Rastreator.com), France (LeLynx.fr) and Italy (Chiarezza.it).

The combined operations grew strongly in H1 2011, delivering revenue of £5.0 million, up substantially from the £1.4 million generated in H1 2010 and also well up on the £2.5 million in H2 2010.

The combined loss of £3.2 million was up on the £1.7 million in the same period last year (though was similar to the result for H2 2010).

Other Group Items

£m	H1 2009	H1 2010	H1 2011	FY 2010
Gladiator operating profit	1.4	1.5	1.2	2.7
Group net interest income	1.1	0.3	1.6	1.1
Share scheme charges	(3.4)	(7.5)	(10.8)	(15.0)
Expansion costs	(1.0)	(0.9)	(0.4)	(1.1)
Other central overhead	(0.8)	(1.0)	(1.0)	(2.1)

Gladiator

Non GAAP income statement and key performance indicators

£m	H1 2009	H1 2010	H1 2011	FY 2010
Revenue	5.3	6.0	5.8	11.8
Expenses	(3.9)	(4.5)	(4.6)	(9.1)
Operating profit	**1.4**	**1.5**	**1.2**	**2.7**
Operating margin	26%	25%	19%	23%
Customer numbers	89,400	95,500	90,500	94,500

Increased competition in the van insurance market contributed to a fall in the number of customers at Gladiator, with the pressure on price also leading to a fall in revenue.

Operating profit fell to £1.2 million from £1.5 million in H1 2010, whilst the operating margin fell to 19% from 25%.

Share scheme charges

The share scheme charge increased to £10.8 million from £7.5 million in H1 2010, predominantly due to the increased share price.

Investments and Cash

Investment strategy

There has been no change in investment strategy, and the Group's funds continue to be held either in money market funds, term deposits or as cash at bank.

The key focus of the Group's investment strategy is capital preservation, with additional priorities focusing on low volatility of investment return and high levels of liquidity.

Cash and investments analysis

	30 June 2011				
	UK Car Insurance £m	International Car Insurance £m	Price Comparison £m	Other £m	Total £m
Money market funds	548.0	31.8	-	-	579.8
Long-term cash deposits	289.7	3.6	-	10.0	303.3
Cash	128.0	58.3	12.7	82.4	281.4
Total	**965.7**	**93.7**	**12.7**	**92.4**	**1,164.5**

	31 December 2010				
	UK Car Insurance £m	International Car Insurance £m	Price Comparison £m	Other £m	Total £m
Money market funds	333.8	29.8	-	-	363.6
Long-term cash deposits	283.0	6.6	-	10.0	299.6
Cash	90.6	40.3	11.2	104.6	246.7
Total	**707.4**	**76.7**	**11.2**	**114.6**	**909.9**

	30 June 2010				
	UK Car Insurance £m	International Car Insurance £m	Price Comparison £m	Other £m	Total £m
Money market funds	233.5	27.6	-	-	261.1
Long-term cash deposits	249.0	3.9	-	39.0	291.9
Cash	102.5	23.0	7.3	32.6	165.4
Total	**585.0**	**54.5**	**7.3**	**71.6**	**718.4**

Cash and investment balances continue to grow strongly – rising by 62% from 30 June 2010 and 28% since the end of 2010. This remains largely due to the strong growth in the size of the UK business.

The average rate of return on invested sterling funds (composing the vast majority of total balances) was steady at just over 1%. At 30 June 2011, around 75% of funds were available without notice (30 June 2010: 60%), providing the Group with substantial levels of liquidity.

Other financial items

Taxation

The taxation charge reported in the income statement is £44.1 million (H1 2010: £36.9 million), which equates to 27.5% (H1 2010: 29.1%) of profit before tax.

Earnings per share

Basic earnings per share rose by 28% to 43.3p from 33.7p. The change is in line with pre- and post-tax profit growth.

Dividend

The Directors have declared an interim dividend of 39.1p per share. The payment date is 21 October 2011, ex-dividend date 28 September and record date 30 September.

This payment is 20% higher than the interim dividend for 2010 (32.6p) and equates to 90% of earnings per share (H1 2010: 96%). The payout ratio is lower in the current period due to retaining higher levels of earnings to fund growth in solvency capital.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group's operations remain consistent with those disclosed in the 2010 Annual Report.

Condensed consolidated income statement

	Note	6 months ended 30 June 2011 £m	30 June 2010 £m	Year ended 31 December 2010 £m
Insurance premium revenue	3	425.2	244.1	574.6
Insurance premium ceded to reinsurers	3	(223.7)	(118.8)	(286.5)
Net insurance premium revenue		**201.5**	**125.3**	**288.1**
Other revenue	4	173.2	130.6	276.2
Profit commission	5	45.3	36.9	67.0
Investment and interest income	6	5.1	3.6	9.5
Net revenue		**425.1**	**296.4**	**640.8**
Insurance claims and claims handling expenses		(340.0)	(174.1)	(416.7)
Insurance claims and claims handling expenses recovered from reinsurers		177.9	85.2	208.2
Net insurance claims		**(162.1)**	**(88.9)**	**(208.5)**
Operating expenses	7	(91.6)	(73.1)	(151.8)
Share scheme charges	20	(10.8)	(7.5)	(15.0)
Total expenses		**(264.5)**	**(169.5)**	**(375.3)**
Profit before tax		**160.6**	**126.9**	**265.5**
Taxation expense	8	(44.1)	(36.9)	(71.9)
Profit after tax		**116.5**	**90.0**	**193.6**
Profit after tax attributable to:				
Equity holders of the parent		116.5	90.3	193.8
Non-controlling interests		-	(0.3)	(0.2)
		116.5	**90.0**	**193.6**
Earnings per share:				
Basic	9	43.3p	33.7p	72.3p
Diluted	9	43.2p	33.7p	72.2p
Dividends declared and paid (total)	10	94.5	78.3	164.7
Dividends declared and paid (per share)	10	35.5p	29.8p	62.4p

Condensed consolidated statement of comprehensive income

	6 months ended 30 June 2011 £m	6 months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Profit for the period	**116.5**	**90.0**	**193.6**
Other comprehensive income			
Exchange differences on translation of foreign operations	2.6	(2.6)	(0.8)
Other comprehensive income for the period, net of income tax	**2.6**	**(2.6)**	**(0.8)**
Total comprehensive income for the period	**119.1**	**87.4**	**192.8**
Total comprehensive income for the period, attributable to:			
Equity holders of the parent	119.1	87.7	193.0
Non-controlling interests	-	(0.3)	(0.2)
	119.1	**87.4**	**192.8**

Condensed consolidated statement of financial position

	Note	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
		As at:		
ASSETS				
Property, plant and equipment	11	14.1	11.7	13.6
Intangible assets	12	84.2	79.1	82.9
Reinsurance assets	14	479.7	283.0	357.0
Financial assets	13	1,319.3	827.7	1,004.7
Deferred income tax	17	11.7	1.2	12.4
Trade and other receivables	15	75.5	45.9	47.9
Cash and cash equivalents	16	281.4	165.4	246.7
Assets held for sale	11	-	-	1.5
Total assets		**2,265.9**	**1,414.0**	**1,766.7**
EQUITY				
Share capital	20	0.3	0.3	0.3
Share premium account		13.1	13.1	13.1
Other reserves		6.8	2.4	4.2
Retained earnings		371.1	306.3	332.7
Total equity attributable to equity holders of the parent		**391.3**	**322.1**	**350.3**
Non-controlling interests		0.4	0.3	0.4
Total equity		**391.7**	**322.4**	**350.7**
LIABILITIES				
Insurance contracts	14	1,083.9	643.8	806.6
Trade and other payables	18	747.6	407.8	561.0
Current tax liabilities		42.7	40.0	48.4
Total liabilities		**1,874.2**	**1,091.6**	**1,416.0**
Total equity and total liabilities		**2,265.9**	**1,414.0**	**1,766.7**

Condensed consolidated cash flow statement

	Note	6 months ended 30 June 2011 £m	6 months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Profit after tax		**116.5**	**90.0**	**193.6**
Adjustments for non-cash items:				
- Depreciation		2.7	2.5	4.6
- Amortisation of software		1.6	1.0	2.7
- Change in unrealised gains on investments		(1.6)	(1.7)	(1.3)
-Other gains and losses		2.2	0.3	0.9
- Share scheme charge		14.8	9.9	18.5
Change in gross insurance contract liabilities		277.3	110.9	273.7
Change in reinsurance assets		(122.7)	(70.2)	(144.0)
Change in trade and other receivables, including from policyholders		(124.1)	(80.5)	(152.9)
Change in trade and other payables, including tax and social security		186.6	101.1	254.3
Taxation expense		44.1	36.9	71.9
Cash flows from operating activities, before movements in investments		**397.4**	**200.2**	**522.0**
Net cash flow into investments		(218.3)	(130.5)	(240.8)
Cash flows from operating activities, net of movements in investments		179.1	69.7	281.2
Taxation payments		(47.4)	(32.2)	(69.5)
Net cash flow from operating activities		**131.7**	**37.5**	**211.7**
Cash flows from investing activities:				
Purchases of property, plant and equipment and software		(5.1)	(2.9)	(11.1)
Proceeds from the disposals of property, plant, equipment and software		-	-	-
Net cash used in investing activities		**(5.1)**	**(2.9)**	**(11.1)**
Cash flows from financing activities:				
Capital element of new finance leases		-	(0.1)	0.4
Repayment of finance lease liabilities		-	-	(0.6)
Equity dividends paid		(94.5)	(78.3)	(164.7)
Net cash used in financing activities		**(94.5)**	**(78.4)**	**(164.9)**
Net decrease in cash and cash equivalents		**32.1**	**(43.8)**	**35.7**
Cash and cash equivalents at 1 January		246.7	211.8	211.8
Effects of changes in foreign exchange rates		2.6	(2.6)	(0.8)
Cash and cash equivalents at end of period	16	**281.4**	**165.4**	**246.7**

Condensed consolidated statement of changes in equity

	Share capital £m	Share premium account £m	Foreign exchange reserve £m	Retained profit and loss £m	Minority interest £m	Total equity £m
At 1 January 2010	0.3	13.1	5.0	281.8	0.6	300.8
Profit for the period	-	-	-	90.3	(0.3)	90.0
Other comprehensive income						
Currency translation differences	-	-	(2.6)	-	-	(2.6)
Total comprehensive income for the period	**-**	**-**	**(2.6)**	**90.3**	**(0.3)**	**87.4**
Transactions with equity-holders						
Dividends	-	-	-	(78.3)	-	(78.3)
Share scheme credit	-	-	-	9.9	-	9.9
Deferred tax credit on share scheme charge	-	-	-	2.6	-	2.6
Total transactions with equity-holders	**-**	**-**	**-**	**(65.8)**	**-**	**(65.8)**
As at 30 June 2010	0.3	13.1	2.4	306.3	0.3	322.4
At 1 January 2010	0.3	13.1	5.0	281.8	0.6	300.8
Profit for the period	-	-	-	193.8	(0.2)	193.6
Other comprehensive income						
Currency translation differences	-	-	(0.8)	-	-	(0.8)
Total comprehensive income for the period	**-**	**-**	**(0.8)**	**193.8**	**(0.2)**	**192.8**
Transactions with equity-holders						
Dividends	-	-	-	(164.7)	-	(164.7)
Share scheme credit	-	-	-	18.5	-	18.5
Deferred tax credit on share scheme charge	-	-	-	3.3	-	3.3
Total transactions with equity-holders	**-**	**-**	**-**	**(142.9)**	**-**	**(142.9)**
As at 31 December 2010	0.3	13.1	4.2	332.7	0.4	350.7

Condensed consolidated statement of changes in equity (continued)

	Share capital £m	Share premium account £m	Foreign exchange reserve £m	Retained profit and loss £m	Minority interest £m	Total equity £m
At 1 January 2011	0.3	13.1	4.2	332.7	0.4	350.7
Profit for the period	-	-	-	116.5	-	116.5
Other comprehensive income						
Currency translation differences	-	-	2.6	-	-	2.6
Total comprehensive income for the period	**-**	**-**	**2.6**	**116.5**	**-**	**119.1**
Transactions with equity-holders						
Dividends	-	-	-	(94.5)	-	(94.5)
Share scheme credit	-	-	-	14.8	-	14.8
Deferred tax credit on share scheme charge	-	-	-	1.6	-	1.6
Total transactions with equity-holders	**-**	**-**	**-**	**(78.1)**	**-**	**(78.1)**
As at 30 June 2011	**0.3**	**13.1**	**6.8**	**371.1**	**0.4**	**391.7**

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 2011 and the comparative periods for the 6-month period ended 30 June 2010 and the year ended 31 December 2010. 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 2010.

The financial statements of the Company's subsidiaries are consolidated in the Group financial statements. 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 2010 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 498 (2) or (3) of the Companies Act 2006.

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 2010. A number of other IFRS and interpretations have been endorsed by the EU in the period to 30 June 2011 and although they have been adopted by the Group, none of them has had a material impact on the Group's financial statements.

Critical accounting judgements and estimates

The Group's 2010 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, for all but the simplest of claims.

The sum of 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. They 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 either from significant deviations in claims inflation compared to expectation, or 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.

Management's reserving policy is to reserve at a level above best estimate projections to allow for unforeseen adverse claims development. Future changes in claims reserves also impact profit commission income, as the recognition of this income is dependant on the loss ratio booked in the financial statements, and cash receivable is dependant on actuarial projections of ultimate loss ratios.

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 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.

International Car Insurance
The segment consists of the underwriting of car insurance and the generation of ancillary income outside of the UK. It specifically covers the Group operations Admiral Seguros in Spain, ConTe in Italy and Elephant Auto in the USA and L'Olivier in France. None of these operations are reportable on an individual basis, based on the threshold requirements in IFRS 8.

The results of our German car insurance business, AdmiralDirekt, which was sold during the period are included in this segment.

Price Comparison
The segment relates to the Group's price comparison websites Confused.com in the UK, Rastreator in Spain, LeLynx in France and Chiarezza in Italy. Each of the Price Comparison businesses are operating in individual geographical segments but are grouped into one reporting segment as LeLynx, Chiarezza and Rastreator do not individually meet the threshold requirements in IFRS 8.

Other
The 'Other' segment is designed to be comprised all other operating segments that do not meet the threshold requirements for individual reporting. Currently there is only one such segment, the Gladiator commercial van insurance broking operation, and so it is the results and balances of this operation that comprise the 'other' segment.

Taxes are not allocated across the segments and, as with the corporate activities, are included in the reconciliation to the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Financial Position.

Segment income, results and other information

An analysis of the Group's revenue and results for the period ended 30 June 2011, by reportable segment are shown below. The accounting policies of the reportable segments are consistent with those presented in note 3 in the 2010 Group financial statements.

						30 June 2011
	UK Car Insurance £m	International Car Insurance £m	Price Comparison £m	Other £m	Eliminations £m	Segment total £m
Turnover*	999.3	53.9	45.4	5.8	-	1,104.4
Net insurance premium revenue	190.0	11.5	-	-	-	201.5
Other revenue and profit commission	162.9	4.4	45.4	5.8	-	218.5
Investment and interest income	3.4	0.1	-	-	-	3.5
Net revenue	356.3	16.0	45.4	5.8	-	423.5
Net insurance claims	(151.0)	(11.1)	-	-	-	(162.1)
Expenses	(37.1)	(8.1)	(40.4)	(4.6)	-	(90.2)
Segment profit / (loss) before tax	**168.2**	**(3.2)**	**5.0**	**1.2**	**-**	**171.2**
Other central revenue and expenses, including share scheme charges						(12.2)
Interest income						1.6
Consolidated profit before tax						**160.6**
Taxation expense						(44.1)
Consolidated profit after tax						**116.5**
Reportable segment assets	2,045.3	151.9	20.4	15.0	(66.8)	2,165.8
Unallocated assets and liabilities						100.1
Consolidated assets						**2,265.9**

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

Revenue and results for the corresponding reportable segments for the period ended 30 June 2010 are shown below.

						30 June 2010
	UK Car Insurance £m	International Car Insurance £m	Price Comparison £m	Other £m	Eliminations £m	Segment total £m
Turnover*	639.4	37.1	38.0	6.0	-	720.5
Net insurance premium revenue	117.2	8.1	-	-	-	125.3
Other revenue and profit commission	120.3	3.1	38.0	6.0	-	167.4
Investment and interest income	3.2	0.1	-	-	-	3.3
Net revenue	240.7	11.3	38.0	6.0	-	296.0
Net insurance claims	(81.0)	(7.8)	-	-	-	(88.8)
Expenses	(28.2)	(7.6)	(30.9)	(4.5)	-	(71.2)
Segment profit / (loss) before tax	**131.5**	**(4.1)**	**7.1**	**1.5**	**-**	**136.0**
Other central revenue and expenses, including share scheme charges						(9.4)
Interest income						0.3
Consolidated profit before tax						**126.9**
Taxation expense						(36.9)
Consolidated profit after tax						**90.0**
Reportable segment assets	1,319.6	104.4	18.9	15.5	(111.8)	1,346.6
Unallocated assets and liabilities						67.4
Consolidated assets						**1,414.0**

Revenue and results for the corresponding reportable segments for the year ended 31 December 2010 are shown below.

	UK Car Insurance £m	International Car Insurance £m	Price Comparison £m	Other £m	Eliminations £m	31 December 2010 Segment total £m
Turnover*	1,419.7	77.6	75.7	11.8	-	1,584.8
Net insurance premium revenue	269.4	18.7	-	-	-	288.1
Other revenue and profit commission	249.0	6.7	75.7	11.8	-	343.2
Investment and interest income	8.3	0.1	-	-	-	8.4
Net revenue	526.7	25.5	75.7	11.8	-	639.7
Net insurance claims	(192.6)	(15.9)	-	-	-	(208.5)
Expenses	(58.3)	(17.6)	(63.6)	(9.1)	-	(148.6)
Segment profit / (loss) before tax	**275.8**	**(8.0)**	**12.1**	**2.7**	**-**	**282.6**
Other central revenue and expenses, including share scheme charges						(18.2)
Interest income						1.1
Consolidated profit before tax						**265.5**
Taxation expense						(71.9)
Consolidated profit after tax						**193.6**
Reportable segment assets	1,597.7	125.9	12.5	12.2	(105.5)	1,642.8
Unallocated assets and liabilities						123.9
Consolidated assets						**1,766.7**

Segment revenues

The UK and International 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 £8.5 million (2010 H1: £7.3million, 2010 FY: £15.0 million). These amounts have not been eliminated in order to avoid distorting expense and combined ratios which are key indicators of insurance business. There are no other transactions between reportable segments.

Information about geographical locations

All material revenues from external customers, and net assets attributed to a foreign country are shown within the International Car Insurance reportable segment shown above. The revenue and results of the three International Price Comparison businesses, Rastreator, LeLynx and Chiarezza are not yet material enough to be presented as a separate segment.

3. Net insurance premium revenue

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Total motor insurance premiums before co- insurance	931.2	589.8	1,308.6
Group gross premiums written after co-insurance	568.0	335.1	738.5
Outwards reinsurance premiums	(312.7)	(172.9)	(380.0)
Net insurance premiums written	255.3	162.2	358.5
Change in gross unearned premium provision	(142.8)	(91.0)	(163.9)
Change in reinsurers' share of unearned premium provision	89.0	54.1	93.5
Net insurance premium revenue	**201.5**	**125.3**	**288.1**

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

4. Other revenue

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Ancillary revenue	111.3	80.6	174.6
Price Comparison revenue	45.4	38.0	75.7
Other revenue	16.5	12.0	25.9
Total other revenue	**173.2**	**130.6**	**276.2**

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

5. Profit commission

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Underwriting year:			
2006 & prior	3.5	(0.6)	(0.1)
2007	(2.0)	7.6	7.6
2008	(0.9)	18.4	20.4
2009	(0.2)	11.5	28.2
2010	41.6	-	10.9
2011	3.3	-	-
	45.3	**36.9**	**67.0**

6. Investment and interest income

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Net investment return	3.5	3.3	8.4
Interest receivable	1.6	0.3	1.1
Total investment and interest income	**5.1**	**3.6**	**9.5**

7. Expenses

	30 June 2011			30 June 2010		
	Insurance contracts	Other	Total	Insurance contracts	Other	Total
	£m	£m	£m	£m	£m	£m
Acquisition of insurance contracts	14.3	-	14.3	10.1	-	10.1
Administration and marketing costs	13.3	64.0	77.3	13.1	49.9	63.0
	27.6	64.0	91.6	23.2	49.9	73.1
Share scheme charges	-	10.8	10.8	-	7.5	7.5
Total expenses	**27.6**	**74.8**	**102.4**	**23.2**	**57.4**	**80.6**

	31 December 2010		
	Insurance contracts	Other	Total
	£m	£m	£m
Acquisition of insurance contracts	20.9	-	20.9
Administration and marketing costs	28.0	102.9	130.9
	48.9	102.9	151.8
Share scheme charges	-	15.0	15.0
Total expenses	**48.9**	**117.9**	**166.8**

The £13.3 million (2010 H1: £13.1 million 2010 FY: £28.0 million) administration and marketing costs allocated to insurance contracts is principally made up of salary costs.

Analysis of other administration and marketing costs:

	30 June 2011	30 June 2010	31 December 2010
	£m	£m	£m
Ancillary sales expenses	17.0	12.6	26.9
Price Comparison operating expenses	40.4	30.9	63.6
Other expenses	6.6	6.4	12.4
Total	**64.0**	**49.9**	**102.9**

The gross amount of expenses, before recoveries from co-insurers and reinsurers is £191.1 million (2010 H1: £157.8 million; 2010 FY: £333.2 million). This amount can be reconciled to the total expenses and share scheme charges above of £102.4 million (2010 H1: £80.6 million; 2010 FY: £166.8 million) as follows:

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Gross expenses	191.1	157.8	333.2
Co-insurer share of expenses	(36.9)	(46.4)	(99.5)
Expenses, net of co-insurer share	154.2	111.4	233.7
Adjustment for deferral of acquisition costs	(8.3)	(4.1)	(7.9)
Expenses, net of co-insurer share (earned basis)	145.9	107.3	225.8
Reinsurer share of expenses (earned basis)	(43.5)	(26.7)	(59.0)
Total expenses and share scheme charges	**102.4**	**80.6**	**166.8**

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

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Insurance contract expenses from above	27.6	23.2	48.9
Add: claims handling expenses	6.1	3.8	8.5
Adjusted expenses	33.7	27.0	57.4
Net insurance premium revenue	201.5	125.3	288.1
Reported expense ratio	**16.7%**	**21.5%**	**19.9%**

8. Taxation

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
UK Corporation tax			
Current charge at 26.5% (2010: 28%)	41.8	40.9	87.4
Under / (Over) provision relating to prior periods – corporation tax	-	0.1	(0.7)
Current tax charge	41.8	41.0	86.7
Deferred tax			
Current period deferred taxation movement	2.3	(4.1)	(15.3)
Under provision relating to prior periods – deferred tax	-	-	0.5
Total tax charge per income statement	**44.1**	**36.9**	**71.9**

Factors affecting the tax charge are:

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Profit before taxation	160.6	126.9	265.5
Corporation tax thereon at 26.5% (2010: 28%)	42.5	35.5	74.3
Expenses and provisions not deductible for tax purposes	-	-	(0.1)
Difference in tax rates	-	-	0.2
Adjustments relating to prior periods	-	0.1	(0.1)
Other differences	1.6	1.3	(2.4)
Tax charge for the period as above	**44.1**	**36.9**	**71.9**

The UK corporation tax rate was reduced from 28% to 26% on 1 April 2011. The current corporation tax rate used for the 6 months to 30 June 2011 is the average effective rate for 2011, 26.5% (2010: 28%) Deferred tax balances have been measured at 26% (2010 H1: 28%, 2010 FY: 27%).

A further reduction in the main UK corporation tax rate to 25% will be effective from 1 April 2012, but has not been taken into account when calculating deferred tax balances as it was not substantively enacted at the balance sheet date.

9. Earnings per share

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Profit for the period after taxation	116.5	90.0	193.6
Weighted average number of shares – basic	269,171,508	267,070,286	267,827,176
Earnings per share – basic	**43.3p**	**33.7p**	**72.3p**
Weighted average number of shares – diluted	269,584,934	267,434,687	268,221,829
Earnings per share – diluted	**43.2p**	**33.7p**	**72.2p**

The difference between the basic and diluted number of shares at the end of the period (being 413,426, 2010 H1: 364,401, 2010 FY: 394,653) relates to awards committed but not yet issued under the Group's share schemes.

10. Dividends

Dividends were declared and paid as follows:

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
March 2010 (29.8p per share, paid April 2010)	-	78.3	78.3
September 2010 (32.6p per share, paid October 2010)	-	-	86.4
March 2011 (35.5p per share, paid May 2011)	94.5	-	-
Total dividends	**94.5**	**78.3**	**164.7**

The dividend declared in March 2010 represented the final dividend paid in respect of the 2009 financial year (September 2010 - interim payment for 2010). The dividend declared in March 2011 was the final dividend paid in respect of the 2010 financial year.

An interim dividend of 39.1p per share (£105.6 million) has been declared in respect of the 2011 financial year. Refer to the Business Review for further detail.

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 2010	5.0	20.1	7.7	3.2	36.0
Additions	0.3	1.2	0.4	0.2	2.1
Disposals	-	-	-	-	-
At 30 June 2010	5.3	21.3	8.1	3.4	38.1
Depreciation:					
At 1 January 2010	2.8	13.7	5.2	2.2	23.9
Charge for the year	0.5	1.3	0.5	0.2	2.5
Disposals	-	-	-	-	-
At 30 June 2010	3.3	15.0	5.7	2.4	26.4
Net book amount					
At 30 June 2010	2.0	6.3	2.4	1.0	11.7
Cost					
At 1 January 2010	5.0	20.1	7.7	3.2	36.0
Additions	0.7	5.4	1.2	0.4	7.7
Disposals	-	(0.2)	-	-	(0.2)
Transferred to 'assets held for sale'	(0.5)	(1.2)	(0.4)	(0.2)	(2.3)
At 31 December 2010	5.2	24.1	8.5	3.4	41.2
Depreciation					
At 1 January 2010	2.8	13.7	5.2	2.2	23.9
Charge for the year	0.9	2.4	0.9	0.4	4.6
Disposals	-	(0.1)	-	-	(0.1)
Transferred to 'assets held for sale'	(0.2)	(0.5)	(0.1)	-	(0.8)
At 31 December 2010	3.5	15.5	6.0	2.6	27.6
Net book amount					
At 31 December 2010	1.7	8.6	2.5	0.8	13.6
Assets classified as held for sale	0.3	0.7	0.3	0.2	1.5
Cost					
At 1 January 2011	5.2	24.1	8.5	3.4	41.2
Additions	0.3	1.5	1.1	0.5	3.4
Disposals	-	(0.2)	-	-	(0.2)
At 30 June 2011	5.5	25.4	9.6	3.9	44.4
Depreciation					
At 1 January 2011	3.5	15.5	6.0	2.6	27.6
Charge for the year	0.3	1.7	0.5	0.2	2.7
Disposals	-	-	-	-	-
At 30 June 2011	3.8	17.2	6.5	2.8	30.3
Net book amount					
At 30 June 2011	**1.7**	**8.2**	**3.1**	**1.1**	**14.1**

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

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Computer equipment	**0.5**	**1.3**	**1.2**

At 31 December 2010, a disposal group consisting of plant, property and equipment assets, belonging to the Group's German operation, AdmiralDirekt, were separately classified as 'held for sale'. These assets were transferred to German Insurer, Itzehoer Versicherung during the period as part of the sale of AdmiralDirekt. Refer to Note 21 of the Group 2010 financial statements for further details.

12. Intangible assets

	Goodwill £m	Deferred acquisition costs £m	Software £m	Total £m
Carrying amount:				
At 1 January 2010	62.3	9.4	5.3	77.0
Additions	-	13.2	0.9	14.1
Amortisation charge	-	(10.8)	(1.0)	(11.8)
Disposals	-	-	(0.2)	(0.2)
At 30 June 2010	62.3	11.8	5.0	79.1
At 1 January 2010	62.3	9.4	5.3	77.0
Additions	-	28.9	3.4	32.3
Amortisation charge	-	(23.4)	(2.7)	(26.1)
Disposals	-	-	(0.3)	(0.3)
At 31 December 2010	62.3	14.9	5.7	82.9
Additions	-	19.5	1.7	21.2
Amortisation charge	-	(18.3)	(1.6)	(19.9)
At 30 June 2011	**62.3**	**16.1**	**5.8**	**84.2**

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 2010 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 2011 to suggest that an interim impairment review is required.

13. Financial instruments

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

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Investments held at fair value	579.8	261.1	363.6
Held to maturity deposits with credit institutions	303.3	291.9	299.6
Receivables – amounts owed by policyholders	436.2	274.7	341.5
Total financial assets	1,319.3	827.7	1,004.7
Trade and other receivables	75.5	45.9	47.9
Cash and cash equivalents	281.4	165.4	246.7
	1,676.2	**1,039.0**	**1,299.3**
Financial liabilities:			
Trade and other payables	747.6	407.8	561.0

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 target a short-term cash 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 2011 £m	30 June 2010 £m	31 December 2010 £m
Gross:			
Claims outstanding	567.4	345.3	434.2
Unearned premium provision	516.5	298.5	372.4
Total gross insurance liabilities	**1,083.9**	**643.8**	**806.6**
Recoverable from reinsurers:			
Claims outstanding	201.7	131.3	165.2
Unearned premium provision	278.0	151.7	191.8
Total reinsurers' share of insurance liabilities	**479.7**	**283.0**	**357.0**
Net:			
Claims outstanding	365.7	214.0	269.0
Unearned premium provision	238.5	146.8	180.6
Total insurance liabilities – net	**604.2**	**360.8**	**449.6**

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 2009	31 December 2009	30 June 2010	31 December 2010	30 June 2011
	£m	£m	£m	£m	£m
Underwriting year:					
2000	-	0.4	-	-	-
2001	0.5	-	-	-	-
2002	0.3	-	-	0.3	-
2003	0.7	0.6	-	-	-
2004	(0.6)	(1.0)	0.8	-	0.8
2005	2.4	(0.6)	(0.9)	0.9	2.7
2006	5.1	2.8	(1.0)	-	3.0
2007	4.4	7.2	2.7	-	(1.8)
2008	5.6	3.6	9.4	0.9	(1.5)
2009	-	-	6.3	4.1	(1.5)
2010	-	-	-	-	2.3
Total net release	18.4	13.0	17.3	6.2	4.0
Net insurance premium revenue	100.5	111.4	125.3	162.8	201.5
Release as % of net premium revenue	18.3%	11.7%	13.8%	3.8%	2.0%

Profit commission is analysed in note 5.

B) Analysis of net claims reserve releases (continued)

	Financial year ended 31 December				
	2006	2007	2008	2009	2010
	£m	£m	£m	£m	£m
Underwriting year:					
2000	1.1	0.7	0.4	0.4	-
2001	1.9	1.5	0.5	0.5	-
2002	2.3	1.3	-	0.3	0.3
2003	5.1	3.2	2.3	1.2	-
2004	7.9	7.6	6.4	(1.6)	0.8
2005	2.6	12.6	11.0	1.8	-
2006	-	2.6	10.5	7.9	(1.0)
2007	-	-	6.9	11.6	2.7
2008	-	-	-	9.2	10.3
2009	-	-	-	-	10.4
Total net release	20.9	29.5	38.0	31.3	23.5
Net insurance premium revenue	145.0	142.2	169.8	211.9	288.1
Release as % of net premium revenue	14.4%	20.7%	22.4%	14.8%	8.2%

C) Reconciliation of movement in net claims reserve:

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Net claims reserve at start of period	269.0	209.4	209.4
Net claims incurred	156.1	85.0	199.9
Net claims paid	(59.4)	(80.4)	(140.3)
Net claims reserve at end of period	**365.7**	**214.0**	**269.0**

D) Reconciliation of movement in net unearned premium provision:

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Net unearned premium provision at start of period	180.6	110.6	110.6
Written in the period	255.3	162.2	358.5
Earned in the period	(197.4)	(126.0)	(288.5)
Net unearned premium provision at end of period	**238.5**	**146.8**	**180.6**

15. Trade and other receivables

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Trade receivables	70.2	42.7	47.9
Prepayments and accrued income	5.3	3.2	-
Total trade and other receivables	**75.5**	**45.9**	**47.9**

16. Cash and cash equivalents

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Cash at bank and in hand	281.4	165.4	246.7
Total cash and cash equivalents	**281.4**	**165.4**	**246.7**

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 2011 £m	30 June 2010 £m	31 December 2010 £m
(Asset)/ Liability brought forward at start of period	(12.4)	5.7	5.7
Movement in period	0.7	(6.9)	(18.1)
(Asset) carried forward at end of period	**(11.7)**	**(1.2)**	**(12.4)**

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

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Tax treatment of share scheme charges	(5.5)	(5.0)	(6.9)
Capital allowances	(1.3)	(1.5)	(1.3)
Other differences	(4.9)	(1.4)	(4.2)
Unremitted overseas income	-	6.7	-
Deferred tax (asset) at end of period	**(11.7)**	**(1.2)**	**(12.4)**

The UK corporation tax rate was reduced from 28% to 26% on 1 April 2011. Deferred tax balances at 30 June 2011 have therefore been measured at 26%. (2010 H1: 28%, 2010 FY: 27%). The reduction to 25% effective from 1 April 2012, has not been taken into account when calculating deferred tax balances as it was not substantively enacted at the balance sheet date.

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

Amounts (charged)/ credited to income or expense	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Tax treatment of share scheme charges	(1.6)	(2.0)	(0.8)
Capital allowances	-	0.1	(0.3)
Other differences	(0.7)	0.6	3.6
Unremitted overseas income	-	5.6	12.3
Net deferred tax (charged)/ credited to income	**(2.3)**	**4.3**	**14.8**

The difference between the total movement in the deferred tax balance above and the amount charged to income relates to deferred tax on share scheme charges that has been credited directly to equity.

18. Trade and other payables

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Trade payables	10.8	10.8	13.3
Amounts owed to co-insurers and reinsurers	460.2	218.2	327.4
Finance leases due within 12 months	-	0.3	-
Finance leases due after 12 months	0.2	-	0.2
Other taxation and social security liabilities	25.9	19.0	16.5
Other payables	81.0	44.3	59.7
Accruals and deferred income (see below)	169.5	115.2	143.9
Total trade and other payables	**747.6**	**407.8**	**561.0**

Analysis of accruals and deferred income:

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Premium receivable in advance of policy inception	105.2	66.3	82.3
Accrued expenses	53.5	45.7	46.2
Deferred income	10.8	3.2	15.4
Total accruals and deferred income as above	**169.5**	**115.2**	**143.9**

19. Obligations under finance leases

Analysis of finance lease liabilities:	At 30 June 2011 Minimum lease payments £m	Interest £m	Principal £m	At 30 June 2010 Minimum lease payments £m	Interest £m	Principal £m
Less than one year	-	-	-	0.3	-	0.3
Between one and five years	0.2	-	0.2	-	-	-
	0.2	**-**	**0.2**	**0.3**	**-**	**0.3**

	At 31 December 2010 Minimum lease payments £m	Interest £m	Principal £m
Less than one year	-	-	-
Between one and five years	0.2	-	0.2
	0.2	**-**	**0.2**

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 2011 £m	30 June 2010 £m	31 December 2010 £m
Authorised:			
500,000,000 ordinary shares of 0.1p	**0.5**	**0.5**	**0.5**
Issued, called up and fully paid:			
268,267,222 ordinary shares of 0.1p	-	0.3	-
268,571,725 ordinary shares of 0.1p	-	-	0.3
270,352,960 ordinary shares of 0.1p	0.3	-	-
	0.3	**0.3**	**0.3**

During the first half of 2011, 1,781,235 (2010 H1: 1,809,931) new ordinary shares of 0.1p were issued to the trusts administering the Group's share schemes.

281,235 (2010 H1: 309,931) 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.

1,500,000 (2010 H1: 1,500,000) shares were issued to the Admiral Group Employee Benefit Trust for the purposes of the Discretionary Free Share Scheme. 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 3,914,948 (2010 H1: 4,183,948) ordinary shares in issue.

Staff share schemes:

Analysis of share scheme costs (per income statement):

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
SIP charge	3.1	2.3	5.1
DFSS charge	7.7	5.2	9.9
Total share scheme charges	**10.8**	**7.5**	**15.0**

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 (£14.8 million; 2010 H1: £9.9 million, 2010 FY: £18.5 million).

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 2011:

	Awards outstanding*	Vesting date
SIP H1 08 scheme	352,732	September 2011
SIP H2 08 scheme	477,432	March 2012
SIP H1 09 scheme	396,200	September 2012
SIP H2 09 scheme	377,641	March 2013
SIP H1 10 scheme	352,100	September 2013
SIP H2 10 scheme	346,590	March 2013
DFSS 2008 scheme – 2nd Award	87,691	November 2011
DFSS 2009 scheme – 1st Award	1,311,686	April 2012
DFSS 2009 scheme – 2nd Award	127,020	August 2012
DFSS 2010 scheme – 1st Award	1,636,303	April 2013
DFSS 2010 scheme – 2nd Award	26,352	October 2013
DFSS 2011 scheme – 1st Award	1,513,144	April 2014
Total awards committed	**7,004,891**	

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

During the six months ended 30 June 2011, awards under the SIP H2 07 scheme and the DFSS 2008 (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 2011:

	Original Awards	Awards vested
SIP H2 07 scheme	337,770	294,030
DFSS 2008 scheme 1st award	1,306,381	1,226,951

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 2011 £m	30 June 2010 £m	31 December 2010 £m
Within one years	-	0.2	0.2
Within two to five years	16.6	13.0	11.1
Over five years	20.3	18.8	16.4
Total commitments	**36.9**	**32.0**	**27.7**

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 2011 £m	30 June 2010 £m	31 December 2010 £m
Expenditure contracted to	-	-	-

22. Related party transactions

a) Mapfre

In 2010, the Group participated in transactions with Mapfre S.A., during the course of its Price Comparison operations. Mapfre is a related party of Admiral Group due to its 25% minority interest in Group subsidiary Rastrator.com Limited. Details of total transactions with Mapfre and balances outstanding are given in the table below.

	30 June 2011 £m	30 June 2010 £m	31 December 2010 £m
Total transactions	0.2	0.1	0.3
Balances outstanding	0.1	-	-

b) Other

Details relating to the remuneration and shareholdings of key management personnel were set out in the remuneration report of the 2010 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	**Chief Financial Officer**
23 August 2011	23 August 2011

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 2011 which comprises the Condensed consolidated income statement, the Condensed consolidated statement of comprehensive income, the Condensed consolidated statement of financial position, 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 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Salim Tharani
for and on behalf of KPMG Audit Plc
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
23 August 2011