HANSARD GLOBAL plc

Growing our business

Annual Report & Accounts 2011

Hansard Global has a lean organisational structure and an attractive, scaleable, low-risk, high-margin business model.

Contents

The Hansard Group operates in 17 languages and 12 currencies.

We administer assets in excess of £1.1 billion for over 540 financial advisor businesses with 48,000 client accounts in over 170 countries.

Financial Summary

The Group has had a successful year and achieved a number of its objectives, despite the increasing complexity of the external environment.

Our strategy to position the Group to benefit more from the growth markets of Latin America and the Far East is bearing fruit.

+63%
Increased regular premium new business from growth markets (2010: £68.7m)

+62%
Increased regular premium new business (2010: £69.0m)

+61%
Increase in new business profits to £18.5m (2010: £11.5m)

51%
Regular premium new business as percentage of PVNBP (2010: 41.5%)

47%
Percentage of regular premium new business applications processed through Hansard OnLine (2010: functionality not available)

	2011	2010	% change
New business sales (PVNBP)	£221.1m	£166.3m	+33.0%
New business margin	8.3%	6.9%	+20.3%
Cash payback on new business	2.3 years	2.8 years	
IFRS profit after tax	£16.5m	£16.4m	+0.6%
IFRS basic earnings per share	12.0p	11.9p	+0.6%
EEV operating profit after tax	£14.9m	£15.5m	(3.9%)
EEV profit after tax	£28.5m	£28.0m	+1.8%
EEV earnings per share	20.7p	20.4p	+1.8%
Assets under Administration	£1,230m	£1,135m	+8.4%
Embedded value	£257m	£247m	+4.1%
Recommended final dividend per share	8.0p*	7.7p**	+3.9%

* Subject to approval by shareholders

** Paid 19 November 2010

Financial track record

New business - Issued Compensation Credit

New business for the year measured on the Group’s internal metric is 39% above last year’s level reflecting the strategic focus on regular premium flows from growth markets and continued investment in distribution infrastructure.

Operating cash generated

One of the strategic aims of the business is to generate sufficient cash to support organic new business growth. The graph demonstrates continued persistency of cash flows generated by the existing book. Despite increased expenses and timing differences in quarterly fee collections, the Group succeeded in this aim.

Embedded Value

The growth in Embedded Value reflects increased profitability of new business, despite more prudent expense assumptions, continued investment in infrastructure and payment of dividends of £18.5m.

Assets under Administration

Assets under administration increased by 8.4% over the year, reflecting continued investment by policyholders.

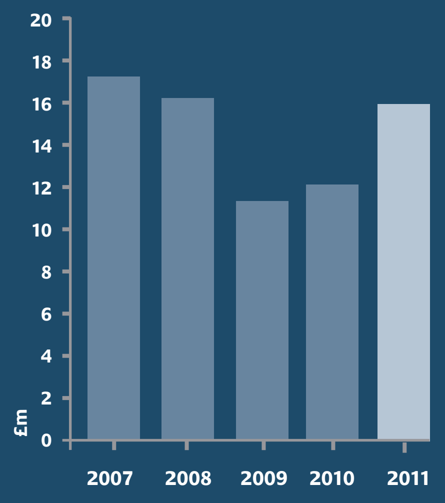
Group administrative expenses

This represents the direct costs of administering the policy book and related activities. The increase reflects increased regulatory and other costs including the reinstatement of pension contributions.

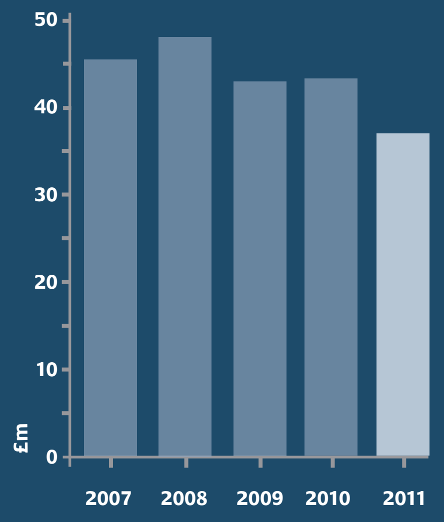
IFRS profit after tax

IFRS profit after tax has increased marginally over last year, reflecting the strength of the back book of policies and increased investment income in the face of continued expenditure on distribution and other infrastructure.

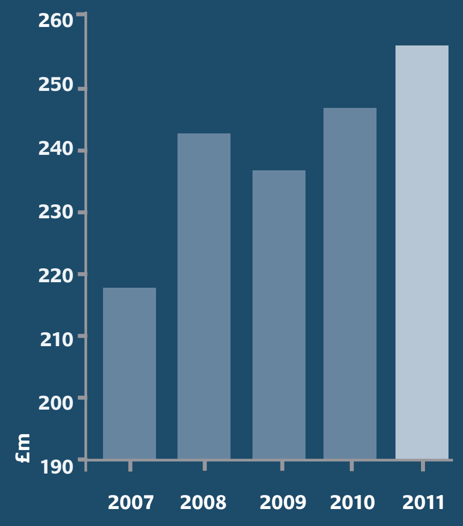
Issued CC for year ended 30 June



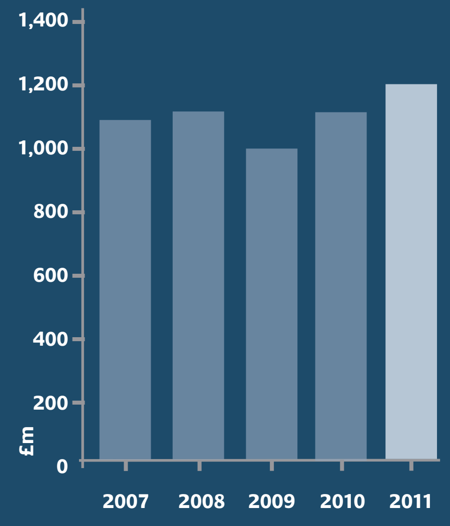
Operating cash generated in year ended 30 June



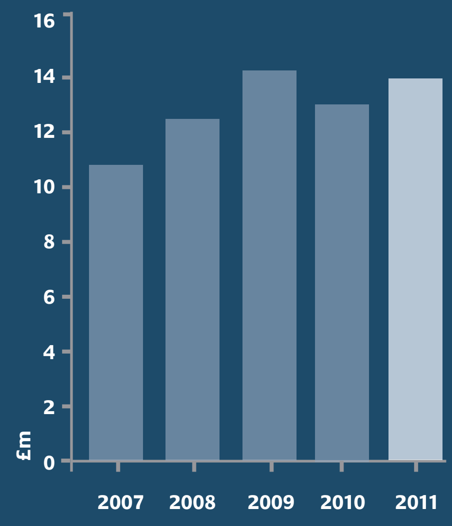
Embedded Value as at 30 June



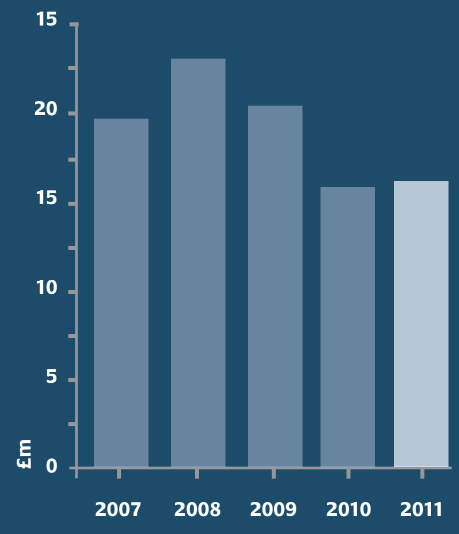
Assets under Administration as at 30 June



Group Admin expenses for year ended 30 June



IFRS Profit after tax for year ended 30 June



Chairman's Statement

Dr. Leonard Polonsky

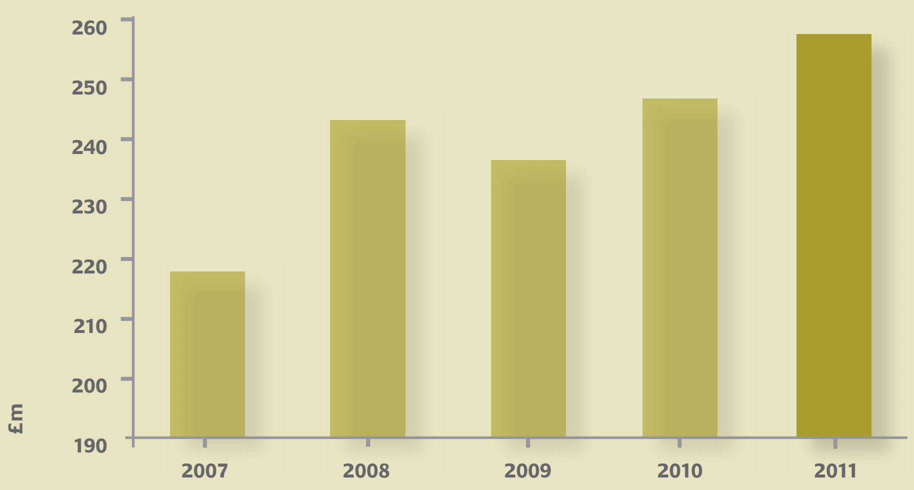
I am pleased to present the Annual Report of Hansard Global plc for the financial year ended 30 June 2011.

The performance of the Group during the financial year, despite volatile markets and uncertain economic outlook, indicates that we are reaping the benefits of our strategic focus on growth markets and continued investment in distribution infrastructure to support the activities of Independent Financial Advisors.

We are reaping the benefits of our strategic focus on growth markets and continued investment in distribution infrastructure.

We have achieved a strong growth in new business, and new business volumes are now at levels that we had achieved prior to the global financial crisis. Increased new business flows from Latin America and the Far East have underpinned new business margins and the level of assets under administration.

Embedded Value as at 30 June



Financial performance

Whilst challenging financial markets, continuing investment and the increasing burden of regulatory, compliance and related costs have contributed to profits remaining flat, we have continued to generate positive operating cash flows, and we have increased European Embedded Value ("EEV").

International Financial Reporting Standards ("IFRS")

IFRS profit after tax for the year is £16.5 million (US$26.6m), compared with the profit of £16.4m (US$26.4m) earned in the previous financial year. Earnings per share for the year are 12.0p (US 19.3 cents), compared with 11.9p (US 19.2c).

EEV

EEV profit after tax has increased marginally to £28.5m (US$46m) or 20.8p per share (US$33.3c), (2010: £28.0m, US$45.1m). Following the payment of dividends totalling £18.5m (US$29.8m) during the year, the EEV of the Group at 30 June 2011 has increased by 4% to £257.0m (US$414.0m), (2010: £247.0m, US$398.0m).

Dividends

Dividends totalling 13.45p per share have been paid to shareholders during the year. This represents an increase of 4.7% over the dividends of12.85p per share paid during the previous financial year.

The Board has resolved to pay a final dividend of 8.0p per share on 18 November 2011 subject to approval at the Annual General Meeting. If approved, this will represent total dividends for the financial year of 13.75p, an increase of 4.2% over the dividends of 13.2p per share paid in respect of the previous financial year.

New business

Against the backdrop of volatile market conditions and global economic concerns affecting investor confidence, I am pleased to report that new business for the year is substantially above the level of the previous financial year. Increased new business levels have been driven, in large part, by the Group's focus on the growth markets of Latin America and the Far East, and continued investment in Hansard OnLine.

Calculated on the Group's internal metric, Compensation Credit, new business has increased by almost 39% to £16.5m (US$26.6m) from £11.9m (US$19.2m).

While single premium business remains constrained by market volatility and regulatory complexity in Europe, we have achieved a record level of regular premium new business flows that has contributed to industry-leading margins.

In the absence of further deterioration in macroeconomic conditions, we are confident that the outlook for sustained growth in new business and profitability remains positive for the Group. Whilst growth has eased from the rates seen earlier in the year, we remain confident of continuing momentum in the longer-term.

Hansard OnLine

Hansard OnLine is an important component of the Group's relationship with financial advisors and their clients and continues to be developed to meet their needs. The Hansard OnLine new business functionality introduced early in this financial year is finding favour with increasing numbers of IFAs in target markets and the functionality has continued to develop in response to feedback. The refresh of Hansard OnLine to incorporate modern internet techniques has been completed, to widespread satisfaction from IFAs.

Assets under Administration

Despite continued volatility, the value of AUA at 30 June 2011, at £1.23 billion (US$1.98bn), has increased by 8.4% since 30 June 2010.

While regular premium flows and retention of policyholders' assets under administration remain strong, certain assets selected by policyholders in previous financial years remain impacted by the global financial crisis. Market factors have caused the Board to apply a prudent valuation to those assets, which has reduced asset-based fees in the financial year under review.

Employees

The progress that we have made in these uncertain times is a reflection of the skill and enthusiasm of our employees throughout the world. On behalf of the Board and shareholders I thank them all for their continued commitment to Hansard's success.

L S Polonsky

Chairman
21 September 2011

8.0p
Recommended final dividend per share

Report of the Managing Director

Gordon Marr

I am pleased to report on my second year as Managing Director of the Hansard Group of companies. The Group has had a successful year and achieved a number of its objectives, despite the increasing complexity of the external environment.

Throughout the financial year, the Group set out to operate in a way in which we could benefit from profitable relationships with Independent Financial Advisors (IFAs) and their clients, while continuing to effectively manage related risks. We think that we have achieved this - we have seen substantial growth in new business levels, driven by investments in distribution and other infrastructure, and a continued reduction in operational risk.

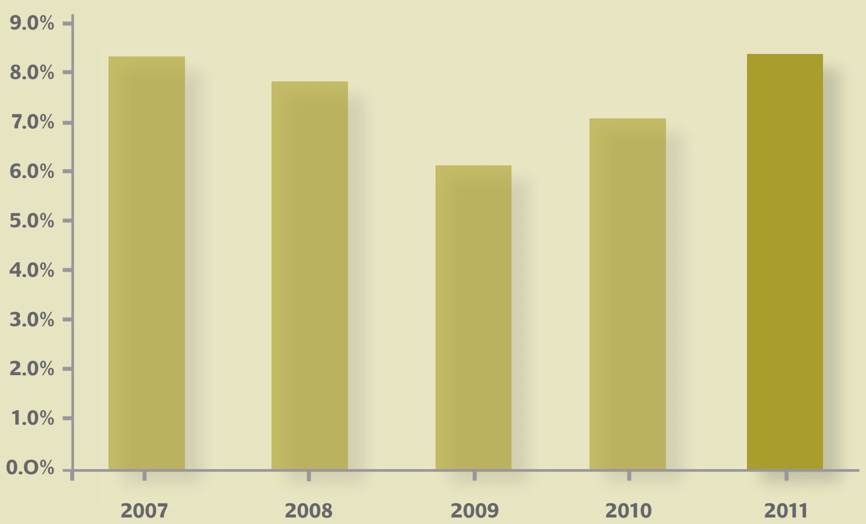
The Group has retained its focus on profitability and positive cash flow generation and has delivered new business margins of 8.3%

We have, however, also experienced increased regulatory complexity and have noted that certain assets selected by policyholders in prior years continue to be affected by the global financial crisis. These factors serve to increase our cost base and divert resources from more profitable, forward looking, activities.

Throughout the financial year the Group has continued to:

- Generate profitable new business flows;
- Invest in Hansard OnLine and other distribution infrastructure;
- Refresh risk management and corporate governance frameworks, and;
- Invest in our people.

New Business margins for year ended 30 June (%PVNBP)



Investing in new business

We have seen substantial growth in new business levels over those of the last few years, driven by the Group's strategic focus on growth markets and supported by investments in distribution and other infrastructure. Using the Group's internal metric, Compensation Credit, new business is almost 39% up on the previous financial year. This growth, despite volatile markets and uncertain economic outlook, reflects a continuation of profitable relationships with IFAs in our target markets.

As will be seen in the report of the Chief Distribution Officer, new business flows on the PVNBP basis increased by 33%.

The scaleability of the Group's systems, aided by the Hansard OnLine new business functionality introduced early in this financial year, allow us to capture and administer regular premium business more efficiently and to deliver new business margins on the PVNBP basis of 8.3% (2010: 6.9%) that remain well above industry average.

As can be seen within the Business Review, the Group has invested £25.7m (2010: £18.8m) in new business during the year, funded by positive operating cashflows from the policies on hand at the beginning of this financial year.

Financial performance

While challenging financial markets, increased regulatory and other expenses, and continuing investment have contributed to International Financial Reporting Standards ("IFRS") profits remaining flat at £16.5m after tax (2010: £16.4m), we have continued to generate positive operating cash flows that enable us to fund new business strain and support dividend payments. The continued flow of profitable new business is reflected in an increase in European Embedded Value ("EEV") profit after tax to £28.5m (2010: £28.0m).

Investing in distribution and other infrastructure

The Group's investments in distribution and other infrastructure, in order to improve relationships with IFAs and policyholders, further automate processes and develop scaleability, have continued throughout the financial year, and have underpinned increasing regular premium flows from the growth markets of Latin America and the Far East.

In particular, Hansard OnLine new business functionality introduced earlier in this financial year is finding favour with increasing numbers of IFAs in target markets and the functionality has continued to develop in response to feedback. More than 1,500 new business applications were processed through this new facility in the financial year. This represents almost 90% of qualifying business submitted by those IFAs, and almost half of all applications received this year for regular premium new business. The refresh of Hansard OnLine to incorporate modern internet techniques has been completed, to widespread satisfaction from IFAs.

Risk management framework

Hansard's business model involves the controlled acceptance and management of risk exposures. Understanding the risks we face and managing them appropriately enables effective decision making, contributes to our competitive advantage and helps us to achieve our business objectives. The mechanisms for identifying, assessing, managing and monitoring risks are an integral part of our day to day management process.

Our risk management framework is continually being refreshed to better support our objectives and to recognise regulatory and legislative change. During the year we appointed a Chief Risk Officer for the Group and, immediately after the financial year-end, recruited a Risk Officer for Hansard Europe Limited.

During the year we continued to refine selected administrative processes to improve efficiencies and reduce operational risk. This is most evident in the introduction of the online new business functionality referred to above, and the implementation of a new unit-pricing system.

While the Group has designed its products, distribution methods and cost base with a view to reducing operational and financial risks, the regulatory, corporate and legislative responses to the extreme financial and market circumstances encountered over the last three years will have some impact on the business environment in which the Group operates. Like other financial services groups, we will need to adapt and meet these challenges.

As an example of this, a Group company has been served with a number of writs arising from policyholder complaints in relation to the selection and performance of assets linked to certain insurance policies. Based on the pleadings and advice received to date, the Group has not made any provision in respect of these actions, which it intends to defend strenuously. Any court hearings linked to theses writs are not anticipated to take place before February 2012.

Report of the Managing Director
continued

Our senior management team has approximately 200 years combined experience in the long-term savings and life assurance industry.

Corporate Governance

Hansard is committed to achieving high standards of corporate governance throughout the Group. This was demonstrated by the Board implementing the provisions of the UK Corporate Governance Code with effect from 1 July 2010 and adhering to its principles throughout the financial year, as is reported elsewhere in this Report & Accounts.

Throughout the year we have taken steps to refresh Board and Committee structures and composition throughout the Group. Recognising the differing interpretation and application of regulations we have sought to ensure that structures for each entity are refocused to meet requirements. We believe that the quality and experience of the Group's independent non-executive Directors stand us in good stead to meet the standards expected of a listed financial services organisation.

The continued application of increasing regulatory and governance requirements has increased costs and this trend shows no sign of abating. The implementation of Solvency II, FATCA and similar requirements will occupy a significant amount of the Group's resources.

Investing in our people

The Group has a dedicated dynamic workforce in the Isle of Man, the Republic of Ireland and other locations. The Group has a commitment to service and quality at the highest level in relation to the development of successful products, administration, distribution mechanisms and Hansard OnLine.

The progress that we have made this year is a reflection of the skill and enthusiasm of our employees. I thank them all for their continued commitment to Hansard's success.

A number of cash-based, and share-based, incentive schemes have been implemented to align employee rewards with shareholder interest. Details of the more significant incentive schemes are provided in the report of the Remuneration Committee.

G S Marr

Managing Director
21 September 2011

47%
Percentage of regular premium new business applications processed through Hansard OnLine

The progress that we have made is a reflection of the skill and enthusiasm of our employees to:

- **Grow regular premium new business**
- **Develop profitable relationships with intermediaries in growth markets**
- **Invest in Hansard OnLine and the Group's systems**
- **Generate cash**
- **Pay increased dividend**
- **Reduce operational risk**

Report of the Chief Distribution Officer

Joseph Kanarek

We recognised some eighteen months ago that certain economies were recovering quicker from the global financial crisis than others. We feel therefore that our strategy to better position the Group to benefit from growth in the target markets of Latin America and the Far East has borne fruit.

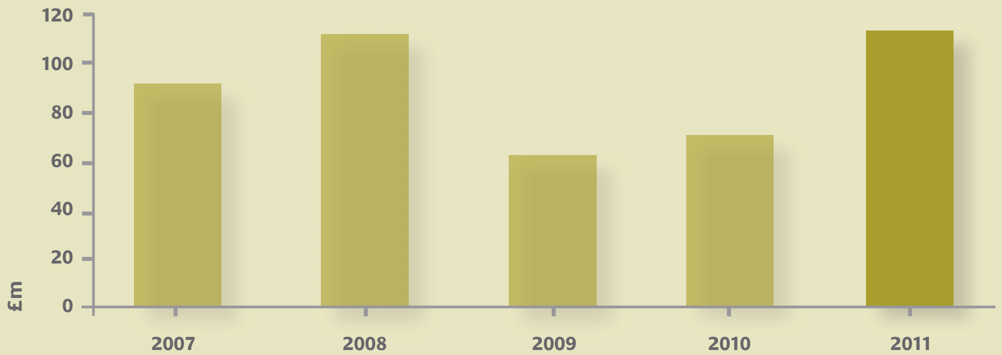
Despite challenging economic conditions the Group has continued to generate strong levels of new business flows throughout the financial year, reflecting continuing levels of interest in Hansard's products, aided by developments in Hansard OnLine.

The principal geographic markets in which the Group currently services Independent Financial Advisors (IFAs) and policyholders are Latin America, the Far East and the Middle East, which are typically sources of higher-margin regular premium products, and Western Europe, which is primarily a source of lower-margin single premium products.

Reflecting the increased levels of interest among IFAs and their clients, and the Group's continued investment in distribution infrastructure, the volume of new business has returned to levels that were being achieved prior to the global financial crisis. On the basis of the group's internal metric, Compensation Credit, new business flows in the year are almost 39% above those of the previous year. The Group's focus on growth markets has been rewarded by a record level of regular premium business in the year.

I would like to record my thanks to all members of the Group's distribution force and to all those IFAs and intermediaries who have introduced new business to us this year.

PVNBP - regular premiums for year ended 30 June



The growth in new business achieved reflects the Group's efforts to:

- develop and enhance relationships with IFAs, intermediaries and their clients and;
- increase the functionality of Hansard OnLine to continue to meet the needs of IFAs and policyholders.

New business volumes for the year on the Group's internal metric, and on two metrics widely used by the market are summarised as follows.

New business sales

Basis	2011 £m	2010 £m	% change
Compensation Credit ("CC")	**16.5**	11.9	38.7 %
Present Value of New Business Premiums ("PVNBP")	**221.1**	166.3	33.0 %
Annualised Premium Equivalent ("APE")	**30.1**	22.3	35.0 %

New business strategy

Our objective is to grow by attracting profitable new business and positioning ourselves to adapt rapidly to market trends and conditions. The scaleability and flexibility of the Group's operations allow us to enter or develop new geographic markets and exploit growth opportunities within existing markets without the need for significant further investment.

The growth in new business achieved reflects the Group's efforts to

- **develop and enhance relationships with IFAs, intermediaries and their clients and;**
- **increase the functionality of Hansard OnLine to continue to meet the needs of IFAs and policyholders.**

Developing and enhancing relationships

Through the Group's network of Account Executives, who provide local language and other support to IFAs in the Group's target markets, the Group continues to develop and enhance relationships around the world.

Increasing levels of new business from the growth markets of Latin America and the Far East are reflected in the increased proportion of regular premium flows and, therefore, in the increased new business margin. Regular premium products accounted for almost 51% of the Group's PVNBP in the year (2010: 41.5%). This is consistent with our strategy of attracting a greater mix of regular versus single premium flows. Total regular premium flows of £112.0m PVNBP for the year are 62.3% above the £69.0m of the previous year.

New business flows of £112.1m PVNBP from Latin America and the Far East represents an increase of 63% over the previous year, demonstrating the success of increased marketing activity in those regions. This is predominantly (81%) regular premium business introduced by IFAs, many of whom use the Hansard OnLine new business functionality introduced in the early part of this financial year.

Report of the Chief Distribution Officer
continued

Hansard OnLine new business functionality introduced earlier in this financial year is finding favour with increasing numbers of IFAs in target markets...

Currency denominations (as a percentage of PVNBP)

Currency	2011 %	2010 %
US Dollars	**40.5**	37.9
Euro	**27.1**	29.2
Sterling	**15.0**	23.0
Japanese Yen	**12.7**	6.5
Other	**4.7**	3.4
Total	**100.0**	**100.0**

The Group generates the majority of its new business from Latin America and the Far East.

The Group continues to receive a substantial volume of new business from a diversified range of IFAs outside our target markets. Premium flows of £109.0m PVNBP from those other markets have increased by almost 12% over last year. This is predominantly single premium business. The reduced new business flows from the EU and EEA reflect the continuing difficult market environment that impacts on investor confidence, and regulatory uncertainty. New business from the Rest of the World incorporates a small number of high value cases issued in the first half of the financial year, demonstrating the sensitivity of the Group's PVNBP to very large single premium cases.

The Group's distribution resources continue to be targeted to support production of regular premium contracts. An additional 5 field personnel have been recruited recently and further recruitment activity continues.

We receive business from a strong and well-diversified range of financial advisors around the world. The growth in regular premium new business flows from target markets is reflected in the increasing proportions of new policies denominated in US Dollars and Japanese Yen, and reflects increasing diversification of Hansard's business and Assets under Administration.

We are monitoring the discussions concerning the implementation of the Retail Distribution Review by the UK Financial Services Authority. While we support transparency in fee and other disclosures, the breadth of our distribution means that we do not expect significant disruption when the Review is implemented.

Hansard OnLine

Over the past 12 months, Hansard OnLine has undergone a complete visual refresh bringing this intermediary-focused platform in line with the latest web design and usability practices.

Hansard OnLine new business functionality introduced earlier in this financial year is finding favour with increasing numbers of IFAs in target markets and the functionality has continued to develop in response to feedback. To date, more than 2,000 new business applications have been processed through this new facility, which represents almost 80% of qualifying business submitted by those intermediaries.

In line with the Group's strategy of sourcing regular premium business from growth markets, the pilot programme provided to intermediaries in the Far East and Latin America the facility to process applications for regular premium contracts. Work continues to enhance this facility, to cover all product lines and all types of new business.

The cost savings to intermediaries of these applications is significant, and can be expected to increase as the demand for paper copies reduces.

New business profits

Despite market conditions, the Group has retained its focus on profitability. Increased regular premium flows, which earn higher margins than single premium business, have contributed to the growth in the new business margin to 8.3% on the PVNBP basis (2010: 6.9%).

These margins are well above the industry average, principally due to the Group's continued focus on the value of new business, and are now at a similar level to the margin at the time of the IPO.

As will be seen elsewhere in this Report & Accounts, this margin represents new business profits of £18.5m (2010: £11.5m), of which approximately 60% relates to activities supporting intermediaries in Latin America and the Far East.

Outlook

Whilst recent growth of new business over the prior year has eased from the rates seen earlier in this financial year because of stronger comparators, I remain confident of continuing momentum. In the absence of further deterioration in macroeconomic conditions in target markets, I believe that the outlook for sustained growth in new business and profitability remains positive for the Group.

J Kanarek

Chief Distribution Officer
21 September 2011

PVNBP for year ended 30 June

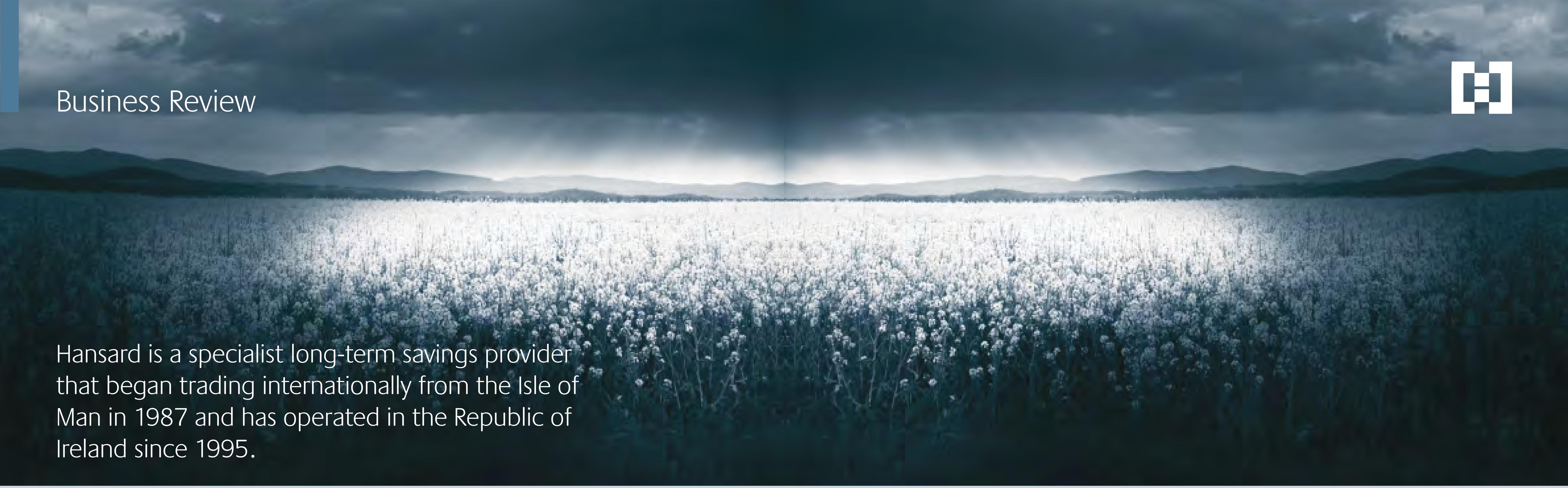
Basis	2011 £m	2010 £m	% change
Regular premium	**112.0**	69.0	62.3%
Single premium	**109.1**	97.3	12.1%
PVNBP	**221.1**	166.3	33.0%

PVNBP new business flows by region

Basis	2011 £m	2010 £m	% change
EU and EEA	**64.0**	72.2	(11.4)%
Far East	**60.7**	31.1	95.2%
Latin America	**51.4**	37.6	36.7%
Rest of World	**45.0**	25.4	77.2%
PVNBP	**221.1**	166.3	33.0%

62%
growth in Regular Premium new business

Business Review



Hansard is a specialist long-term savings provider that began trading internationally from the Isle of Man in 1987 and has operated in the Republic of Ireland since 1995.

The Group offers a range of flexible, tax-efficient investment products within life assurance policy wrappers, developed to appeal to affluent international investors and distributed by independent Financial Advisors ("IFAs") and other intermediaries acting for the clients they introduce.

The Company's head office is in Douglas, Isle of Man, and its principal subsidiaries operate from the Isle of Man, and Dublin, Republic of Ireland.

The Group's location on the Isle of Man provides a highly-regarded regulatory framework with access to an educated workforce and a robust telecommunications infrastructure. The Isle of Man Government Policyholder Protection legislation provides security of up to 90% of the liability of Hansard International Limited to its policyholders wherever in the world they are resident.

Hansard Europe Limited, an authorised and regulated life assurer based in Dublin, allows the Group's products access to the EU marketplace under the "freedom of services" provisions of the EU Life Directives.

Strategy and business model

The results for the year that are summarised in this review reflect the successful implementation of the decisions taken by the Group some eighteen months ago to:

- invest in distribution infrastructure;
- increase the proportion of regular premium new business;
- develop profitable relationships with intermediaries in growth markets and;
- invest in Hansard OnLine and the Group's systems.

The Group's strategy is to develop long term profitable relationships with IFAs and other intermediaries who provide insurance policies to affluent international investors.

As a result of high levels of service and supported by our multi-language internet platform, Hansard OnLine, we expect to retain both the policyholder relationship and the associated assets under administration for the long term. We believe that the nature of the Group's products, the functionality of Hansard OnLine, and the ability of the policyholder to reposition assets within a policy contribute to the persistency of assets under administration.

The main source of income for the Group is the fees earned from the administration of the insurance contracts. The new business generated in a particular year is expected to earn income for an average period of 14 years and so, with careful expense management, provides a good return on the investment. In the year under review we have seen growth of over 60% in regular premium new business flows, which will provide a consistent and predictable income stream for the future. Our business is therefore long term in nature both from a policyholder perspective and with regards to the income that is generated.

From this income we meet the overheads of the business, invest in infrastructure and invest to acquire new insurance contracts. Capital invested in new business is typically returned within three years and a large proportion of the annual cash generated each year from the policies under administration is re-invested in growing the business with the aim of increasing future returns for shareholders.

In summary, the business model results in positive cash flow from early in the life of each policy, and the growth in that income should ensure we are able to continue paying a growing dividend to shareholders.

Products

The Group's products are unit-linked regular or single premium life assurance contracts, issued by Hansard International and Hansard Europe. Policy holders bear the investment risk as the policy benefits are directly linked to the value of the assets selected by, or on behalf of, the policyholder. The Group does not offer investment advice.

These contracts are distributed exclusively through IFAs and other intermediaries, supported by our multi-language internet platform, Hansard OnLine. The Group's products do not include any policies with financial options and/or guarantees regarding investment performance and, hence, unlike the situation faced by many other life assurers, the Group carries no guarantee risk that can cause capital strain.

We remain committed to our strategy of investing in products where capital (or new business) strain is minimal. Where capital is employed, it earns a high return and is paid back quickly. The total internal rate of return ("IRR") for new business remains in excess of 15% and the payback period is less than 3 years. New business margins on the basis of the Present Value of New Business Premiums ("PVNBP") have risen to 8.3% from 6.9% at 30 June 2010, largely reflecting the greater proportion of regular premium new business. These margins remain well above the industry average.

Hansard OnLine

Hansard OnLine is the Group's internet platform: it joins together IFAs and other intermediaries around the world with Hansard's offices, and with their clients, who may also have intermediary-controlled access. Hansard OnLine is a secure extranet platform hosting a rich and deep set of information about the policies and clients introduced by each intermediary. Widely and independently regarded as best in class, Hansard OnLine, launched in 1999, is a valuable sales and administration tool that continues to be developed to meet the needs of intermediaries and policyholders.

Over the past 12 months, Hansard OnLine has undergone a complete visual refresh bringing this intermediary-focused platform in line with the latest web design and usability practices.

As part of a programme to increase the facilities available to clients, and increase engagement and convenience, the sign up and logging on processes have been improved, email alerts have been introduced as new post is despatched and clients can now change some personal data online. Successfully allowing online data changes is the first step to allowing clients and intermediaries greater and more direct control over the administration process.

The reporting of client site activity to the servicing intermediary has been further extended. Client interactions can now be viewed through mapping functionality, showing where the client logged on alongside a wealth of detail on actual activity – allowing the IFA to time and tailor servicing plans on a client by client basis.

OnLine New Business processing was released to a pilot group of intermediaries in late 2010. The pilot was enthusiastically received and represented a significant step towards providing a fully featured transactional service. In line with the Group's strategy of sourcing regular premium business from growth markets, the pilot programme provided intermediaries in the Far East and Latin America with the facility for online submission of regular premium new business. During the financial year almost 90% of qualifying business introduced by those intermediaries was submitted electronically. This represents almost half of all applications received during the year for regular premium new business. Work continues to enhance this facility, to cover all product lines and all types of new business.

Developments with yet further reach continue to be progressed, including online unit fund switching and online dealing for Personal Portfolios. Internal use, followed by piloting with intermediaries is expected over the next twelve months.

Capitalisation and solvency

The Group is well capitalized to meet the requirements of regulators, intermediaries and policyholders. Following increases in the aggregate minimum regulatory margins in the period, the required margins are covered 13.4 times (2010: 15.1 times) by the Group's capital resources. The solvency position is well insulated against the difficult investment markets, as the Group invests its excess capital resources in a wide range of deposit institutions and in highly-rated money market liquidity funds. The in-force portfolio has no material investment options or guarantees that could cause capital strain.

The introduction of Solvency II will see a fundamental change in the way EU based insurers assess their capital requirements and risk management standards. The Group's EU based insurer, Hansard Europe, has participated throughout the design process. Based on current guidance the Group does not expect additional capital requirements as a result of these legislative changes. While it seems possible that the implementation of Solvency II may be deferred beyond 1 January 2013, the Group will have developed its requirements by that date.

Key performance indicators

The Group's senior management team monitors a range of Key Performance Indicators, both financial and non-financial, that are designed to ensure that performance against targets and expectations across significant areas of activity is monitored and variances explained.

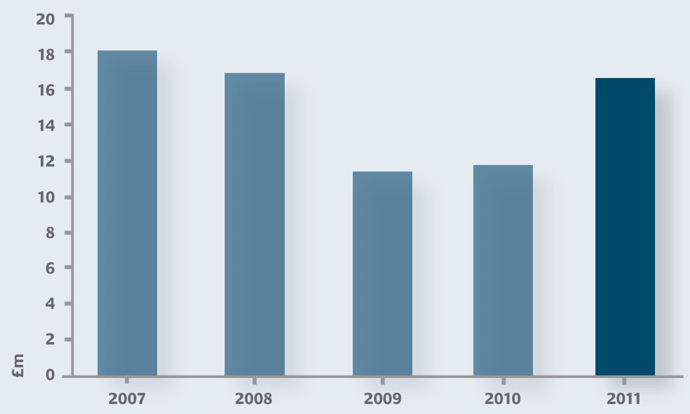
The following is a summary of the indicators. Performance over the last 5 years for these and other indicators is demonstrated on pages 4 and 5 of this Report & Accounts.

Key performance indicators

New Business – The Group's prime indicator of calculating new business production is called Compensation Credit ("CC"). This indicates the relative value of each piece of new business and is used, therefore, in the calculation of commission payable to intermediaries. Incentive arrangements for intermediaries, the Group's Account Executives and the Chief Distribution Officer incorporate targets based on CC.

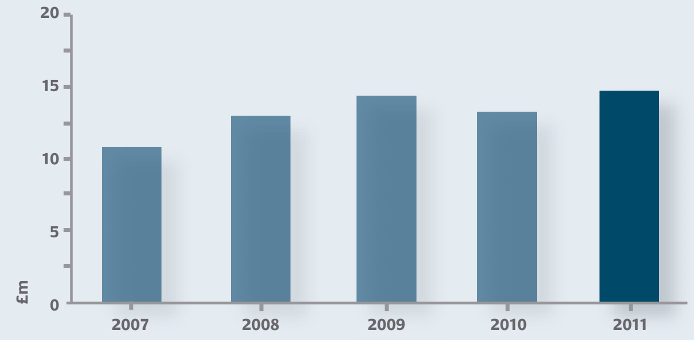
New business levels are reported daily. The Group's objective remains to grow new business at a rate of 10% - 15% per annum on this measure over the medium term. As is outlined elsewhere in this Report & Accounts, new business flows were 39% higher than the previous year on this measure, reflecting better positioning of the Group's activities to capture new business following periods of global weakness.

Issued CC for year ended 30 June



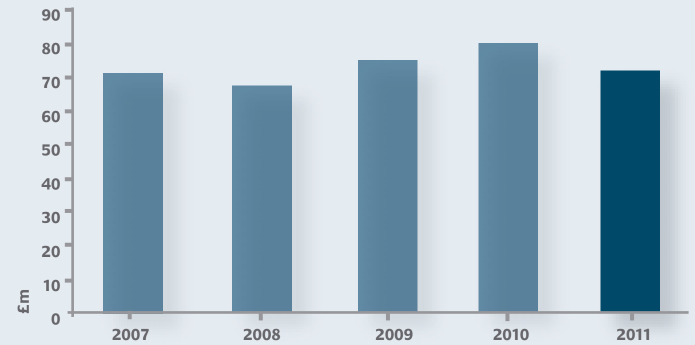
Expenses – The Group maintains rigorous focus on expense levels and the value gained from such expenditure. The objective is to develop processes to restrain increases in administrative expenses to the rates of inflation assumed in the charging structure of the Group's policies. The Group's administrative and other expenses for the year, before growth investment spend, of £14.3m were 10% above that of the previous financial year. While a proportion of this increase was anticipated in policy charging assumptions, a portion of this increase has had a negative impact on EEV and IFRS profits.

Group Admin expenses for year ended 30 June



Cash – Bank balances and significant movements on balances are reported weekly. The Group's liquid funds at the balance sheet date were £73.1m (2010: £81.8m). The change reflects the increase in new business investment, the Group's determination to create and maintain a high standard of operating platforms for its client base and the impact of its commitment to maintain a progressive return for its shareholders.

Shareholder cash at 30 June



Business continuity – Maintenance of continual access to data via Hansard OnLine is critical to the Group's operations. This has been achieved throughout the year through a robust infrastructure with inbuilt redundancy. The Group is pro-active in its consideration of threats to data, data security and data integrity. Business continuity and penetration testing is carried out regularly by internal and external parties.

Risk profile – The factors impacting on the Group's risk profile are kept under continual review. Senior management review operational risk profiles at least weekly. The significant risks faced by the Group are summarized in the Corporate Governance report.

Financial Review

Presentation of financial results

As noted above, our business is long term in nature, and for this reason we present the results on an EEV basis in addition to the statutory IFRS basis.

The profit that the Group expects to earn from the issue of an insurance contract is the same, irrespective of the basis of measurement, however:

- The EEV result is a discounted cash flow valuation of the profits expected to emerge from the current book of insurance contracts and provides a more complete recognition of management's activity throughout the financial year. It demonstrates the expected emergence of shareholder cash over the long term, by reflecting the net present value of the expected future cash flows. The embedded value profit reported in one year will emerge as cash in future years.
- The IFRS methodology smoothes recognition of profit from new business by spreading the initial costs (and revenues) evenly over the life of the business. The result therefore reflects neither the future shareholder value added, nor the cash impact of the new business in a particular year.

Results for the year

Despite the volatile markets throughout the financial year and uncertain economic outlook, total new business flows have increased by 39% (using the Group's internal metric) over the previous year. As can be seen in the report of the Chief Distribution Officer, the amount of new business received from the growth markets of Latin America and the Far East has increased by 63% and the level of regular premium new business received in the year rose to £112m, an increase of 62% over the previous year.

The increased volume of new business, and the increased proportion of regular premium new business have driven a growth of 61% in profit from new business, as calculated under EEV, to £18.5m (2010: £11.5m) and a growth in the level of deferred origination costs held on the IFRS balance sheet to £113.1m (2010: £105.6m).

Continued investments in the business and the Group's infrastructure, which are reflected as an increase in expenses, coupled with the Board's decision to restore pension contributions and salary levels after a period of cost reductions, have contributed to a marginal improvement in IFRS profits to £16.5m after tax (2010: £16.4m), and EEV operating profit after tax to £14.9m (2010: £15.5m). We have however continued to generate positive operating cash flows and we have increased EEV by 4% to £257.0m (2010: £247.0m).

Policyholders' assets under administration increased by 8.4% over the year to £1.23bn, despite the continued impact of the global financial crisis on the valuation of assets selected by policyholders that has restrained the growth of asset-based income streams.

The following is a summary of key items to allow readers to better understand the results of strategy implementation, as represented under accounting disclosures.

Abridged consolidated income statement

The consolidated income statement presented under IFRS reflects the financial results of the Group's activities during the year. This income statement however, as a result of its method of presentation, incorporates a number of features that might affect an understanding of the results of the Group's underlying transactions. This relates principally to:

- investment income relating to the assets administered by the Group to back its liability to policyholders. These assets are generally selected by the policyholder or an authorised intermediary and the policyholder is entitled to the gains and bears the investment risk. The income statement also incorporates the transfer of those benefits to the policyholder. Investment gains during the year attributable to policyholder assets were £109.2m (2010: £146.9m).
- fund management fees paid by the Group to third parties having a relationship with the underlying contract. While fund management fees paid are properly recorded in the Group's income statement under IFRS, it distorts results compared with an understanding of the Group's own entitlement to fund management fees and any requirement to pay such fees for services rendered in respect of the Group's own assets. In the current year third party fund management fees attributable to policyholder assets was £4.8m (2010: £4.6m). These are reflected in both income and expenses under the IFRS presentation.

An abridged consolidated income statement is presented below, excluding the items of income and expenditure indicated above.

	2011 £m	2010 £m
Fees and commissions	**50.8**	49.6
Investment and other income	**3.8**	1.3
	54.6	50.9
Origination costs	**(18.2)**	(17.2)
Administrative and other expenses attributable to the Group	**(19.7)**	(17.1)
Profit for the year before taxation	**16.7**	16.6
Taxation	**(0.2)**	(0.2)
Profit for the year after taxation	**16.5**	16.4

Fees and commissions

Fees and commissions for the year attributable to Group activities are £50.8 million, an increase of 2.4% over the prior year of £49.6m.

A summary of fees and commissions is set out below:

	2011 £m	2010 £m
Contract fee income	**35.5**	35.4
Fund management fees accruing to the Group	**10.8**	10.0
Commissions receivable	**4.5**	4.2
Fees and commissions attributable to Group activities	**50.8**	49.6

Elements of contract fee income are largely fixed in nature, representing both the smoothing of up-front income required under IFRS, and policy-servicing charges applied to the policy book annually or as required by the policy terms and conditions. Consistent levels of contract fee income reflects the strength of the existing book of business, as the significantly increased levels of new business in this financial year will be reflected in fee income in future financial years.

Approximately 30% of the Group's fees and commissions, being fund management fees and commissions receivable from third parties, are related directly to the value of assets under administration ("AUA") and exposed to market movements and valuation judgements. As the value of AUA increases (whether through new business, strengthening stock markets or currency movements) it results in a positive impact on that income. The level of fund management fees has grown by 8%, which is largely in line with 8.4% growth in assets under administration. Commissions receivable from fund houses of £4.5m have increased by 7.1%.

Investment and other income

Investment and other income attributable to the Group during the year totalled £3.8m, compared with £1.3m in the previous year. An analysis of this is set out below:

	2011 £m	2010 £m
Bank interest	**2.2**	1.2
Foreign exchange gains / (losses) on revaluation of net operating assets	**1.5**	(0.2)
Other income	**0.1**	0.3
	3.8	1.3

Towards the end of the last financial year the Group took action to place a portion of its capital balances into longer-term fixed deposit accounts with institutions approved in terms of the Group Treasury policies. This has had the impact of increasing interest income in this financial year without incurring additional credit risk.

Foreign exchange gains of £1.5m have been recognised as a result of the strengthening of the Euro against Sterling during the financial year. The Group's own assets are held predominantly in Sterling but Hansard Europe is required to hold Euro currency balances to support its regulatory capital requirements. You can find further information about the Group's foreign currency exposures in note 22 to the IFRS section of this Report & Accounts.

Origination costs

Under IFRS, new business commissions paid to intermediaries, together with the directly attributable incremental costs incurred on the issue of a policy, are deferred and amortised over the life of the relevant contract. Other elements of the Group's new business costs, for example recruitment costs and initial payments to new Account Executives, are expensed as incurred. This accounting policy reflects that the Group will continue to earn income over the long-term from policies issued in a given financial year. The impact on current year earnings of contracts issued this year is minimal.

The significant growth in new business volumes over last year is reflected in an increase of 44% in these direct costs of new business to £23.4m. This is deferred to match the longer-term income streams expected to accrue from the policies issued this year. Amounts totalling £15.9m (2010: £14.7m) have been expensed to match contract fee income earned this year from policies issued in previous financial years.

Origination costs in the year are:

	2011 £m	2010 £m
Origination costs – deferred to match future income streams	**23.4**	16.2
Origination costs - expensed as incurred	**2.3**	2.5
Origination costs incurred in the year	**25.7**	18.7
Net amortisation of deferred origination costs	**(7.5)**	(1.5)
	18.2	17.2

The life of a typical single premium contract is 15 years. The life of a regular premium contract is deemed to be the term of the individual policy. Typical terms range between 10 years and 25 years.

Administrative and other expenses

Expenses for the year reflect higher new business levels, continued investment in the Group's propositions and distribution capabilities as well as the costs of strengthening the governance and controls to meet the needs of a growing, complex business. A significant portion of the increase in administrative and other expenses in the year under review follows the Board's decision to restore pension contributions to employees' individual pension plans with effect from 1 July 2010, following a suspension of those contributions in March 2009, and to reverse the pay cuts accepted by senior management in February 2009. This increase of approximately £0.8m in current year expenses further demonstrates the Board's confidence in the Group's long-term prospects.

Professional fees in the year include amounts totalling £0.5m for audit related services (2010: £0.4m); increased legal fees of £0.5m relating to policyholder complaints and other issues (2010: £0.2m) and £0.6m (2010: £0.3m) for administration, custody, dealing and other charges paid under the terms of the outsourcing arrangements that commenced in November 2009.

We have continued to invest for future growth in the business, which has led to growth investment spend included in expenses increasing by 26% to £2.4m, with a number of Hansard OnLine and other initiatives launched during the year or in course of development.

A summary of administrative and other expenses attributable to the Group is set out below:

	2011 £m	2010 £m
Salaries and other employment costs	**8.8**	7.0
Other administrative expenses	**5.5**	6.0
	14.3	13.0
Professional fees	**3.0**	2.2
Growth investment spend	**2.4**	1.9
	19.7	17.1

Cash Flows

Operating cash flows in the year continue to be strongly positive. The operational surplus of £35.2m (fees deducted from contracts and Commissions received, less operational expenses) has grown by £1.1m despite the increased expenses referred to above, reflecting the strength of the back book of business.

Short-term timing differences in relation to quarterly fee collections, expense settlement and receipt of bank interest on longer-term deposits, results in a net cash inflow for the year of £36.3m (2010: £42.9m). This surplus has funded investment in new business in the year, which has increased by 37% to £25.7m, in line with the new business levels reported elsewhere in this Report & Accounts.

This demonstrates that the in-force policy book continues to generate the cash required to support the Group's main business objectives of investing in new business, and enhancing distribution and other infrastructure.

The following summarises the Group's own cash flows in the year:

	2011 £m	2010 £m
Fees less operational expenses	**35.2**	34.1
Movement on policyholder fees due	**(2.1)**	2.3
Movement on expense creditors	**2.7**	4.7
Net cash inflow from operating activities	**35.8**	41.1
Interest received	**0.5**	1.8
Cash inflow	**36.3**	42.9
Investment in new business	**(25.7)**	(18.8)
Purchase of plant and equipment	**(0.6)**	(0.3)
Corporation tax paid	**(0.2)**	(0.3)
Net cash inflow before dividends	**9.8**	23.5
Dividends paid	**(18.5)**	(17.6)
Net cash flow after dividends	**(8.7)**	5.9

The continued application of the Group's progressive dividend record, given the significantly increased investment in new business in the year, has reduced the Group's own cash and deposits since 30 June 2010.

	2011 £m	2010 £m
Shareholder cash and deposits at 1 July	**81.8**	75.9
Net cash flow after dividends	**(8.7)**	5.9
Shareholder cash and deposits at 30 June	**73.1**	81.8

Abridged consolidated balance sheet

The consolidated balance sheet presented under IFRS reflects the financial position of the Group at 30 June 2011. As a result of its method of presentation, the consolidated balance sheet incorporates the financial assets held to back the Group's liability to policyholders, and also incorporates the equivalent liability to policyholders of £1.23bn (2010: £1.13bn). Additionally, the Group's cash and bank deposits are disclosed based on maturity dates.

The abridged consolidated balance sheet presented below, excluding those assets and liabilities, allows a better understanding of the Group's own capital position and reflects continued investment in profitable new business. The successful implementation of the Group's strategy to invest in a higher proportion of regular premium new business results in an increase of deferred origination costs ("DOC"). The volume and nature of single premium new business in the year means that there is not a corresponding increase in the deferred income reserve ("DIR").

The continued application of the Group's progressive dividend record, given recent reductions in IFRS profit, has resulted in dividends of 13.45p per share for the year exceeding IFRS earnings per share of 12.0p per share, and has therefore caused a small reduction in Shareholders' equity since 30 June 2010.

	2011 £m	2010 £m
Assets		
Deferred origination costs	**113.1**	105.6
Other assets	**12.1**	10.7
Cash and bank deposits	**73.1**	81.8
	198.3	198.1
Liabilities		
Deferred income reserve	**125.3**	125.9
Other payables	**20.4**	17.6
	145.7	143.5
Net assets	**52.6**	54.6
Shareholders' equity		
Share capital and reserves	**52.6**	54.6

Deferred origination costs

As mentioned above, deferral of origination costs reflect that the Group will continue to earn income over the long-term from policies issued in a given financial year. The increase of £7.5m in value since 30 June 2010 reflects the continued acquisition of profitable contracts (net of amounts amortised against contract fee income in the current financial year).

The movement in value of DOC over the financial year is summarized below.

	2011 £m	2010 £m
At 1 July	**105.6**	104.1
Origination costs incurred during the year	**23.4**	16.2
Origination costs amortised during the year	**(15.9)**	(14.7)
	113.1	105.6

Financial Review continued

Cash and bank deposits

In the current low interest rate environment the Group feels that the best use of its capital is to ensure continued investment in profitable regular premium contracts. These investments earn a return of at least 15%. As can be seen above, the Group invested £25.7m in new business during the year which was funded by cash flows from the existing policy book. While the construction of the Group's products means that this investment will be recouped within 3 years, continued investment in profitable regular premium contracts produces a short-term cash strain as a result of the commission and other costs incurred at inception of a contract.

Following this investment and a continuation of the Group's progressive dividend record, cash at 30 June 2011 stood at £73.1m, a reduction of £8.7m from the value reported at 30 June 2010. Despite this reduction, the Group is well capitalized to meet the requirements of regulators, intermediaries, policyholders and other stakeholders.

The Group's liquid assets at the balance sheet date are held with a wide range of deposit institutions and in highly-rated money market liquidity funds.

Deferred income reserve

Consistent with the treatment of deferred origination costs, the treatment of deferred income ensures that up-front fees are taken to the consolidated income statement in equal installments over the longer-term, reflecting the services provided over the period of the contract. The deferred income reserve represents the unamortised balance of accumulated initial amounts received on new business. The proportion of income deferred in any one year is dependent upon the mix and volume of business flows; the Group's focus on profitable regular premium business means that the value of DIR will not necessarily move in line with the value of DOC.

The movement in value of DIR over the financial year is summarized below.

Carrying value	2011 £m	2010 £m
At 1 July	**125.9**	125.2
Income deferred during the year	**19.6**	19.1
Income amortised during the year	**(20.2)**	(18.4)
	125.3	125.9

Assets under administration

In the following paragraphs, assets under administration ("AUA") refers to net assets held to cover financial liabilities as analysed in note 16 to the consolidated financial statements presented under IFRS.

Despite market conditions, the Group has retained positive cash flows from the large number of regular premium contracts that the Group administers on behalf of policyholders around the world. Increased new business flows from Latin America and the Far East have underpinned the level of AUA. Policyholder deposits in the year increased by 12.2% to £186.4m, as shown below.

	2011 £m	2010 £m
Deposits to investment contracts	**186.4**	166.1
Withdrawals and deductions	**(200.7)**	(180.4)
Effect of market and currency movements	**109.2**	146.9
Increase in year	**94.9**	132.6
Assets under Administration at 1 July	**1,134.7**	1,002.1
Assets under Administration at 30 June	**1,229.6**	1,134.7

While retention of AUA remains strong, certain assets selected by policyholders in previous financial years remain impacted by the global financial crisis. During the first six months of this financial year we saw an increase in liquidations and other efforts to resolve uncertainty over those policyholder asset values but in the last quarter a further small number of funds held by policyholders ceased offering redemptions on normal terms. This has caused us to apply a prudent valuation by writing down those assets by £30m in Q4, in accordance with the practice introduced in H2 2008. The impact of the write-down is incorporated in "Effect of market and currency movements" shown in the table above.

Despite the falls in value in Q4, the overall value of AUA has increased by 8.4% over the year to £1,230m. The ability of policyholders to rotate assets held within contracts has maintained the level of AUA and further emphasises the strength of the life insurance wrapper.

The write-downs in this financial year, as well as prudent valuations on other assets similarly affected, have reduced asset-based fees in the current financial year and impacted EEV profits. Under the terms of the unit-linked contracts issued by the Group, the policyholder bears the financial risk attaching to assets to which the contracts are linked. Any continued reductions in AUA will cause declines in the Group's future asset-based income streams but will not affect the Group's capital position.

AUA currency composition

The investment choices of policyholders and their agents generally reflect the currency of the territories in which they are resident. However, the value of policyholder assets is subject to currency rate fluctuations and therefore the proportion of AUA held in any given currency can change as a result of currency movements and other factors.

The principal currencies in which assets are denominated at 30 June are as follows:

Currency	2011 %	2010 %
US Dollar	**50.0**	49.0
Euro	**28.0**	28.0
Sterling	**16.0**	15.0
Other	**6.0**	8.0
Total	**100.0**	100.0

Complaints over AUA performance and related issues

The Group does not give any investment advice and this is left to the policyholder directly or through an agent, advisor or an entity appointed at the policyholder's request or preference. As such policyholders bear the financial risk relating to the investments underpinning their contracts, as the policy benefits are linked to the value of the assets.

Notwithstanding the above financial services institutions are increasingly drawn into disputes in cases where the value and performance of assets selected by or on behalf of policyholders fails to meet their expectations. This is particularly true of more complex structured products distributed throughout Europe that have been selected for inclusion in policies. At the balance sheet date a number of those fund structures remain affected by liquidity or other issues that hinder their sales or redemptions on normal terms with a consequent adverse impact on policy transactions.

A Group company has been served with a number of writs arising from such complaints and other asset-related issues, and believes that other writs might be served in the next few months. While it is not possible to forecast or determine the final results of pending or threatened legal proceedings, based on the pleadings and advice received from the company's legal representatives, the Directors believe that the company will be successful in its defence of these claims. Accordingly no provisions have been made.

Results for the year under European Embedded Value

The performance of the Group measured under EEV has improved relative to the previous financial year, despite the volatile markets and uncertain economic outlook. Following the payment of dividends of £18.5m during the year (2010: £17.6m), the EEV of the Group has risen to £257.0m, an increase of £10.0m since 30 June 2010.

The performance reflects the Group's strategy to:

- increase the proportion of regular premium new business;
- develop profitable relationships with intermediaries in growth markets; and
- invest in Hansard OnLine and the Group's systems.

EEV profit

The performance of the Group measured under EEV has improved relative to the previous financial year, although the main drivers of the EEV profit over the year were different, as illustrated in the table below.

As has been the case in prior years, the EEV profit after tax is primarily driven by New Business Contribution and by the investment return variance on assets under administration. These improvements were partially offset by higher costs in the year, in part related to non-recurring project costs. The EEV profit fell by £11.3m due to the Group choosing to take a more conservative view about the business' future performance, primarily with respect to the assumed level of future administration unit costs. When setting the assumed level of future administration unit costs, the Company implemented a change in methodology to separately reflect the expenses incurred by the two life assurance subsidiary companies.

EEV profit after tax has increased by 1.8% to £28.5m (2010: £28.0m), a return on EEV of 11.5% (2010: 11.8%). The business continues to generate strong positive cash flows to fund new business and support dividend payments.

The components of EEV profit after tax are set out in the table below:

	2011 £m	2010 £m
New business contribution	**18.5**	11.5
Expected return on existing business	**4.9**	5.9
Experience variances	**(3.0)**	(4.1)
Operating assumption changes	**(11.3)**	(2.1)
Expected return on net worth	**1.7**	2.2
Model changes	**4.1**	2.1
EEV operating profit after tax	**14.9**	15.5
Investment return variances	**12.0**	17.6
Economic assumption changes	**1.6**	(5.1)
EEV profit after tax	**28.5**	28.0

Operating performance - New business

	2011 £m	2010 £m
New business sales (PVNBP)	**221.1**	166.3
New business contribution	**18.5**	11.5
New business margin	**8.3%**	6.9%

As mentioned above, the Group's strategy is to increase the proportion of sales attributable to regular premium products, which typically have a higher margin than single premium products. Throughout the financial year the Group directed its resources to source such flows, principally from the growth markets of Latin America and the Far East, which has resulted in an increase of 33% in new business sales on the PVNBP basis.

These increased sales, coupled with the increased proportion of regular premium flows, have resulted in a new business contribution during the year of £18.5m which is 61% higher than last year (2010: £11.5m). The Group has retained its focus on profitability and the new business margin for the year, being the contribution from new business expressed as a percentage of PVNBP, has increased by 20% to 8.3%, from 6.9% last year.

The underlying profitability of new business written by the Group remains consistently above levels enjoyed by a majority of competitors. The Internal Rate of Return of new business written during the year remains in excess of 15% per annum, while initial capital invested in new business is returned, on average, within three years.

Operating performance – In-force business

Operating profit for in-force business is lower than the prior year. This was primarily driven by the recent increases in costs as a result of the Group strengthening its governance and controls to meet the needs of a growing, complex business.

Further detail of sources of performance variance and assumption changes are shown in the tables below:

	2011 £m	2010 £m
Expenses	**(1.6)**	(1.5)
Premium changes and surrenders	**(0.3)**	(1.6)
Other	**(1.1)**	(1.0)
Experience variances	**(3.0)**	(4.1)

	2011 £m	2010 £m
Expenses	**(10.9)**	(2.5)
Lapses & paid up policies	**0.7**	3.5
Premium reductions and holidays	**(0.8)**	(3.2)
Mortality	**(0.3)**	1.3
Other	**-**	(1.2)
Operating assumption changes	**(11.3)**	(2.1)

Despite increasing persistency of existing business, adverse variances of £3.0m from in-force business (2010: £4.1m) have been experienced. A large portion of the increased operating expenses in the year and also assumed expenses in the future arises from investments in the Group's infrastructure and increased regulatory and compliance costs. Furthermore, the EEV also provides for a further £1m for future development costs.

Investment performance

Investment performance is a key driver of the EEV profit.

The principal components of the investment profit are shown in the table below.

	2011 £m	2010 £m
Investment performance of policyholder funds	**11.5**	10.7
Exchange rate movements	**0.2**	10.8
Other	**0.3**	(3.9)
	12.0	17.6

The key drivers of investment performance were investment returns on policyholder assets under administration. This contributed £11.5m (2010: £10.7m) of the total profit of £12.0m (2010: £17.6m), despite a reduction of £1.6m (2010: £2.1m) representing an estimate of future charges foregone in relation to certain policyholder assets which, as mentioned above, have ceased offering redemptions on normal terms. This has resulted in a reduced valuation and a reduction in the Group's expectations of asset-based fees. Approximately £1.5m of this loss arose from experience in Q4 of this financial year.

Despite market volatility policyholder assets under administration have increased by 8.4% over the year to £1.23bn.

EEV balance sheet

In volatile market conditions, the Group's EEV has proved resilient, representing the continued acquisition of profitable contracts. Following the payment of dividends totalling £18.5m, the Group's EEV has increased by £10.0m to £257.0m (2010: £247.0m).

The table below provides a summarised breakdown of the EEV at the valuation dates:

	2011 £m	2010 £m
Net worth	**59.8**	68.0
Value of future profits	**197.2**	179.0
EEV	**257.0**	247.0

Net worth is the market value of shareholders' funds, determined on an IFRS basis, adjusted to exclude certain assets such as deferred origination costs and liabilities such as deferred income reserve. Prior to the payment of dividends totalling £18.5m, net worth had increased by £10.3m over last year. The impact of the Group's progressive dividend record has resulted in a reduction in net worth, when compared with the prior year. At the balance sheet date the net worth of the Group is represented by liquid cash balances.

The value of future profits has risen by 10.2% over the year, to £197.2m.

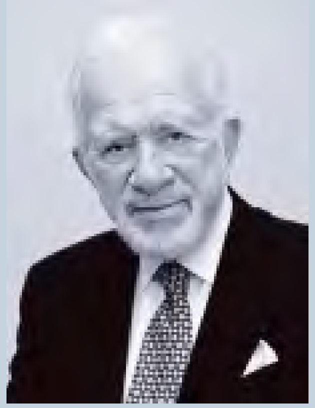
In the period since 30 June 2011 global investment markets have been increasingly volatile with major equity markets having fallen approximately 10% in the two months to 31 August. This fall will inevitably have had an impact on the embedded value of the Group which is based upon market levels and other assumptions at 30 June 2011. A sensitivity analysis is set out in the EEV Information section of this Report & Accounts to help you estimate the potential impact of these developments.

Net asset value per share

On the EEV basis, the net asset value per share ("NAV") at 30 June 2011 is 187.2p, an increase of 4.1% compared with 179.9p at 30 June 2010. The NAV is based upon the EEV at the balance sheet date divided by the number of shares in issue at that date, being 137,291,385 ordinary shares.

The NAV at 30 June 2011 on the basis of IFRS, is 38.3p. This represents a decrease of 3.5% from the NAV of 39.8p at 30 June 2010.

Directors



Dr Leonard Polonsky
Executive Chairman

Dr Polonsky founded the Group in 1970. Previously he was a partner of Associated Investors (Investment Brokers) and had roles with Life Assurance Company of Pennsylvania. He taught languages in Heidelberg following postgraduate studies at Oxford and the Sorbonne.

Gordon Marr
Managing Director

Gordon was appointed Managing Director of the Company on 1 July 2009, having previously served as Group Counsel and as Executive Director. Gordon joined the Group in 1988. Previously he had worked with the Sedgwick Group plc and BUPA. He is a Solicitor of the Supreme Court and a member of the Law Society.

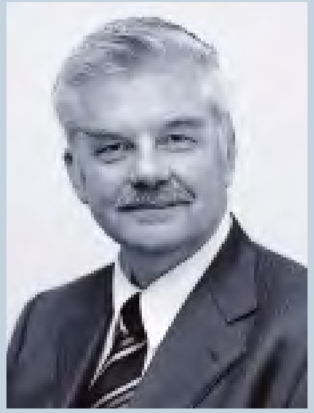
Joseph Kanarek
Chief Distribution Officer

Joe was appointed to the Board on 1 January 2010. Joe joined the Group in 2000. Previously he was executive vice-president of the American Life Insurance Company, and held roles with The Hartford, UNUM Provident; Caroon and Black Insurance Inc; American General; The Aetna, and Fidelity Union Life Insurance. Joe has served on the Supervisory Board of NASK Oranta, the largest insurance company in the Ukraine; the Board of The Hartford Life Insurance Company and the Board of American Life Insurance Company.

Bernard Asher
Senior Independent Non-executive Director

Chairman of Nominations and Remuneration Committees Member of Audit Committee

Bernard was appointed a non-executive Director on 24 November 2006. He is currently Governor of the London School of Economics. Previously he had non-executive roles with Legal & General Group plc as Vice-Chairman and Lonrho Africa plc as Chairman. Bernard was 20 years with HSBC Holdings plc as an executive Director of the Group and Chairman of the Investment Bank.



Maurice Dyson
Independent Non-executive Director

Chairman of Audit Committee. Member of Nominations and Remuneration Committees

Maurice was appointed a non-executive Director on 24 November 2006. He is a consultant on actuarial and investment issues and a Director or Trustee of several companies and trusts involved with corporate re-construction, investment and pensions. He is a Fellow of the Institute of Actuaries, and an Associate of the CFA Society of the UK. Previously he was the Deputy Chairman of Aon Consulting Limited and Managing Director of the Consulting Division in the UK, was the Head of the Actuarial Practice at Alexander Clay & Partners and a partner in the actuarial firm, Clay & Partners.

Uwe Eymer
Independent Non-executive Director

Member of Audit, Nominations and Remuneration Committees

Uwe was appointed a non-executive Director on 24 November 2006. He is a licensed lawyer in Germany and previously held a number of positions within the life assurance industry in Europe. He was non-executive Chairman of Scor Global Life and CEO of Scor Global Life and Chairman of Revios Ruckversicherung AG, which had been demerged from Gerling-Konzern Globale.

Harvey Krueger
Independent Non-executive Director

Member of Nominations and Remuneration Committees

Harvey was appointed a non-executive Director on 24 November 2006. He is a vice chairman at Barclays Capital Inc. and a Director of Bernard Chaus, Inc. and Duff & Phelps, LLC. He was Chairman of The Hebrew University of Jerusalem and remains on its Board of Governors. Previously he had been Vice Chairman Emeritus of Lehman Brothers, Inc; President and Chief Executive of Kuhn Loeb Inc., had worked for Cravath Swaine and Moore and was a Director and Chairman of the Executive Committee of Automatic Data Processing Inc. and served on the Board of many other public and private companies.

Environmental, Corporate and Social Responsibility Report

Hansard recognises its obligations to adopt a responsible attitude towards its stakeholders.

The Board believes that the Group continues to demonstrate such an attitude but recognises that the Group is a relatively small organisation with the added complication of the main functions split across two distinct locations and territories.

The Board believes that Hansard's policies and actions fulfil the Group's obligations.

At 30 June 2011 the number of the Group's employees, by location, was as follows:

Location	Number 2011	Number 2010
Isle of Man	**180**	164
Republic of Ireland	**45**	40
Other	**25**	21
	250	225

The Group's principal administrative operations are performed in the Isle of Man and the Republic of Ireland. Account Executives and related resources are based in local markets to support the IFAs and other intermediaries that introduce business to the Group. The principal locations are Latin America, Central America, the Far East and Western Europe.

The Group is committed to equal opportunities for current and potential employees. The gender profile of the Group at 30 June 2011 is split with a total of 126 male and 124 female employees (2010: 117 male and 108 female).

Environmental

The Group continues its efforts to reduce and restrain its carbon footprint. It has invested in its OnLine propositions by increasing electronic access to information and being more creative with printing requirements, including deliberately keeping the print runs to a bare minimum. Provision of an electronic version of the Annual Report & Accounts, where shareholders have chosen this option and other market information has reduced the need to publish and distribute copies. In order to support this shareholders are asked to contact the registrars and elect the electronic option for future receipt of the Annual Report & Accounts.

Where possible we endeavour to conduct business by greater use of the video conferencing facilities installed at the Group's offices. We have however noted the reluctance of certain regulatory bodies to permit Board meetings to be held using this technology.

Corporate

We believe that our employees and our ongoing relationship with independent financial advisors are assets which influence the return to shareholders and to policyholders.

The Group ensures that each of its companies is compliant with relevant applicable legislation relating to Health and Safety, employment legislation including sex, race and other discrimination rules, and strives to be an equal opportunity employer.

Social responsibility

The Group encourages employees in their efforts to support local causes, through collections in the office or through active participation in fund raising events. During the year the Company has matched donations made by employees in support of registered charities in the Isle of Man and the Republic of Ireland.

This has resulted in a total of approximately £12,500 (2010: £6,000) being donated to various charities in those locations during the financial year.

Communication with shareholders

The Company places considerable importance on communication with shareholders and engages with them on a wide range of issues and has an ongoing programme of dialogue and meetings between the executive Directors and institutional investors, fund managers and analysts. At these meetings a wide range of relevant issues including strategy, performance, management and governance are discussed within the constraints of information already made public.

In addition, the Senior Independent Director, Bernard Asher, is available to meet with major shareholders to discuss any areas of concern not resolved through normal channels of investor communication. Arrangements can be made to meet with the Senior Independent Director through the Company Secretary.

The Board is equally interested in communications with private shareholders and the Company Secretary oversees communication with these investors. All information reported to the regulatory news services is simultaneously published on the Company's website, affording the widest possible access to Company announcements.

The Company complies with governance guidance contained in the UK Corporate Governance Code ("the Code") relating to the conduct of the Annual General Meeting, particularly as regards voting; proxy voting by shareholders, including votes withheld; the separation of resolutions, and the attendance of committee chairmen. Whenever possible, all Directors attend the Annual General Meeting and shareholders are invited to ask questions during the meeting and have an opportunity to meet with the Directors following the conclusion of the formal part of the meeting. In line with the UK Corporate Governance Code all Directors will offer themselves for re-election.

The Company's Annual Report & Accounts and annual review, together with the Company's half-yearly reports, interim management statements and other public announcements are designed to present a balanced and understandable view of the Group's activities and prospects. All such documents are available on the Company's website.

For and on behalf of the Board

L S Polonsky

Executive Chairman
21 September 2011

Directors' Report

Financial statements

The Directors have pleasure in submitting their report together with the consolidated and parent company financial statements for the year ended 30 June 2011.

The consolidated financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements of the parent company have been prepared under UK Generally Accepted Accounting Practice ("UK GAAP"). Additionally, certain information relating to embedded value is presented using the European Embedded Value ("EEV") methodology. The Board believes that EEV Information provides more meaningful information on the financial position and performance of the Group in a particular financial year than that provided by IFRS reporting alone.

Activities

The Company is a limited liability company incorporated and domiciled in the Isle of Man.

The principal activity of the Company is to act as the holding company of the Hansard Group of companies. The activities of the principal operating subsidiaries include the transaction of life assurance business and related activities.

Results and dividends

The results of trading of the Group for the year under IFRS are set out in the consolidated income statement. The results of trading of the Group for the year on an EEV basis are set out in the EEV Information.

Results under IFRS

Despite challenging economic conditions and increased investment in infrastructure and resources, the profit for the year is marginally increased from that of the previous financial year. The profit after tax is £16.5m, compared with a profit for the prior year of £16.4m.

Dividends totalling £18.5m were paid during the year (2010: £17.6m). The deficit of £2.0m after payment of dividends (2010: £1.2m) has been transferred from retained earnings.

Results under EEV

EEV profit after tax reflects a significant growth in new business from growth markets and continued investment. EEV profit after tax was £28.5m (2010: £28.0m). After payment of the dividends of £18.5m during the year, the EEV of the Group as at 30 June 2010 was £257.0m (2010: £247.0m), an increase of 4%.

Proposed final dividend

The Board has resolved to pay a final dividend of 8.0p per share on 18 November 2011, subject to approval at the Annual General Meeting, to shareholders on the register on 30 September 2011. If approved, this would bring the total dividends in respect of the year ended 30 June 2011 to 13.75p per share and will represent an increase of 4.2% over the dividends in respect of the previous year (13.2p per share).

Principal operating subsidiaries

The following companies are wholly-owned subsidiaries of the Company and represent its principal operating subsidiaries at the balance sheet date and at the date of this report. All companies are incorporated in the Isle of Man with the exception of Hansard Europe Limited, which is incorporated in the Republic of Ireland.

Company	Business
Hansard International Limited	Life Assurance
Hansard Europe Limited	Life Assurance
Hansard Administration Services Limited	Administration Services
Hansard Development Services Limited	Marketing and development services

Share capital

The issued share capital of the Company is £68,645,692.50 divided into 137,291,385 ordinary shares of 50p each (2010: £68,641,328 divided into 137,282,656 ordinary shares of 50p each). The increase of 8,279 shares (2010: 1,454 shares) is from the exercise of options granted under the SAYE share save programme.

The holders of ordinary shares are entitled to receive the Company's Report & Accounts, to attend and speak at General Meetings, to appoint proxies and exercise voting rights.

Share incentive schemes

Save As You Earn share save programme

A Save As You Earn share save programme allows eligible employees to have the opportunity of acquiring an equity interest in the Company.

The scheme is operated annually, with the option price and awards criteria being established in February. At the balance sheet date, the following options remain outstanding under each tranche:

Scheme year	2011	2010
2008	**55,770**	83,989
2009	**246,997**	271,343
2010	**39,324**	61,104
2011	**123,322**	-
	465,413	416,436

The Group has received clearance from the London Stock Exchange to list up to 500,000 shares to meet its obligations to employees under the terms of the programme.

Long Term Incentive Plan

At the Annual General Meeting in November 2009 the shareholders approved a Long Term Incentive Plan

At the date of this report, the following options are awarded but not vested for the annual schemes.

Scheme term	2011	2010
2009 - 2012	**302,000**	309,000
2010 - 2013	**226,500**	-
	528,500	309,000

Details of the conditions of the scheme can be found in the Remuneration Committee Report.

Directors

Details of Board members at the date of this report, together with their biographical details, are set out in the previous section of this Report & Accounts. All of the Directors will retire by rotation at the next Annual General Meeting and, being eligible, seek re-election.

None of the Directors holds an interest in any material contract with the Company save for their Service Contract (Executive Directors) or Letter of Appointment (Non-executive Directors). The Company has Directors and Officers Liability Insurance and Public Offering of Securities Insurance. The Directors have the benefit of Articles 161 and 162 (Right to Indemnity and Power to Insure).

Directors' interests in shares in the Company, in options granted under the Save As You Earn programme and in options granted under the Long Term Incentive Plan are disclosed in the report of the Remuneration Committee, together with details of the executive Directors' service contracts and non-executive Directors' appointment letters.

Employees

The Group is committed to providing equal opportunities for all people in recruitment, training and career development and has regard for people's aptitudes and abilities. The Group will not tolerate discrimination on the grounds of race, religion, marital status, age, gender, sexual orientation or disability. The Group's recruitment process seeks to find candidates most suited for the job. The Group respects the dignity of individuals and their beliefs and does not tolerate any sexual, racial, physical or mental harassment of staff in the workplace.

Substantial shareholdings

At 30 June 2011 the Company had been notified of the following holdings in its share capital. There have been no significant changes in these holdings between the balance sheet date and the date of this report.

Name	Shares	% holding
Dr Leonard Polonsky	55,231,319	40.23
Aberforth Partners	13,711,824	9.99
F&C Asset Management	7,900,504	5.75
Polonsky Foundation	7,186,888	5.24

Directors' Report continued

Company Secretary

The Company Secretary at 30 June 2011 and throughout the year then ended was Manoj Patel.

Creditor payment policy

It is the Group's policy to adhere to the payment terms agreed with individual suppliers and to pay in accordance with its contractual and other legal obligations.

Charitable and political donations

The Group did not make any political donations during the year (2010: £nil). Through matching employee initiatives and collections the Group made charitable donations amounting to £7,000 (2010: £3,000).

Forward-looking statements

The Chairman's statement, Report of the Managing Director, Report of the Chief Distribution Officer, Business review and other sections of this Annual Report and Accounts may contain forward-looking statements about the Group's current plans, goals and expectations on future financial conditions, performance, results, strategy and objectives. Statements containing the words: 'believes', 'intends', 'expects', 'plans', 'seeks', 'anticipates' and other words of similar meaning are forward-looking. All forward-looking statements involve risk and uncertainty. This is because they relate to future events and circumstances that are beyond the Group's control.

As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements. The Company will not undertake any obligation to update any of the forward-looking statements in this Annual Report and Accounts.

Adequacy of the information supplied to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of going concern

As shown within the Business Review, the Group's capital position is strong and well in excess of regulatory requirements. The long-term nature of the Group's business results in considerable positive cash flows arising from existing business. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic environment.

The Directors are satisfied that the Company and the Group have adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Auditor

The Company's auditor, PricewaterhouseCoopers LLC, will retire at the forthcoming Annual General Meeting. The Audit Committee has recommended that PricewaterhouseCoopers LLC be reappointed as the Company's auditor. Accordingly, a resolution to appoint PricewaterhouseCoopers LLC as auditor to the Company, and to authorise the Directors to fix its remuneration, will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on 16 November 2011 at the Company's registered office.

A copy of the notice of Annual General Meeting is contained within this Annual Report. As well as the business normally conducted at such a meeting, shareholders will be asked to renew the authority for the Directors to make market purchases of the Company's shares, to renew the general authority of the Directors to issue shares, and to vary the terms of the Group's Long Term Incentive Plan to raise the cap on awards to three times annual salary.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and will be voting in favour of them.

The notice of the Annual General Meeting and the Annual Report are also available at www.hansard.com.

By Order of the Board

Manoj B Patel

Company Secretary
21 September 2011

Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the Parent Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- **select suitable accounting policies and then apply them consistently;**
- **make judgements and estimates that are reasonable and prudent;**
- **state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively and;**
- **prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.**

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing this Directors' report, the Directors' Remuneration Report and a Corporate Governance Report that comply with that law and those regulations.

The Directors have chosen to present supplementary information in accordance with the European Embedded Value Principles issued in May 2004 by the Chief Financial Officers Forum, as supplemented by the Additional Guidance on European Embedded Value Disclosures issued in October 2005 ('the EEV Principles'). When compliance with the EEV Principles is stated, those principles require supplementary information to be prepared in accordance with the Embedded Value methodology contained in the EEV Principles and to disclose and explain any non-compliance with the EEV Guidance included in the EEV Principles.

In preparing the EEV supplementary information, the Directors have had:

- **the supplementary information prepared in accordance with the EEV Principles;**
- **the business covered by the EEV Principles identified and described;**
- **the EEV Principles applied consistently to the covered business;**
- **determined assumptions on a realistic basis, having regard to past, current and expected future experience and to any relevant external data, and then applied them consistently and;**
- **estimates made that are reasonable and consistent.**

The Directors confirm that they have complied with the above requirements in preparing the Annual Report & Accounts.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

L S Polonsky	**G S Marr**
Director	**Director**
21 September 2011	**21 September 2011**

Corporate Governance Report

Compliance with Companies Acts

As an Isle of Man incorporated company, the Company's primary obligation is to comply with the Isle of Man Companies Acts 1931 – 2004. The Board confirms that the Company is in compliance with the relevant provisions of the Companies Acts.

Compliance with the UK Corporate Governance Code ("the Code")

Hansard is committed to achieving high standards of Corporate Governance throughout the Group. The Company adhered to the principles of the Code throughout the financial year.

The Company recognises however that the Code states that there should be "a clear division of responsibilities at the head of the company between the running of the Board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision". The Board is of the opinion that, while Dr Leonard Polonsky is the Executive Chairman with a Service Contract with the Company and a major shareholder in the Company, the Board composition and governance frameworks are sufficient in the circumstances to maintain compliance with the principles of the Code. The Board considers that Dr Polonsky, by virtue of his extensive knowledge and experience of the Company's business, adds considerable value in enhancing the Board's decision making and understanding of strategic issues.

This report sets out details of how the Company has applied the principles, and complied with the provisions, of the Code during the financial year.

The Board of Directors

The Company is directed and controlled by its Board of Directors and through systems of delegation and escalation, in order to achieve its business objectives in accordance with high standards of transparency, probity and accountability. The Board meets regularly to determine the Company's strategic direction, to review the Company's operating and financial performance and to provide oversight that the Company is adequately resourced and effectively controlled. The specific duties of the Board are clearly set out in a Board Procedures Manual that addresses a wide range of corporate governance issues and lists those items that are specifically reserved for decision by the Board.

The primary responsibilities of the Board include, but are not limited to:

- formulation of medium and long-term direction and strategy for the Group;
- establishment of capital structure and dividend policy;
- ensuring the Group's operations are well managed and proper succession plans are in place;
- review of major transactions or initiatives proposed by the executive Directors;
- implementation of policy and procedures to support the governance framework of the Group;
- regular review of the results and operations of the Group;
- ensuring that proper accounting records are maintained and adequate controls are in place to safeguard the assets of the Group from fraud and other significant risks;
- oversight of the Group's enterprise-wide risk management programme and;
- decisions regarding the Group's policy on charitable and political donations.

Board meetings and meeting attendance

The Board and its committees operate in line with work plans agreed prior to the start of each year. At Board and committee meetings, Directors receive regular reports on the Group's financial position, regulatory compliance, key business operations and other material issues. The Board meets at least quarterly, with additional meetings arranged as required. All meetings are held on the Isle of Man.

Directors are fully briefed in advance of Board and committee meetings on all matters to be discussed. The Company Secretary is responsible for following Board procedures and advising the Board, through the Chairman, on governance matters. All Directors have access to his advice and services.

The Board has adopted a procedure whereby Directors may, in the performance of their duties, seek independent professional advice at the Company's expense if considered appropriate.

The Company requires Directors to attend all meetings of the Board and the committees on which they serve and to devote sufficient time to the Company in order to perform their duties. If Directors are not able to attend a meeting they have the opportunity to submit their comments in advance to the Chairman or the Group Company Secretary. If necessary, they can follow up with the Chairman of the meeting.

The attendance of the Directors at the Board and committee meetings held during the year was as follows:

Name	Board	Audit	Nominations	Remuneration
Number of meetings	**4**	**4**	**1**	**2**
Dr Leonard Polonsky	4	n/a	n/a	n/a
Bernard Asher*	4	3	1	2
Maurice Dyson^	4	4	1	2
Uwe Eymer	2	2	1	1
Joseph Kanarek	4	n/a	n/a	n/a
Harvey Krueger	3	n/a	1	2
Gordon Marr	4	n/a	n/a	n/a

* Chairman of the Remuneration and Nominations Committees

^ Chairman of the Audit Committee

Board committees

The Board has established the following standing committees to oversee important issues of policy and maintain such oversight outside the main Board meetings:

- Audit Committee
- Executive Committee
- Management Risk Committee
- Nominations Committee
- Remuneration Committee

Throughout the year the chairman of each committee provided the Board with a summary of the key issues considered at the meetings of the committees and the minutes of the meetings were circulated to the Board.

The committees operate within defined terms of reference, which can be accessed on the Company's website.

Board committees are authorised to engage the services of external advisers as they deem necessary in the furtherance of their duties, at the Company's expense.

Reports from the Audit, Nominations and Remuneration Committees are set out later in this Report & Accounts, together with a summary of their activities during the year. The activities of the Management Risk Committee are indicated below.

The Executive Committee is comprised of the executive Directors, together with Paul Harwood (Managing Director: Hansard Administration Services) and Vince Watkins (Chief Financial Officer). The Executive Committee is chaired by Dr Polonsky and meets monthly. The Executive Committee has responsibility for the day-to-day management of the Group, and other items as delegated from time to time by the Board.

The Directors

The Code requires that at least half the Board, excluding the Chairman, should comprise independent non-executive Directors as determined by the Board. The Company complies with this requirement at the date of this report. The Board currently comprises the Executive Chairman, four independent non-executive Directors and two executive Directors.

Each independent non-executive Director serves for a fixed term not exceeding three years that may be renewed by mutual agreement. The term of each non-executive Director was renewed for a further three years from November 2009. The Board's policy is to appoint and retain independent non-executive Directors who can apply their wider knowledge and experiences to their understanding of the Group. The process for appointing new Directors is conducted through the Nominations Committee.

It is the Board's view that an independent non-executive Director also needs to be able to present an objective, rigorous and constructive challenge to management, drawing on his wider experiences to question assumptions and viewpoints. To be effective, an independent non-executive Director needs to acquire a sound understanding of the industry and the Company so as to be able to evaluate properly the information provided.

Having considered the matter carefully the Board is of the opinion that all of the non-executive Directors are independent and free from any relationship or circumstances that could affect, or appear to affect, their independent judgement.

Subject to the Board being satisfied with a Director's performance, independence and commitment, there is no specified limit regarding the number of terms a Director may serve. However, as required by the Code the full Board will offer themselves for re-election at each Annual General Meeting.

Senior Independent Director

Under the Code the Board appoints one of the independent non-executive Directors to act as Senior Independent Director. Bernard Asher serves as the Senior Independent Director.

Board effectiveness

The effectiveness of the Board is vital to the success of the Group and the Company undertakes an evaluation each year in order to assess how well the Board, its committees, the Directors and the Chairman are performing. The aim is to improve the effectiveness of the Board and its committees and the Group's performance. The process is led by the Chairman and supported by the Company Secretary.

As part of the Chairman's evaluation the independent non-executive Directors meet separately under the chairmanship of the Senior Independent Director who, in turn, engages in reviews with the Chairman.

The evaluation of the Board's effectiveness was carried out by way of a questionnaire and the data was collated with that from a similar exercise conducted in the last financial year.

Following these reviews, the Directors have concluded that the Board and its committees operate effectively and have agreed actions in respect of certain processes identified for improvement. Additionally, the Chairman has concluded that each Director contributes effectively and demonstrates full commitment to his duties.

Risk management and internal control

During the year the Group has continued to invest in risk management resources to promptly identify, measure, manage, report and monitor risks that affect the achievement of strategic, operational and financial objectives.

In the early part of the financial year, the Board established a Management Risk Committee (MRC) covering the Group's companies, subsidiaries and operations, to supplement the activities of the Audit & Risk Committees operated by the regulated entities within the Group. A Group Chief Risk Officer was appointed in April 2011, and a Risk Officer was appointed in Hansard Europe in June 2011. The Group Chief Risk Officer is the Chairman of the MRC.

The objective and role of the Committee is to:

- report to the Board on all risk matters across the Group;
- assist the Board in ensuring an effective system of internal control and compliance, including its obligations under applicable laws and regulations and;
- assist the Board in ensuring the adoption and embedding of the ERM framework across the Group.

The Group operates a Three Lines of Defence model of risk management, with clearly defined roles and responsibilities for committees and individuals:

First line: Day-to-day risk management is delegated from the Board to the Managing Director and, through a system of delegated authorities and limits, to business managers.

Second Line: Risk oversight is provided by the Chief Risk Officer and established risk management committees. These committees are supported by compliance functions across the Group.

Third Line: independent verification of the adequacy and effectiveness of the internal risk and control management system is provided by the Group Audit Committee which is supported by the Group Internal Audit function.

in support of its accountabilities to operate a sound system of internal control the Board has implemented and maintains an enterprise-wide risk management (ERM) programme. To support the governance process the Group relies on documented policies and guidelines. The ERM programme has been in place throughout the year and up to the date of this report. The programme has been subject to review during the year and policies have been strengthened for various areas to reflect new insights and changes in the Group's environment.

The ERM programme recognises the value to be achieved from ensuring that risk management and internal control are embedded as continuous and developing processes within strategy setting, programme level functions and day-to-day operating activities and are not treated as discrete activities, performed at certain points in time.

The systems of internal control which make up the ERM programme are designed to recognise the Board's responsibilities under the Corporate Governance Code to:

- safeguard assets;
- maintain proper accounting records;
- provide reliable financial information;
- identify and manage business risks;
- maintain compliance with appropriate legislation and regulation and;
- identify and adopt best practice.

The key features of the ERM system of internal control include:

- Terms of Reference for the Board and each of its committees;
- A clear organisational structure, with documented delegation of authority from the Board to executive management;
- Committees of senior managers responsible for reviewing the Group's financial and non-financial risks and;
- Risk management and internal control frameworks for the Group's operations. Each subsidiary company Board is required to attest to its adherence to these control frameworks on a quarterly basis.

The overarching objectives of the ERM programme combine five interrelated elements, which enable the management of risk at strategic, programme and operational levels to be integrated, so that the levels of activity support each other.

These five elements are defined as:

- Management oversight and the control culture;
- Risk recognition and assessment;
- Control activities and segregation of duties;
- Information and communication and;
- Monitoring activities and correcting deficiencies.

This configuration and integration, and the methods of implementation via the ERM programme, ensures that all staff are made aware of the relevance of risk management to achievement of their individual objectives and accountabilities. The result is a risk management strategy, which is led from the top whilst being embedded in the Group's business systems, strategy and policy setting processes and the normal working routines and activities of the organisation. In this way risk management becomes an intrinsic part of the way business is conducted within the Group.

Risk principles

As part of the ERM refresh programme, the MRC have recommended to the Board a series of Principles for ERM which satisfy the corporate governance obligations of the Group's Life companies.

Risk appetite

The Board has established a formal Risk Appetite Framework which specifies the level of risk that may be assumed by the Group's operating subsidiary companies in order to achieve the Group's strategic objectives.

Risks to objectives are continuously assessed by management according to their potential impact and likelihood. A Risk Profile Score, independently generated using these assessments, is reviewed by subsidiary company Boards to indicate if objectives are likely to be achieved, and whether the risks entailed are appropriate. These profiles are aggregated and considered by the Company Board at each meeting. For example, the risk of not achieving new business production at Life company level, is assessed as to the impact this will have on embedded value at the Group level.

Corporate Governance Report continued

Risk identification and assessment

The ERM programme requires all subsidiary companies to identify and record risks to business objectives. The content of the Risk Register is addressed by the agenda of each subsidiary company Board meeting, and confirmation that it is conducted on an ongoing and consistent basis is reported to the Company Board.

All Risk Register content is rated according to the impact and likelihood of risk events, and these ratings are continuously re-assessed in response to the business environment. This aspect of the configuration and integration of the ERM programme ensures that all staff are made aware of the relevance of risk management to the achievement of their individual objectives and accountabilities.

The Group has defined a clear and simple process for identifying and managing emerging risks. The process provides for:

- the identification of emerging financial and non-financial risks;
- the creation of action plans and identification of early warning indicators;
- the effective management of emerging risks by the appropriate risk owner and;
- the passage of any risks identified into "business as usual" processes where appropriate.

Risk monitoring and management

As well as regular management monitoring activities, the MRC meet on a weekly basis to discuss emergent strategic and operational risks.

Risk reporting

All subsidiary company Boards receive qualitative reporting from the assigned risk owners. A quarterly Risk Report is also considered before the Boards are asked to attest to the effective functioning of the internal control framework and the ongoing identification and evaluation of risk within the subsidiary. These attestations are then presented to the Board of the Company in order to obtain the same comfort at Group level.

Risks relating to the Group's financial and other exposures

Hansard's business model involves the controlled acceptance and management of risk exposures. The steps taken to minimise those exposures include the operation of unit-linked insurance business. Under the terms of the unit-linked investment contracts issued by the Group, the policyholder bears the investment risk on the assets in the unit-linked funds, as the policy benefits are directly linked to the value of the assets in the funds. These assets are administered in a manner consistent with the expectations of the policyholders. By definition, there is a precise match between the investment assets and the policyholder liabilities, and so the market risk and credit risk lie with policyholders.

The shareholders' exposure on this unit-linked business is limited to the extent that income arising from asset management charges is generally based on the value of assets in the funds, and any sustained falls in value will reduce earnings. The Group's exposure to financial risks is addressed within note 22 to the consolidated financial statements.

The Board believes that the principal risks facing the Group's earnings and financial position are those relating to the operation of the Group's business model and to the environment within which the Group operates. While the Group's business model has served to minimise the principal risks facing the Group, the responses to the extreme financial and market circumstances that continue to be encountered may impact on the Group's strategic objectives, profitability or capital requirements.

The following table provides examples of the principal risks that may impact on the Group's strategic objectives, profitability or capital. Where necessary, the Group will develop alternative strategies to minimise the impact of any changes to its risk profile.

Financial reporting process

The Group maintains a process to assist the Board in understanding the risks to the Group failing to meet its objectives. This incorporates a system of planning and sensitivity analysis incorporating Board approval of forecast financial and other information. Performance against the forecasts is monitored and reported to the Board each time it meets. Operational management reports monthly to the Executive Committee on a wide range of key performance indicators and other significant matters. The Board receives regular representations from the senior executives.

Performance against financial information is reported to the Board quarterly through a review of the Company's results based on accounting policies that are applied consistently throughout the Group. Draft financial statements are prepared quarterly by the Chief Financial Officer ("CFO"). The members of the Audit Committee review the draft financial statements for the half year ended 31 December 2010 and for the full financial year and meet with the CFO to discuss and challenge the presentation and disclosures therein. Once the draft document is approved by the Audit Committee, it is reviewed by the Board before final approval at a Board meeting.

Effectiveness of risk management and internal control

The identification and evaluation of risks to key business objectives is conducted on an ongoing and consistent basis as indicated above. These are managed and monitored by executive management.

In accordance with the policy and procedural requirements of the Group ERM programme, the Hansard Global plc Board has sought positive assurance, and is satisfied that risk management and internal controls are functioning effectively and are operating as intended within the Group.

For and on behalf of the Board

L S Polonsky

Executive Chairman
21 September 2011

Risk event examples	Risk factors and uncertainties
Group profitability affected by financial market and economic conditions	The Group's earnings and profitability are influenced by a broad range of factors including the performance and liquidity of investment markets, interest rate movements and inflation. Extreme market conditions can influence the purchase of financial services products and the period over which business is retained.
Distribution strategy compromised as a result of market changes or competitor activity	The Group closely monitors competitor activity and marketplaces for signs of any potential new entrants or threats to forecast new business levels.
Non-compliance with regulations in relation to product design or intermediary behaviour	The Group maintains dialogue with the Insurance & Pensions Authority of the Isle of Man Government, the Central Bank of Ireland and other regulatory and legislative authorities. However, sudden changes in legislation without prior consultation, or the differing interpretation and application of regulations over time, may have a detrimental effect on the Group's strategy, profitability and risk profile.
Hansard OnLine development and availability	Any prolonged failure in internet capacity preventing the Group from delivering Hansard OnLine might impact on the Group's reputation and strategic objectives. The Group closely monitors technological developments in relation to the functioning of the internet and will develop alternative strategies to minimise the impact of any changes.
Operational risks	The Group investigates exceptions to expected results, behaviour and parameters, and investigates the root causes. Corrective actions are implemented in accordance with the impact and likelihood of recurrence.
Counterparty and third party risks	The Group seeks to limit exposure to loss from counterparty and third party failure through selection criteria, pre-defined risk based limits on concentrations of exposures and monitoring positions. However, in extreme conditions an event causing widespread default may impact the Group's profitability.
Outsourcing	The Group's dependence on outsourced activities comes under threat should business partners decide to revise strategy or fail.
Fraud	Recruitment and retention policies allow for appropriate vetting of staff to be conducted to determine their suitability and integrity.
Infrastructure failure	Business Continuity Plans, including full data replication at an independent recovery centre, can be invoked when required. Testing is conducted frequently.
Key staff loss	The Group actively focuses on retaining the best personnel. However, sudden unanticipated loss of pools of expertise may, in the short term, impact certain segments of the Group's business.
Introduction of business taxation on the Isle of Man	The Group maintains dialogue with the Tax authorities of the Isle of Man Government to identify any proposed or potential changes that may affect the Group's exposure. Introduction of business tax may impact on the Group's earnings and cash flows.

Audit Committee Report

Purpose and terms of reference

This report provides details of the role of the Group Audit Committee and the work it has undertaken during the year. The purpose of the Committee is to provide the Board with independent assurance on the Group's financial reporting processes, the assessment of the effectiveness of the systems of internal financial controls and monitoring the effectiveness and objectivity of the internal and external auditors. The full terms of reference for the Committee can be found on the Company's website, www.hansard.com.

Composition and structure

All members of the Audit Committee are independent non-executive Directors who have considerable financial experience. Bernard Asher, Maurice Dyson and Uwe Eymer served on the Committee throughout the year and to the date of this report. Maurice Dyson is the Chairman of the Committee. A biography for each Director can be found on pages 28 and 29 of this Report & Accounts.

The Committee met on four occasions during the year. The members' attendance record is set out in the Corporate Governance Report. The Company Secretary acts as the secretary to the Committee. The Chairman of the Committee reports to the subsequent meeting of the Board on the Committee's work and the Board receives a copy of the minutes of each meeting of the Committee.

During the year, the Chairman invited Vince Watkins (Chief Financial Officer), Angela McCraith (Head of Internal Audit) and PricewaterhouseCoopers LLC (the external auditor) to attend all meetings of the Committee. In addition there is an open invitation to Harvey Krueger (an independent non-executive Director) to attend all meetings. Other members of senior management, including the Managing Director, are also invited to attend as appropriate.

It is the Committee's practice, at least once a year, to meet separately with the Head of Internal Audit and the external auditor without any members of management being present. In addition Maurice Dyson (as Chairman of the Committee) has had separate meetings directly with the external auditor and the Head of Internal Audit.

In performing its duties, the Committee has access to the services of the Head of Internal Audit, the Company Secretary and, if required, external professional advisers.

Activities

The Committee follows an agreed annual work plan, which includes the internal audit plan. It reviews, with members of management and the internal and external auditor, the Company's financial announcements, including the annual report and accounts to shareholders and associated documentation. It places particular emphasis on their fair presentation and the reasonableness of the judgemental factors and appropriateness of significant accounting policies used in their preparation. The Committee also reviewed the half-yearly report to shareholders and other Stock Exchange reporting.

The Committee reports to the Board regarding the effectiveness of the Group's overall systems of internal financial control, including the risk management systems, in relation to the financial reporting process.

Throughout the financial year the Committee has:

- monitored compliance with the relevant parts of the UK Corporate Governance Code, the effectiveness of internal controls and reporting procedures for risk management processes;
- agreed the annual audit plan with the external auditor and has considered the auditor's report and has monitored and followed up management actions in response to the issues raised;
- monitored compliance with the policy on the use of the auditor for non-audit related work;
- worked closely with Internal Audit, reviewed the resourcing of Internal audit and agreed an Internal Audit plan and;
- continued to monitor the application of the policy on whistle blowing.

In line with the Code requirement, the Board undertook a review of the effectiveness of all its committees during the year, including the Audit Committee. In addition, the Committee also carried out a self-evaluation of its effectiveness. No significant issues were identified.

Each of the Group's life assurance subsidiaries has established an Audit Committee that provides an oversight role for its business. The minutes of the meetings of those committees are circulated to the Group Audit Committee.

Internal audit

The Group's internal audit function reports to management on the effectiveness of the Company's systems of internal controls, the adequacy of those systems to manage business risk and to safeguard the Group's assets and resources. The internal audit function provides objective assurance on risks and controls to the Committee. The plans, the level of resources and the budget of the internal audit function are reviewed at least annually by the Committee, which also undertakes a continual review of the effectiveness of the Group's internal audit function.

External auditor

PricewaterhouseCoopers LLC is the appointed external auditor for the Group. The Company has in place a policy to ensure the independence and objectivity of the external auditor.

The policy regulates the appointment of former employees of the auditor to senior finance positions in the Group and sets out the approach to be taken by the Group when using the services of the external auditor, including requiring that all services provided by the external auditor be pre-approved by the Committee. It distinguishes between those services where an independent view is required and that should be performed by the external auditor (such as statutory and non-statutory audit and assurance work), prohibited services where the independence of the external auditor could be threatened and they must not be used, and other non-audit services where the external auditor may be used.

Non-audit services where the external auditor may be used include: non-recurring internal controls and risk management reviews (i.e. excluding outsourcing of internal audit work), advice on financial reporting and regulatory matters and tax compliance services including employee tax services.

The Group paid £0.5m to PricewaterhouseCoopers LLC for audit services in the current financial year, relating to the statutory audit of the Group and Company financial statements and the audit of Group subsidiaries (2010: £0.4m). The fees for other services which included advice on accounting and regulatory matters, corporate governance matters, and non-audit related work were £0.02m giving a total fee to PricewaterhouseCoopers LLC of £0.5m (2010: £0.4m).

During the year, the Committee performed its annual review of the independence, effectiveness and objectivity of the external auditor, assessing the audit firm, the audit partner and audit teams. Based on this review, the Committee concluded that the audit service of PricewaterhouseCoopers LLC was fit for purpose and provided a robust overall examination of the Group's business and the risks involved. The Audit Committee has recommended to the Board that PricewaterhouseCoopers LLC be appointed as the Company's auditor.

For the Board

Maurice Dyson

Chairman of the Audit Committee
21 September 2011

Nominations Committee Report

This report provides details of the role of the Nominations Committee and the work it has undertaken during the year.

Purpose and terms of reference

The role, responsibilities and work of the Committee can best be understood by reference to its written terms of reference that were adopted on 24 November 2006. These are published on the Company's website. A summary is set out below:

- To regularly review the structure, size and composition required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- To give full consideration to succession planning for Directors and other senior executives and;
- To be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Committee keeps under review the balance of skills on the Board and the knowledge, experience, length of service and performance of the Directors. It also reviews their external interests with a view to identifying any actual, perceived or potential conflicts of interests, including the time available to commit to their duties to the Company.

Membership

The members of the Committee are four non-executive Directors, namely Bernard Asher (Chairman), Maurice Dyson, Uwe Eymer and Harvey Krueger. All of the Committee members held office throughout the year and at the date of this report. The Group Company Secretary acts as the secretary to the Committee.

Activities of the Committee during the year

The Committee met on one occasion during the year. The members' attendance record is set out in the Corporate Governance report.

In line with the Code requirement the Board undertook a review of the effectiveness of all its committees during the year, including the Nominations Committee. The Board will keep the process under review to ensure that analysis of the data obtained from this and future evaluations is utilised by the Board, the Executive Chairman and the Committee.

In addition, meetings took place during the year between the Executive Chairman and the non-executive Directors.

Subsequent to the year end the Committee has recommended the appointment of an additional non-executive Director to the Board. Following this recommendation the Board, at its meeting on 21 September 2011, agreed to appoint Mr P. Gregory as an independent non-executive Director with effect from 1 October 2011.

For the Board

BH Asher

Bernard Asher

Chairman of the Nominations Committee
21 September 2011

Remuneration Committee Report

This report provides details of the role of the Remuneration Committee and the work it has undertaken during the year.

Purpose and terms of reference

The main purpose of the Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Chairman, the executive Directors, the Company Secretary and such other members of the executive management as it considers appropriate.

The role, responsibilities and work of the Committee can best be understood by reference to its terms of reference that were adopted on 24 November 2006. These are published on the Company's website.

Membership

The members of the Committee are four independent non-executive Directors, namely Bernard Asher (Chairman), Maurice Dyson, Uwe Eymer and Harvey Krueger. All of the Committee members held office throughout the year and at the date of this report. The Group Company Secretary acts as the secretary to the Committee.

Activities of the Committee during the year

During the year there were two meetings of the Committee. The members' attendance record is set out in the Corporate Governance Report.

During the year the Committee addressed a number of issues concerning remuneration and incentive schemes implemented by the Group.

Remuneration

The Committee, following recommendations from management, and having regard to market data:

- considered and approved reviews in remuneration for senior management (including executive Directors) effective from 1 July 2011. The remuneration components of each executive Director for the financial year ending 30 June 2012 are as follows:

Name	Salary, fees and allowances £	Pension %	Other
Dr Leonard Polonsky	1	-	None
Gordon Marr	336,000	14%	Bonus, LTIP, SAYE
Joseph Kanarek	400,000	12%	Bonus, LTIP

Mr Marr is a member of the Cash-settled bonus scheme, the Long-term Incentive Plan and the SAYE share-save scheme. His entitlements under incentive arrangements are reported below.

Mr Kanarek is entitled to awards under a bonus scheme based largely on new business levels measured on the Group's internal metric, Compensation Credit, and a member of the proposed 2011-14 LTIP scheme. Bonus entitlements will accrue based on new business achieved in the year ending 30 June 2012 over a target level of £15m Net Issued Compensation Credit (NICC), being largely in line with the level of new business received in the year ended 30 June 2011. New business volumes calculated on this basis are subject to claw-back for a period of two years from the date of issue and, in such circumstances, Mr Kanarek's current and future bonus calculations will be adjusted accordingly. In the event that new business volumes in the year to 30 June 2012 exceed the target level, Mr Kanarek will be entitled to a bonus of £200,000 with incremental awards for each £1m of NICC thereafter.

Incentive Schemes

Cash-settled bonus scheme

The Committee approved the continuation of the bonus scheme for all employees. The terms of the scheme that is effective from 1 July 2011 are similar to those of the prior year and incorporate targets of new business production and expenses. Bonuses earned will be paid over two financial years, half in October 2012 and the remainder in October 2013.

Long-term Incentive Plan

The Remuneration Committee is responsible for making key decisions about the participation in the LTIP. In regard to this Plan for the 2011-14 scheme, the Committee, based on recommendations from management, has recommended to the Board:-

- That the cap on awards under the LTIP be raised from one times salary to three times annual salary. A resolution to this effect will be included in the notice to the Annual General Meeting;
- In common with prior years, the performance conditions will be based on the Average Excess Return on Embedded Value ("RoEV") of the Group over a three year performance period beginning on 1 July 2011. Awards will vest in full if RoEV is 7.5% or more, but awards will lapse without vesting if RoEV does not reach the target level of 2%. At 2% RoEV, 15% of the award vests, 30% at 5% RoEV and in between 5% and 7.5% vesting will be determined on a straight-line basis.
- For Mr Kanarek awards will vest based on the aggregate of Net Issued Commission Credit over the 3 year period. Allocations will commence at £50m NICC, with 15% of his potential entitlement, with 40% at £65m NICC and a 100% allocation at £70m NICC.

Remuneration Committee Report continued

At the date of this report, the following options are awarded but not vested for the annual schemes.

Scheme term	2011	2010
2009 - 2012	**302,000**	309,000
2010 - 2013	**226,500**	-
	528,500	309,000

Proposals for the 2011-2014 scheme, subject to shareholder approval to the change in the cap on awards (as set above), would result in the grant of options over 1,800,000 shares.

Options held by executive Directors under this Plan are disclosed below.

SAYE Share-save Programme

During the year the Committee supported the continuation of the Share-save programme and endorsed the issue of a third tranche of options ("the 2011 scheme"), based on the share price of the company on 24 February 2011. Options under this scheme were granted to 34 employees for a total of 123,560 shares. The option price of £1.31 per share reflects a discount of 20% on the share price of the Company on 24 February 2011.

Options over 8,729 (2010: 1,454) shares were exercised under the Scheme rules during the year.

At the date of this report the following options remain outstanding under each tranche:

Scheme year	2011	2010
2008	**55,770**	83,989
2009	**246,997**	271,343
2010	**39,324**	61,104
2011	**123,322**	-
	465,413	416,436

Options held by executive Directors under this scheme are disclosed below.

Incentive arrangement for the Managing Director

The Committee considered and approved the granting of an option to Mr Marr to require the Company to acquire a residential property from him for the sum of £481,000. Mr. Marr purchased the property on 7 July 2011 for £501,000.

Directors' employment terms and conditions

Executive Directors

Each of the executive Directors has a service agreement dated 24 November 2006 with the Company, setting out the terms of his appointment. The key terms and benefits pursuant to the agreements are as follows:

Dr Leonard Polonsky's service agreement contains undertakings to use all reasonable endeavours to ensure that transactions between the Company and the Group companies and himself will be on an arm's length basis. He has also undertaken to use his voting rights in the Company and his influence to ensure that the requisite number of non-executive Directors are appointed and retained.

Where proposals have been made by the Board in relation to its composition, he will consult with the non-executive Directors at that time as to his voting intentions on such proposals and will only vote in respect of his shares in accordance with such intentions to the extent that such intentions have been approved in advance by the non-executive Directors. Alternatively, he will abstain from voting in respect of his shares to the extent that the non-executive Directors have rejected such intentions. Dr Polonsky is entitled to sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period. If Dr Polonsky's employment is terminated on the grounds that he cannot perform his duties for a period of 180 days (whether or not consecutive), he is entitled to six months' notice.

Gordon Marr: Company contribution into personal pension arrangements; private health insurance for himself, his spouse and dependent children; permanent health insurance; life assurance; full-pay sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period due to illness or injury and 25 days annual leave in addition to public holidays.

Joseph Kanarek: Company contribution into personal pension arrangements; private health insurance for himself, his spouse and dependent children; permanent health insurance; life assurance; full-pay sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period due to illness or injury and 25 days annual leave in addition to public holidays.

Other than the right to receive a payment in lieu of notice upon termination of their service agreements, the executive Directors' service agreements do not provide for any benefits upon termination of employment.

Name	Date of appointment	Last re-elected	Notice period (by either party)
Dr Leonard Polonsky	27 April 2005	17 November 2010	12 months
Gordon Marr	27 April 2005	17 November 2010	12 months
Joseph Kanarek	1 January 2010	17 November 2010	12 months

Non-executive Directors

Each of the non-executive Directors signed a letter of appointment dated 24 November 2006. The term of office for each non-executive Director was renewed for a further 3 years from November 2009.

Our policy on non-executive Directors' fees

It is our policy to set the fees for the non-executive Directors so that they reflect the time commitment in preparing for and attending meetings, the responsibility and duties of the position and the contribution that is expected from them. Our policy is to pay a market rate.

The Board sets the fees for the non-executive Directors annually, based on a recommendation from the Executive Chairman. The annual fee levels for non-executive Directors were reviewed by the Board in July 2011 and the fees have increased from £48,000 to £50,000 per annum. Mr Dyson receives additional fees for services rendered to Group companies.

The following fee levels apply to each non-executive Director in respect of the year ending 30 June 2012.

Name	Fees £	Pension %
Bernard Asher	50,000	-
Maurice Dyson	68,000	-
Uwe Eymer	50,000	-
Harvey Krueger	50,000	-

Directors' interests in share capital

At 30 June 2011 and at the date of this report Dr Polonsky held 55,231,319 shares in the Company's share capital, or 40.23% (2010: 42.0%). The Polonsky Foundation (a UK Registered Charity of which Dr Polonsky is a trustee) has a beneficial interest in 7,186,888 shares in the Company's share capital, or 5.2% (2010: 5.2%). The table set out below shows the beneficial interests of other Directors and their families in the Company's share capital, at 30 June 2011 and at 30 June 2010.

Number of shares

Name	Direct	Indirect*	Total - 2011	Direct	Indirect*	Total - 2010
Executive						
Gordon Marr	**425,000**	**105,315**	**530,315**	425,000	105,315	530,315
Joseph Kanarek	**2,013,680**	**-**	**2,013,680**	2,013,680	-	2,013,680
Non-executive						
Bernard Asher	**15,000**	**-**	**15,000**	15,000	-	15,000
Maurice Dyson	**32,500**	**-**	**32,500**	30,000	-	30,000
Uwe Eymer	**7,000**	**-**	**7,000**	5,000	-	5,000
Harvey Krueger	**29,500**	**-**	**29,500**	29,500	-	29,500

* Held by self-invested pension plan where the executive is a trustee for the relevant scheme.

There have been no significant changes in these holdings between the balance sheet date and the date of this report.

Remuneration Committee Report continued

Directors' interests in share options

The following entitlements under the share option schemes maintained by the Group are held by Directors:

		G S Marr	J Kanarek
Scheme year	**SAYE**	**LTIP**	**LTIP**
2009 (vesting period expiring in March 2012)	7,379	-	-
2009-12		40,000	-
2010-13		50,000	-
2011-14*		350,000	600,000

* subject to shareholder approval to the changes in the scheme rules

Directors' remuneration and other benefits in the financial year ended 30 June 2011

The following table, which has been prepared in accordance with regulatory requirements, sets out the elements of aggregate emoluments for the year ended 30 June 2011 for each Director who served during that year.

In relation to the comparative amounts for the year ended 30 June 2010, the following points are relevant:

- Salaries and fees payable had been subject to a 5% reduction throughout the year; executive Directors had waived their right to pension contributions throughout the year.
- In the case of Joseph Kanarek, who was appointed to the Board on 1 January 2010, the table reflects the total of his salary for the six-month period ended 30 June 2010 and his other entitlements in respect of the full year.

Name	Salary and fees	Pension	Bonus	Other	Aggregate	Aggregate
Executive	2011 £	2011 £	2011 £	2011 £	2011 £	2010 £
Dr Leonard Polonsky	1	-	-		1	1
Gordon Marr	250,000	35,000	4,317	6,485	295,802	190,681
Joseph Kanarek	220,685	26,482	377,391	10,825	635,383	180,942
Non-executive						
Bernard Asher	48,000	-	-	-	48,000	42,750
Maurice Dyson	67,000	-	-	-	67,000	58,725
Uwe Eymer	48,000	-	-	-	48,000	42,750
Harvey Krueger	48,000	-	-	-	48,000	42,750

For the Board

Bernard Asher

Chairman of the Remuneration Committee
21 September 2011

Financials

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Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSARD GLOBAL PLC

Report on the Consolidated and Parent Company Financial Statements

We have audited the accompanying consolidated and parent company financial statements ('the financial statements') of Hansard Global plc and its subsidiaries (the 'Group') which comprise the consolidated and parent company balance sheets as at 30 June 2011 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated and Parent Company Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with applicable Isle of Man law and International Financial Reporting Standards as adopted by the European Union and the parent company financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements give a true and fair view of the financial position of the parent company as at 30 June 2011 in accordance with United Kingdom Accounting Standards as applied in accordance with the provisions of the Isle of Man Companies Act 1982 and;
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report on the following:

The Isle of Man Companies Acts 1931-2004 require us to report to you if, in our opinion:

- Proper books of account have not been kept by the parent company or, proper returns adequate for our audit have not been received from branches not visited by us; or
- The parent company's balance sheet is not in agreement with the books of account and returns; or
- We have not received all the information and explanations necessary for the purposes of our audit; and
- Certain disclosures of directors' loans and remuneration specified by law have not been complied with.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 34, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- the Directors' Remuneration Report for the six disclosures specific for our review.

Ian Clague, Responsible Individual

for and on behalf of PricewaterhouseCoopers LLC

Chartered Accountants

Isle of Man

21 September 2011

Consolidated Income Statement

	Notes	Year ended 30 June 2011 £m	30 June 2010 £m
Fees and commissions	4	**55.6**	54.2
Investment income	5	**112.9**	147.9
Other operating income		**0.1**	0.3
		168.6	202.4
Investment contract benefits		**(109.2)**	(146.9)
Origination costs	6	**(18.2)**	(17.2)
Administrative and other expenses	7	**(24.5)**	(21.7)
		(151.9)	(185.8)
Profit before taxation		**16.7**	16.6
Taxation	9	**(0.2)**	(0.2)
Profit for the year after taxation		**16.5**	16.4
Total comprehensive income		**16.5**	16.4

The Group has no other items of Comprehensive Income and as such has not presented a separate Consolidated Statement of Comprehensive Income.

Earnings per share

	Note	2011 (p)	2010 (p)
Basic	10	**12.0**	11.9
Diluted	10	**12.0**	11.9

The notes on pages 56 to 74 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 July 2009	68.6	(48.5)	35.6	**55.7**
Total comprehensive income	-	-	16.4	**16.4**
Transactions with owners				
Share save scheme	-	0.1	-	**0.1**
Dividends paid	-	-	(17.6)	**(17.6)**
Balance at 30 June 2010	**68.6**	**(48.4)**	**34.4**	**54.6**

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 July 2010	68.6	(48.4)	34.4	**54.6**
Total comprehensive income	-	-	16.5	**16.5**
Transactions with owners				
Dividends paid	-	-	(18.5)	**(18.5)**
Balance at 30 June 2011	**68.6**	**(48.4)**	**32.4**	**52.6**

The notes on pages 56 to 74 form an integral part of these financial statements.

Consolidated Balance Sheet

	Notes	30 June 2011 £m	30 June 2010 £m
Assets			
Plant and equipment	12	**0.9**	0.8
Deferred origination costs	13	**113.1**	105.6
Financial investments			
Equity securities		**164.3**	166.1
Investments in collective investment schemes		**868.2**	783.5
Fixed income securities		**47.1**	41.3
Deposits and money market funds		**162.1**	169.8
		1,241.7	1,160.7
Other receivables	14	**12.9**	10.4
Cash and cash equivalents	15	**59.3**	55.3
Total assets		**1,427.9**	1,332.8
Liabilities			
Financial liabilities under investment contracts	16	**1,229.6**	1,134.7
Deferred income reserve		**125.3**	125.9
Amounts due to investment contract holders		**13.9**	12.4
Other payables	17	**6.5**	5.2
Total liabilities		**1,375.3**	1,278.2
Net assets		**52.6**	54.6
Shareholders' equity			
Called up share capital	18	**68.6**	68.6
Other reserves	20	**(48.4)**	(48.4)
Retained earnings		**32.4**	34.4
Total shareholders' equity		**52.6**	54.6

The financial statements on pages 52 to 74 were approved by the Board on 21 September 2011 and signed on its behalf by:

L S Polonsky
Director

G S Marr
Director

The notes on pages 56 to 74 form an integral part of these financial statements.

Consolidated Cash Flow Statement

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Cash flow from operating activities		
Profit before tax for the year	**16.7**	16.6
Adjustments for:		
Depreciation	**0.5**	0.6
Dividends receivable	**(4.6)**	(3.8)
Interest receivable	**(1.9)**	(1.2)
Foreign exchange losses	**1.5**	0.2
Changes in operating assets and liabilities		
Decrease in debtors	**2.5**	11.7
Dividends received	**4.6**	3.8
Interest received	**0.5**	1.7
Increase in deferred origination costs	**(7.5)**	(1.5)
(Decrease) / increase in deferred income reserve	**(0.6)**	0.7
Increase in creditors	**2.7**	4.5
Increase in financial investments	**(84.3)**	(168.0)
Increase in financial liabilities	**92.5**	131.9
Cash flow from operations	**22.6**	(2.8)
Corporation tax paid	**(0.2)**	(0.3)
Cash flow from operations after taxation	**22.4**	(3.1)
Cash flows from investing activities		
Purchase of plant and equipment	**(0.6)**	(0.3)
Proceeds from sale of investments	**0.2**	-
Purchase of investments	**(0.1)**	(0.1)
Cash flows from investing activities	**(0.5)**	(0.4)
Cash flows from financing activities		
Dividends paid	**(18.5)**	(17.6)
Net increase/(decrease) in cash and cash equivalents	**3.4**	(21.1)
Cash and cash equivalents at beginning of year	**55.3**	75.9
Effect of exchange rate changes	**0.6**	0.5
Cash and cash equivalents at year end	**59.3**	55.3

The notes on pages 56 to 74 form an integral part of these financial statements.

Notes to the financial statements

1 PRINCIPAL ACCOUNTING POLICIES

These consolidated financial statements incorporate the assets, liabilities and the results of Hansard Global plc (“the Company”) and of its subsidiary undertakings (“the Group”).

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

1.1 Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”), International Reporting Standards Interpretations Committee (“IFRSIC”) interpretations, and with the Isle of Man Companies Acts 1931-2004. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investments and financial liabilities at fair value through profit or loss.

The Group has applied all IFRS standards adopted by the European Union and effective at 30 June 2011.

The following new standards and interpretations are in issue but not yet effective and have not been adopted by the Group:

- IFRS 9, ‘Financial instruments’ addresses the classification and measurement of financial assets and was issued in November 2010 (effective for annual periods commencing on or after 1 January 2013). This standard has not yet been adopted by the EU.
- IAS 24, ‘Related Party disclosure’ (revised) removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities. It also clarifies and simplifies the definition of a related party.
- Annual improvements to IFRSs 2010: this set of amendments includes changes to six IFRSs and one IFRIC.
- IFRS 13, ‘Fair value measurement’ provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. This standard has not yet been adopted by the EU.

There are no other standards, amendments or interpretations to existing standards that are not yet effective, that would have a material impact on the Group’s financial statements.

The financial statements are presented in millions of pounds sterling rounded to the nearest one hundred thousand pounds.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

1.2 Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and the results of the Company and of its subsidiary undertakings. Subsidiaries are those entities in which the Company directly or indirectly has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, accounting policies applied by subsidiary companies have been adjusted to present consistent disclosures on a consolidated basis.

Intra-group transactions, balances and unrealised gains and losses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

1.3 Product classification

The Directors have determined that the products issued by the Company’s subsidiaries are classified for accounting purposes as investment contracts, as they do not transfer significant insurance risk.

1.4 Investment contracts

1.4.1 Investment contract liabilities

Investment contracts consist of unit-linked contracts written through subsidiary companies in the Group. Unit-linked liabilities are measured at fair value by reference to the value of the underlying net asset value of the Group's unitised investment funds, determined on a bid basis, at the balance sheet date.

The decision by the Group to designate its unit-linked liabilities at fair value through profit or loss reflects the fact that the liabilities are calculated with reference to the value of the underlying assets.

1.4.2 Investment contract premiums

Investment contract premiums are not included in the income statement but are reported as deposits to investment contracts and are included in financial liabilities in the balance sheet. On existing business, a liability is recognized at the point the premium falls due. The liability for premiums received on new business is deemed to commence at the acceptance of risk.

1.4.3 Fees from investment contracts

Fees are charged to investment contracts for policy administration services, investment management services, payment of benefits and other services related to the administration of investment contracts. Fees are recognised as revenue as the services are provided. Initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred in the balance sheet and amortised on a straight-line basis over the life of the relevant contract. These fees are accounted for on the issue of a contract and on receipt of incremental premiums on existing single premium contracts.

Regular fees charged to contracts are recognised on a straight-line basis over the period in which the service is provided. Transactional fees are recorded when the required action is complete.

1.4.4 Benefits paid

Withdrawals from policy contracts and other benefits paid are not included in the income statement but are deducted from financial liabilities under investment contracts in the balance sheet. Benefits are deducted from financial liabilities on the basis of notifications received, when the benefit falls due for payment or, on the earlier of the date when paid or when the contract ceases to be included within those liabilities.

1.4.5 Origination costs

Origination costs include commissions, intermediary incentives and other distribution-related expenditure. Origination costs which vary with, and are directly related to, securing new contracts and incremental premiums on existing single premium contracts are deferred to the extent that they are recoverable out of future net income from the relevant contract. Deferred origination costs are amortised on a straight-line basis over the life of the relevant contracts. Origination costs that do not meet the criteria for deferral are expensed as incurred.

1.5 Revenue

Revenue consists principally of fees from the administration of investment contracts (see 1.4.3 above), commission income and investment income.

1.5.1 Commissions

Commissions receivable arise principally from fund houses with which investments are held. Commissions are recognised on an accruals basis in accordance with the substance of the relevant agreement.

1.5.2 Investment income

Investment income comprises dividends, interest and other income receivable, realised gains and losses on investments and unrealised gains and losses. Dividends are accrued on the date notified. Interest is accounted for on a time proportion basis using the effective interest method.

1.6 Employee benefits

1.6.1 Pension costs

Group companies contribute to employees’ individual defined contribution pension plans. Contributions are charged to the income statement as they become payable under the terms of the relevant employment contract. The Group has no further payment obligations once pension contribution requirements have been met.

1.6.2 Share-based payments

The Company has established a number of equity-based payment programmes for eligible employees. The fair value of expected equity-settled share-based payments under these programmes is calculated at date of grant using a standard option-pricing model and is amortised over the vesting period on a straight-line basis through the income statement. A corresponding amount is credited to equity over the same period.

At each balance sheet date, the Group reviews its estimate of the number of options expected to be exercised. The impact of any revision in the number of such options is recognised in the income statement so that the charge to the income statement is based on the number of options that actually vest. A corresponding adjustment is made to equity.

1.7 Operating leases

Operating leases are defined as leases in which the lessor retains a significant proportion of the risks and rewards. Costs in respect of operating leases, less any incentives received from the lessor, are charged to the income statement on a straight-line basis over the lease term.

1.8 Dividends payable

Interim dividends payable to shareholders are recognised in the year in which the dividends are paid. Final dividends payable are recognised as liabilities when approved by the shareholders at the annual general meeting.

1.9 Financial assets and fair value of financial assets

The Group classifies its financial assets into the following categories: financial investments and loans and receivables. Financial investments consist of units in collective investment schemes, listed investments, fixed income securities and deposits with credit institutions. All financial investments are designated at fair value through profit or loss.

The decision by the Group to designate its financial investments at fair value through profit or loss reflects the fact that the investment portfolio is managed, and its performance evaluated, on a fair value basis.

The Group recognises purchases and sales of investments on trade date. Investment transaction costs are written off in administration expenses as incurred.

All gains and losses derived from financial investments, realised or unrealised, are recognised within investment income in the income statement, in the period in which they arise.

The value of financial assets at fair value through profit or loss that are traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price for financial assets held by the Group is the current bid price. Investments in funds and certain other unquoted securities are valued at the latest available net asset valuation provided by the administrators or managers of the funds and companies, unless the directors are aware of good reasons why such valuations would not be the most appropriate or indicative of fair value. Where necessary, the Group uses other valuation methods to arrive at the stated fair value of its financial assets, such as recent arms' length transactions or reference to similar listed investments.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables consist, primarily, of contract fees receivable, long-term cash deposits (i.e. with a maturity duration in excess of three months) and cash and cash equivalents.

1.10 Plant and equipment

Plant and equipment is stated at historical cost less depreciation and any impairment. The historical cost of plant and equipment is the purchase cost, together with any incremental costs directly attributable to the acquisition. Depreciation is calculated so as to write off the cost of the assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned, as follows:

Computer equipment and software	3 years
Fixtures and fittings	4 years

Depreciation is included in administration and other expenses in the income statement.

The carrying amount, residual value and useful life of the Group's plant and equipment is reviewed annually to determine whether there is any indication of impairment, or a change in residual value or expected useful life. If there is any indication of impairment, the asset's carrying value is revised.

1.11 Impairment policy

Formal reviews to assess the recoverability of deferred origination costs on investment contracts and the carrying amount of the Group's other assets that are not carried at fair value are carried out at each balance sheet date to determine whether there is any indication of impairment. If there is any indication of irrecoverability or impairment, the asset's recoverable amount is estimated.

Impairment losses are reversed through the income statement if there is a change in the estimates used to determine the recoverable amount. Such losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation where applicable, if no impairment loss had been recognised.

1.12 Other receivables

Other receivables are initially recognised at fair value and subsequently measured at amortised cost.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, net of short term overdraft positions where a right of set-off exists.

1.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events such that it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions, where necessary, are calculated at the present value of the estimate of the expenditure required to settle the obligation utilising a rate that reflects the expected time value of money at the creation date of the provision. Any increase in the value of provisions due to the passage of time is recognised as an interest expense.

1.15 Other payables

Other payables are initially recognised at fair value and subsequently measured at amortised cost. They are recognised at the point where service is received but payment is due after the balance sheet date.

1.16 Foreign currencies

The Group's presentational and functional currency is pounds sterling, being the currency of the primary economic environment in which the Group operates.

Foreign currency transactions are translated into sterling using the applicable exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date, and the gains or losses on translation are recognised in the income statement.

Non-monetary assets and liabilities that are held at historical cost are translated using exchange rates prevailing at the date of transaction; those held at fair value are translated using exchange rates ruling at the date on which the fair value was determined.

1.17 Segmental reporting

Disclosure of operating segments in these financial statements is consistent with reports provided to the Chief Operating Decision Maker which, in the case of the Group, has been identified as the Executive Committee of Hansard Global plc.

1.18 Taxation

Taxation is based on profits and income for the period as determined with reference to the relevant tax legislation in the countries in which the Company and its subsidiaries operate. Tax payable is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in the income statement except to the extent that it relates to items recognised in equity. Tax on items relating to equity is recognised in equity.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates, assumptions and judgements are used in the application of accounting policies in these financial statements. Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. Estimates, assumptions and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from assumptions and estimates made by management.

2.1 Accounting estimates and assumptions

The principal areas in which the Group applies accounting estimates and assumptions are in deciding the amount of management expenses that are treated as origination costs and the period of amortisation of deferred origination costs (“DOC”) and deferred income (“DIR”). Estimates are also applied in determining the recoverability of deferred origination costs.

2.1.1 Origination costs

Management expenses have been reviewed to determine the relationship of such expense to the issue of an investment contract. Certain expenses vary with the level of new business production and have been treated as origination costs. Other expenses are written off as incurred.

2.1.2 Amortisation of DOC and DIR

Deferred origination costs and deferred income are amortised on a straight-line basis over the life of the underlying investment contract. The life of a contract is either the contractual term thereof or the expected life of a single premium contract. This is calculated in a manner consistent with the assumptions used in the calculation of European Embedded Value.

2.1.3 Recoverability of DOC

Deferred origination costs are tested annually for recoverability by reference to expected future income levels from the relevant contracts.

2.2 Judgements

The primary areas in which the Group has applied judgement in applying accounting policies are:

- the classification and unbundling of contracts between insurance and investment business. All contracts are treated as investment contracts. The Group has also elected to treat all financial investments as at fair value through profit or loss and;
- the fair value of certain financial investments. Where the directors determine that there is no active market for a particular financial instrument, fair value is assessed using valuation techniques based on available, relevant information and an appraisal of all associated risks. This process requires the exercise of significant judgement on the part of Directors. Where significant inputs to the valuation technique are observable, the instrument is categorised as Level 2. Otherwise, it is categorised as Level 3. This is discussed further in note 22 to these consolidated financial statements.

3 SEGMENTAL INFORMATION

In the opinion of the Group’s Executive Committee deemed to be the Chief Operating Decision Maker (“CODM”), the Group operates in a single reportable segment, that of the distribution and servicing of long-term investment products through the Group’s subsidiaries.

The Group’s Executive Committee uses two principal measures when appraising the performance of the business: net issued compensation credit (“NICC”) and expenses. NICC is a measure of the value of new in-force business and top-ups on existing single premium contracts. NICC is the total amount of basic initial commission payable to intermediaries for business sold in a period and is calculated on each piece of new business. It excludes override commission paid to intermediaries over and above the basic level of commission. The Group maintains a close control over the margins realised on new business which are consistent across the Group’s products and, hence, NICC is a reliable indicator of income.

The following table analyses NICC geographically and reconciles NICC to origination costs incurred during the year (note 13):

	2011 £m	2010 £m
Far East	**5.2**	2.5
Latin America	**5.2**	3.6
EU and EEA	**3.5**	4.1
Rest of World	**1.8**	0.9
Net issued compensation credit	**15.7**	11.1
Other commission costs paid to third parties	**6.3**	4.2
Enhanced unit allocations	**1.4**	0.9
Origination costs incurred during the year	**23.4**	16.2

Expenses are reported to the Group’s Executive Committee monthly on an aggregate basis, as distinct from the classification of costs between origination and administration and other expenses for IFRS reporting purposes, and may be reconciled as follows:

	2011 £m	2010 £m
Expenses reported to the Group Executive Committee	**21.9**	18.0
Annual management charges credited against expenses	**2.9**	2.7
Amounts reclassified as origination costs	**(6.0)**	(4.8)
Renewal commission and investment management fees	**5.6**	5.6
Other	**0.1**	0.2
Administrative and other expenses	**24.5**	21.7

All Group assets are deemed to belong to the single segment.

Other non-IFRS 8 information is provided below and included in the Business Review.

Revenues and expenses allocated to geographical locations contained in sections 3.1 to 3.4 below, reflect the revenues and expenses generated in or incurred by the legal entities in those locations.

3.1 Geographical analysis of fees and commissions by origin

	2011 £m	2010 £m
Isle of Man	**42.5**	41.7
Republic of Ireland	**13.1**	12.5
	55.6	54.2

3.2 Geographical analysis of profit before taxation

	2011 £m	2010 £m
Isle of Man	**14.1**	15.1
Republic of Ireland	**2.6**	1.5
	16.7	16.6

3.3 Geographical analysis of gross assets

	2011 £m	2010 £m
Isle of Man	**989.0**	906.6
Republic of Ireland	**438.9**	426.2
	1,427.9	1,332.8

3.4 Geographical analysis of gross liabilities

	2011 £m	2010 £m
Isle of Man	**956.4**	868.0
Republic of Ireland	**418.9**	410.2
	1,375.3	1,278.2

4 FEES AND COMMISSIONS

	2011 £m	2010 £m
Contract fee income	**35.5**	35.4
Fund management charges	**15.6**	14.6
Commissions receivable	**4.5**	4.2
	55.6	54.2

5 INVESTMENT INCOME

	2011 £m	2010 £m
Interest income	**1.9**	1.2
Dividend income	**4.6**	3.8
Gains on realisation of investments	**21.0**	0.5
Movement in unrealised gains and losses	**85.4**	142.4
	112.9	147.9

6 ORIGINATION COSTS

	2011 £m	2010 £m
Amortisation of deferred origination costs	**15.9**	14.7
Other origination costs	**2.3**	2.5
	18.2	17.2

7 ADMINISTRATIVE AND OTHER EXPENSES

Included in administrative and other expenses is the following:

	2011 £m	2010 £m
Auditors' remuneration:		
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.1**	0.1
- Fees payable for the audit of the Company's subsidiaries pursuant to legislation	**0.4**	0.3
Employee costs	**10.9**	8.6
Directors' fees	**0.3**	0.2
Investment management fees	**4.8**	4.6
Renewal and other commission	**1.6**	1.7
Professional and other fees	**2.5**	1.8
Operating lease rentals	**0.7**	0.8
Licences and maintenance fees	**0.7**	0.7
Insurance costs	**0.7**	0.7
Depreciation of plant and equipment	**0.5**	0.6
Communications	**0.4**	0.4

8 EMPLOYEE COSTS

8.1 The aggregate remuneration in respect of employees (including sales staff and executive Directors) was as follows:

	2011 £m	2010 £m
Wages and salaries	**13.3**	10.6
Social security costs	**0.9**	0.9
Contributions to pension plans	**0.7**	-
	14.9	11.5

The Group operates a defined contribution group personal pension scheme that is open to all Group employees based on the Isle of Man aged between 25 and 65 years of age, with two years of service with the Group. Employees based in the Republic of Ireland with one year of service are eligible to be members of a personal retirement savings account scheme.

The Group suspended pension contributions with effect from 1 March 2009 as part of a cost management exercise. Contributions to all employee pension arrangements recommenced with effect from 1 July 2010.

8.2 The average number of employees during the year, including executive directors, was as follows:

	2011 No.	2010 No.
Administration	**160**	159
Distribution and marketing	**36**	33
IT development	**28**	23
	224	215

8.3 Share-based payments

Details of the costs attributed to the share-based payments programme implemented by the Company can be found in note 19.

9 TAXATION

The Group's profits arising from its Isle of Man-based operations are taxable at zero percent. Profits in the Republic of Ireland are taxed at 12.5%.

There is no material difference between the current tax charge in the income statement and the current tax charge that would result from applying standard rates of tax to the profit before tax.

10 EARNINGS PER SHARE

The calculation for earnings per share is based on the profit for the year after taxation divided by the average number of shares in issue throughout the year.

	2011	2010
Profit after tax (£m)	16.5	16.4
Weighted average number of shares in issue	137,283,469	137,281,365
Basic earnings per share in pence	12.0	11.9
Weighted average number of shares in issue	137,283,469	137,281,365
Dilution of shares due to share save scheme	93,974	61,915
Weighted average number of shares	137,377,443	137,343,280
Diluted earnings per share in pence	12.0	11.9

11 DIVIDENDS

The following dividends have been paid by the Group during the year:

	2011 £m	2010 £m
Final dividend paid 19 November 2010 (7.7p per share) (20 November 2009: 7.35p per share)	10.6	10.1
Interim dividend paid 31 March 2011 (5.75p per share) (1 April 2010: 5.5p per share)	7.9	7.5
	18.5	17.6

The Board has resolved to pay a final dividend of 8.0p per share on 18 November 2011, subject to approval at the Annual General Meeting, based on shareholders on the register on 30 September 2011. If approved, this would bring the total dividends in respect of the year ended 30 June 2011 to 13.75p per share and will represent an increase of 4.2% over the dividends in respect of the financial year ended 30 June 2010 (13.2p per share).

12 PLANT AND EQUIPMENT

The cost of plant and equipment at 30 June 2011 is £6.8m (2010: £6.2m; 2009: £5.9m), following the purchase of assets totalling £0.6m in the year (2010: £0.3m; 2009: £0.7m), and write-offs of nil (2010: nil; 2009: nil). Accumulated depreciation at 30 June 2011 is £5.9m (2010: £5.4m; 2009: £4.8m), leaving plant and equipment with a net book value of £0.9m at the balance sheet date (2010: £0.8m; 2009: £1.1m).

13 DEFERRED ORIGINATION COSTS

Carrying value	2011 £m	2010 £m
At 1 July	105.6	104.1
Origination costs incurred during the year	23.4	16.2
Origination costs amortised during the year	(15.9)	(14.7)
	113.1	105.6

14 OTHER RECEIVABLES

	2011 £m	2010 £m
Contract fees receivable	5.1	6.9
Outstanding investment trades	3.9	0.9
Commission receivable	1.1	1.4
Corporation tax recoverable	0.1	0.2
Other debtors	2.7	1.0
	12.9	10.4
Expected to be settled within 12 months	10.0	7.0
Expected to be settled after 12 months	2.9	3.4
	12.9	10.4

At the balance sheet date there are no receivables overdue but not impaired (2010: £nil) or impaired (2010: £nil). Due to the short-term nature of these assets the carrying value is considered to reflect fair value.

15 CASH AND CASH EQUIVALENTS AND DEPOSITS

	2011 £m	2010 £m
Money market funds	23.3	38.2
Short-term deposits with credit institutions	36.0	17.1
Shareholders' cash and cash equivalents	59.3	55.3
Shareholders' long-term deposits with credit institutions	13.8	26.5
Total shareholder cash and deposits	73.1	81.8

16 FINANCIAL LIABILITIES UNDER INVESTMENT CONTRACTS

	2011 £m	2010 £m
Deposits to investment contracts	**186.4**	166.1
Deductions from contracts	**(200.7)**	(180.4)
Investment contract benefits	**109.2**	146.9
Movement in year	**94.9**	132.6
At 1 July	**1,134.7**	1,002.1
	1,229.6	1,134.7

Investment contract benefits comprise of dividend and interest income and net realised and unrealised gains and losses on financial investments held to cover financial liabilities.

Expected to be settled within 12 months	**15.9**	19.1
Expected to be settled after 12 months	**1,213.7**	1,115.6
	1,229.6	1,134.7

Financial liabilities are contractually due for payment on demand.

The following investments, cash and cash equivalents, other assets and liabilities are held to cover financial liabilities under investment contracts. They are included within the relevant headings on the consolidated balance sheet.

	2011 £m	2010 £m
Equity securities	**164.3**	166.1
Investments in collective investment schemes	**868.2**	783.3
Fixed income securities	**47.1**	41.3
Cash and cash equivalents	**148.3**	143.3
Other receivables	**3.9**	0.9
Total assets	**1,231.8**	1,134.9
Other payables	**(2.2)**	(0.2)
Net financial assets held to cover financial liabilities	**1,229.6**	1,134.7

17 OTHER PAYABLES

	2011 £m	2010 £m
Commission payable	**2.8**	2.0
Other creditors and accruals	**3.7**	3.2
	6.5	5.2

All payable balances, including amounts due to contract holders, are deemed to be current. Due to the short-term nature of these payables the carrying value is considered to reflect fair value.

18 CALLED UP SHARE CAPITAL

	2011 £m	2010 £m
Authorised:		
200,000,000 ordinary shares of 50p	**100.0**	100.0
Issued and fully paid:		
137,291,385 (2010: 137,282,656) ordinary shares of 50p	**68.6**	68.6

During the year, 8,729 shares (2010: 1,454) were issued under the terms of the Save as You Earn ("SAYE") share save programme.

The Company has received clearance from the London Stock Exchange to list a maximum of 500,000 shares necessary to meet its obligations to employees under the terms of the SAYE programme.

19 EQUITY SETTLED SHARE-BASED PAYMENTS

19.1 SAYE programme

Shareholders have approved a SAYE share save programme for employees. This is a standard SAYE plan, approved by the Revenue Authorities in the Isle of Man and the Republic of Ireland. Under the terms of the scheme eligible employees can invest up to £250 or, in the Republic of Ireland, up to €500 per month, for a three- or five-year period to purchase shares at a price not less than 80% of the market price on the date of the invitation to participate.

The scheme is operated annually, with the option price and awards criteria being established in February. At the date of this report, the following options remain outstanding under each tranche:

Scheme year	**2011**	2010
2008	**55,770**	83,989
2009	**246,997**	271,343
2010	**39,324**	61,104
2011	**123,322**	-
	465,413	416,436

A summary of the transactions during the year in the SAYE programmes is as follows:

	Year ended 30 June			
	2011		2010	
	No. of options	**Weighted average exercise price (p)**	No. of options	Weighted average exercise price (p)
Outstanding at the start of year	**416,436**	**133**	421,242	132
Granted	**123,560**	**131**	63,524	150
Exercised	**(8,729)**	**133**	(1,454)	130
Forfeited	**(65,854)**	**133**	(66,876)	130
Outstanding at end of year*	**465,413**	**132**	416,436	133

* 30,989 of these options are exercisable as at 30 June 2011.

The fair values of the share options granted during the year have been calculated using the following assumptions:

2011 award assumptions	**3-year**	**5-year**
Date of grant	25 February 2011	25 February 2011
Fair value (pence)	33	30
Exercise price (pence)	131	131
Share price (pence)	163	163
Expected volatility	31 %	31 %
Expected dividend yield	7.7 %	7.7 %
Risk-free rate	2.7 %	2.7 %

2011 award details	
Date of grant	25 February 2011
No. of shares awarded	123,560
Vesting conditions	3- or 5-year savings term
Exercise period - 3-year	1 May 2014 - 31 October 2014
Exercise period - 5-year	1 May 2016 - 31 October 2016

The fair value expense has been based on the fair value of the options granted, as calculated using the Black Scholes pricing model. Expected volatility is based on an analysis of the Group's share price volatility since listing on the London Stock Exchange.

The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements.

19.2 Long Term Incentive Plan (LTIP)

The Company has introduced an LTIP for the Executive and senior management based on EEV performance over the 3 years ending 30 June 2012. The awards may take the form of a conditional right to acquire shares, a nil-cost option or a forfeitable award.

The minimum condition required under the plan was not achieved in the year ended 30 June 2011 therefore there is no charge in the consolidated income statement (2010: nil).

20 OTHER RESERVES

Other reserves comprise the merger reserve arising on the acquisition by the Company of its subsidiary companies on 1 July 2005 and the share save reserve. The merger reserve represents the difference between the par value of shares issued by the Company for the acquisition of those companies, compared to the par value of the share capital and the share premium of those companies at the date of acquisition.

	2011 £m	2010 £m
Merger reserve	**(48.5)**	(48.5)
Share save reserve	**0.1**	0.1
	(48.4)	(48.4)

21 CAPITAL POSITION STATEMENT

The capital position statement sets out the financial strength of the businesses of the Group, measured on the basis of the presentation within the financial statements of the Company's life assurance subsidiaries. These are located in the Isle of Man and the Republic of Ireland. As both entities provide unit-linked contracts only, the majority of surplus can be distributed to shareholders subject to meeting the regulatory and working capital requirements of each business.

The capital, defined as total shareholders' funds, is available to meet the regulatory capital requirements without any restrictions.

	2011 £m	2010 £m
Consolidated shareholders' funds	**52.6**	54.6
Adjustment arising from change in GAAP basis (*)	**18.4**	18.3
	71.0	72.9
Comprising shareholders' funds of:		
Non-life assurance Group companies	**27.9**	32.7
Life assurance subsidiary companies	**43.1**	40.2
Total capital available to meet regulatory capital requirements	**71.0**	72.9

** The consolidated financial statements have been prepared in accordance with the requirements of IFRS whilst the regulatory capital of the life assurance subsidiaries is calculated based on local regulatory requirements under applicable GAAP. The financial statements of these subsidiary undertakings are prepared under the insurance accounting requirements of the relevant jurisdiction. The adjustment referred to arises out of the treatment of initial fees and costs relating to new business under the different accounting codes. IFRS smoothes these fees and costs over the life of the relevant policies, whereas under the GAAP applicable to the subsidiary undertakings, fees are recognised when received and the relevant costs of new business are deferred, where applicable, to match these income streams.*

Regulatory Minimum Solvency Margin

For both the Isle of Man and the Irish subsidiary companies, the relevant capital requirement is the required minimum margin under the locally applicable regulatory regimes. The aggregate required minimum margin of the regulated entities at each balance sheet date was as set out below.

	2011 £m	2010 £m
Regulatory minimum solvency margin	**5.3**	4.8

Group policy is for regulated insurance subsidiaries to hold prudential reserves in excess of the minimum regulatory requirements.

As the financial liabilities of the unit-linked business held by those subsidiary companies are based on the fair value of the unit funds backing those contracts, unit-linked business assets and liabilities move together in line with changes in investment market conditions.

The Group's other assets are largely cash and cash equivalents, deposits with credit institutions and money market funds.

Capital management

The Group's objectives in managing its capital are to:

- match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- maintain financial strength to support new business growth;
- satisfy the requirements of its policyholders and regulators;
- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets; and
- generate operating cash flows to meet dividend requirements.

22 FINANCIAL RISK MANAGEMENT

The Group's objective in the management of financial risk is to minimise, where practicable, its exposure to such risk, except when necessary to support other objectives. The principal methods by which the Group seeks to manage risk is through the operation of unit-linked business and to restrict the investment of its capital to institutions with Board-approved minimum ratings.

Overall responsibility for the management of the Group's exposure to risk is vested in the Board. To support it in this role, an enterprise-wide risk management framework is in place comprising risk identification, risk assessment, control and reporting processes. The framework provides assurance that risks are being appropriately identified and managed. Additionally, the Board and the Boards of subsidiary companies have established a number of Committees with defined terms of reference. These are the Actuarial Review, Audit, Credit Control, Executive, Investment and Risk Committees. Additional information concerning the operation of the Board Committees is contained in the Corporate Governance section of this Report & Accounts.

Policyholders bear the financial risk relating to the investments underpinning their contracts, as the policy benefits are directly linked to the value of the assets. These assets are managed consistent with the expectations of the policyholders. By definition, there is a precise match between the investment assets and the policyholder liabilities, and so the market risk and credit risk lie with policyholders.

The Group's exposure is limited to the extent that certain contract income is based on the value of assets under administration.

The more significant financial risks to which the Group is exposed are set out below. For each category of risk, the Group determines its risk appetite and sets its investment, treasury and associated policies accordingly.

22.1 Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, analysed between price, interest rate and currency risk.

(a) Price risk

An overall change in the market value of the unit-linked funds would affect the annual management charges accruing to the Group since these charges, which are typically 1% p.a., are based on the market value of assets under administration. Similarly, due to the fact that these charges are deducted from policies in policy currency, a change in foreign exchange rates relative to sterling can result in fluctuations in reported management fee income and expenses. The approximate impact on the Group's profits and equity of a 10% change in fund values, either as a result of price or currency fluctuations, is £1.3m (2010: £1.1m).

(b) Interest rate risk

Interest rate risk is the risk that the Group is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

The Group is primarily exposed to interest rate risk on the balances that it holds with credit institutions and in money market funds. The Group has mitigated its exposure to cash flow interest rate risk by placing a proportion of its cash holdings on longer-term fixed deposits (see note 22.4 below).

Taking into account the proportion of Group funds held on longer-term, fixed-rate deposits, a change of 1% p.a. in interest rates will result in an increase or decrease of approximately £0.7m (2010: £0.6m) in the Group's equity and annual investment income.

A summary of the Group's liquid assets at the balance sheet date is set out in note 22.2 below.

(c) Currency risk

Currency risk is the risk that the Group is exposed to higher or lower returns as a direct or indirect result of fluctuations in the value of, or income from, specific assets and liabilities arising from changes in underlying exchange rates.

(c)(i) Group foreign currency exposures

The Group is exposed to currency risk on the foreign currency denominated bank balances, contract fees receivable and other liquid assets that it holds to the extent that they do not match liabilities in those currencies. The impact of the Group's currency risk is minimized by frequent repatriation of excess foreign currency funds to sterling. At the balance sheet date the Group had exposures in the following currencies:

	2011 US$m	**2011 €m**	2010 US$m	2010 €m
Gross assets	**12.0**	**17.5**	10.8	20.6
Matching currency liabilities	**(9.3)**	**(2.3)**	(7.2)	(4.9)
	2.7	**15.2**	3.6	15.7

Amounts totalling €8.0m held at the balance sheet date (2010: €8.1m) represent amounts held by Hansard Europe Limited to cover regulatory capital commitments.

The approximate impact on profit and equity of a 5% change in the value of the Euro to Sterling is £0.7m (2010: £0.6m). The approximate effect of a 5% change in the value of US Dollars to Sterling is £0.1m (2010: £0.1m).

(c)(ii) Financial investments by currency

Certain fees and commissions are earned in currencies other than Sterling, based on the value of financial investments held in those currencies from time to time.

The sensitivity of the Group to the currency risk inherent in investments held to cover financial liabilities under investment contracts is incorporated within the analysis set out in (a) above.

At the balance sheet date the analysis of financial investments by currency denomination is as follows:

Currency	**2011 %**	2010 %
US Dollars	**50.0**	49.0
Euro	**28.0**	28.0
Sterling	**16.0**	15.0
Others	**6.0**	8.0
	100.0	100.0

22.2 Credit risk

Credit risk is the risk that the Group is exposed to lower returns or loss if another party fails to perform its financial obligations to the Group.

The Group's main exposure to credit risk is in relation to deposits with credit institutions. Deposits are made, in accordance with established policy, with credit institutions having a short-term rating of at least F1 and P1 from Fitch IBCA and Moody's respectively and a long term rating of at least A and A3. Additionally funds are invested in AAA rated unitized money market funds.

At the balance sheet date, an analysis of the Shareholders' cash and cash equivalent balances and liquid investments was as follows (an analysis by maturity date is provided in note 22.4 below):

	2011 £m	2010 £m
Deposits with credit institutions	**49.8**	43.6
Investments in money market funds	**23.3**	38.2
	73.1	81.8

Maximum counterparty exposure limits are set both at an individual subsidiary company level and on a Group-wide basis. There are no significant concentrations of credit risk at the balance sheet date.

22.3 Liquidity risk

Liquidity risk is the risk that the Group, though solvent, does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost.

The Group's objective is to ensure that it has sufficient liquidity over short- (up to one year) and medium-term time horizons to meet the needs of the business. This includes liquidity to cover, amongst other things, new business costs, planned strategic activities, servicing of equity capital as well as working capital to fund day-to-day cash flow requirements.

Liquidity risk is principally managed in the following ways:
- Assets of a suitable marketability are held to meet policyholder liabilities as they fall due.
- Forecasts are prepared regularly to predict required liquidity levels over both the short and medium term.

The Group's exposure to liquidity risk is considered to be low since it maintains a high level of liquid assets to meet its liabilities.

22.4 Undiscounted contractual maturity analysis

Set out below is a summary of the undiscounted contractual maturity profile of the Group's assets.

	2011 £m	2010 £m
Maturity within 1 year		
Deposits and Money Market funds	**59.3**	55.3
Other assets	**3.3**	4.9
	62.6	60.2
Maturity from 1 to 5 years		
Deposits with credit institutions	**13.8**	26.5
Other assets	**2.9**	3.5
	16.7	30.0
Shareholder assets with maturity values	**79.3**	90.2
Other shareholder assets	**116.8**	107.7
Shareholder assets	**196.1**	197.9
Gross assets held to cover financial liabilities under investment contracts	**1,231.8**	1,134.9
Total assets	**1,427.9**	1,332.8

Maturity analyses of financial and other liabilities are included in the relevant notes to the consolidated balance sheet. There is no significant difference between the value of the Group's assets on an undiscounted basis and the balance sheet values.

22.5 Fair value measurement hierarchy

The Group continues to apply IFRS 7, 'Financial instruments: Disclosures' in this financial year. IFRS 7 requires the Group to classify fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring that fair value. The hierarchy is as follows:
- Level 1: fair value is determined as the unadjusted quoted price for an identical instrument in an active market.
- Level 2: fair value is determined using observable inputs other than unadjusted quoted prices for an identical instrument and that does not use significant unobservable inputs.
- Level 3: fair value is determined using significant unobservable inputs.

Where the Directors determine that there is no active market for a particular financial instrument, fair value is assessed using valuation techniques based on available, relevant, information and an appraisal of all associated risks. This process requires the exercise of significant judgement on the part of Directors. Where significant inputs to the valuation technique are observable, the instrument is categorised as Level 2. Otherwise, it is categorised as Level 3. During the year, assets with a value of £2.0m (2010: £9.3m) were reclassified from Level 1 to Level 3 and valued at zero by the Directors, as they believe this reflects the fair value of these assets. No assets were reclassified from Level 3 to Level 1 or Level 2 during the financial year.

Due to the linked nature of the contracts sold by the Group's insurance undertakings, any change in the value of financial assets held to cover financial liabilities under those contracts will result in an equal and opposite change in the value of contract liabilities. The separate effect on financial assets and financial liabilities is included in investment income and investment contract benefits, respectively, in the consolidated Income Statement. The following table analyses the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2011:

Financial assets at fair value through profit or loss	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Equity securities	**164.3**	**-**	**-**	**164.3**
Collective investment schemes	**833.9**	**34.3**	**-**	**868.2**
Fixed income securities	**47.1**	**-**	**-**	**47.1**
Deposits and money market funds	**162.1**	**-**	**-**	**162.1**
Total financial assets at fair value through profit or loss	**1,207.4**	**34.3**	**-**	**1,241.7**

Assets with a fair value of £24.5m were transferred to Level 2 in the year.

Financial liabilities at fair value through profit or loss	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Total financial liabilities at fair value through profit or loss	**-**	**1,229.6**	**-**	**1,229.6**

The following table analyses the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2010:

Financial assets at fair value through profit or loss	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Equity securities	166.1	-	-	166.1
Collective investment schemes	763.9	19.6	-	783.5
Fixed income securities	41.3	-	-	41.3
Deposits and money market funds	169.8	-	-	169.8
Total financial assets at fair value through profit or loss	1,141.1	19.6	-	1,160.7

Assets with a fair value of £2.4m were transferred to Level 2 during the year ending 30 June 2010, following their zeroisation on the Group's investment administration system.

Financial liabilities at fair value through profit or loss	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Total financial liabilities at fair value through profit or loss	-	1,134.7	-	1,134.7

23 FINANCIAL COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	2011 £m	2010 £m
Amounts due:		
Within one year	**0.7**	0.7
Between one and five years	**1.5**	1.7
After five years	**0.2**	0.4
	2.4	2.8

24 RELATED PARTY TRANSACTIONS

24.1 Intra-group transactions

Various subsidiary companies within the Group perform services for other Group companies in the normal course of business. The financial results of these activities are eliminated in the consolidated financial statements.

24.2 Key management personnel compensation

Key management consists of 10 individuals (2010: 11), being executive Directors of the Company, executive Directors of direct subsidiaries of the Company and the Company Secretary.

The aggregate remuneration paid to key management is as follows:

	2011 £m	2010 £m
Salaries, wages and bonuses	2.2	1.5
Benefits under SAYE share save programme	-	-
Charged to the income statement	2.2	1.5
Payments during the year by key management in respect of policies issued by the Group	-	-
Payments during the year to key management in respect of policies issued by the Group	(0.1)	-
The sum assured or fund balance of those policies at 30 June	17.1	17.7

All these transactions were completed on terms available to employees in general.

24.3 Transactions with Directors

Subsequent to the year end, the Company entered into a contract with Mr. Gordon Marr to purchase the property owned by Mr. Marr for the sum of £481,000, exercisable at his discretion. Mr. Marr purchased the property on 7 July 2011 for £501,000.

25 CONTINGENT LIABILITIES

The Group does not give any investment advice and this is left to the policyholder directly or through an agent, advisor or an entity appointed at the policyholder's request or preference. As such policyholders bear the financial risk relating to the investments underpinning their contracts, as the policy benefits are linked to the value of the assets.

Notwithstanding the above financial services institutions are increasingly drawn into disputes in cases where the value and performance of assets selected by or on behalf of policyholders fails to meet their expectations. This is particularly true of more complex structured products distributed throughout Europe that have been selected for inclusion in policies. At the balance sheet date a number of those fund structures remain affected by liquidity or other issues that hinder their sales or redemptions on normal terms with a consequent adverse impact on policy transactions.

A Group company has received a large number of complaints in relation to assets, from policyholders who claim to have incurred a loss on their policies. The company has been served with a number of writs arising from such complaints and other asset-related issues, and believes that other writs might be served in the next few months. Claims under writs served to date total approximately £7m. The Group intends to defend all claims strenuously. Any court hearings linked to these writs are not anticipated to take place before February 2012.

While it is not possible to forecast or determine the final results of pending or threatened legal proceedings, based on the pleadings and advice received from the company's legal representatives, the Directors believe that the company will be successful in its defence of these claims. Accordingly no provisions have been made.

26 FOREIGN EXCHANGE RATES

The closing exchange rates used by the Group for the conversion of balance sheet items from US Dollar and Euro to Sterling were as follows:

	2011	2010
US Dollar	1.61	1.52
Euro	1.11	1.21

Parent Company Balance Sheet

	Notes	30 June 2011 £m	30 June 2010 £m
Assets			
Investment in subsidiary companies	2	71.8	71.8
Long term deposits with credit institutions		10.0	20.0
Cash and cash equivalents	3	14.2	8.9
Amounts due from subsidiary companies	4	1.1	1.2
Other debtors		0.6	0.5
Tangible assets		0.1	0.1
Total assets		97.8	102.5
Liabilities			
Amounts due to subsidiary company	4	0.2	0.6
Other payables		0.7	0.4
Total liabilities		0.9	1.0
Net assets		96.9	101.5
Shareholders' equity			
Called up share capital	5	68.6	68.6
Retained earnings	6	28.2	32.8
Share save reserve		0.1	0.1
Total shareholders' equity	7	96.9	101.5

The financial statements on pages 75 to 79 were approved by the Board on 21 September 2011 and signed on its behalf by:

L S Polonsky
Director

G S Marr
Director

The notes on pages 76 to 79 form an integral part of these financial statements.

Notes to the parent company financial statements

1 ACCOUNTING POLICIES

1.1 Basis of preparation

Hansard Global plc (the Company) is a limited liability company, incorporated in the Isle of Man, whose shares are publicly traded. The principal activity of the Company is to act as the holding company of the Hansard group of companies (the Group).

The financial statements have been prepared in accordance with UK GAAP and the Isle of Man Companies Acts 1931-2004 and under the historical cost convention. In accordance with the provisions of the Isle of Man Companies Act 1982 the Company has not presented its own profit and loss account. The Company's profit for the year ended 30 June 2011, including dividends received from subsidiaries, is £13.9m (2010: £6.6m).

The Company is exempt from the requirement to prepare a cash flow statement on the grounds that its cash flows are included in the consolidated financial statements, which are presented elsewhere within this Report & Accounts.

1.2 Significant accounting policies

1.2.1 Investment income

Investment income includes interest and dividends. Interest is accounted for on an accruals basis. Dividends are accrued on an ex-dividend basis.

1.2.2 Dividends payable

Interim dividends payable to shareholders are recognised in the year in which the dividends are paid. Final dividends payable are recognised as liabilities when approved by the shareholders at the annual general meeting.

1.2.3 Taxation

Taxation is based on profit for the period as determined in accordance with relevant Isle of Man tax legislation and therefore profits arising are taxable at zero percent.

1.2.4 Investments in subsidiary companies

Investments in subsidiary companies are included in the Company balance sheet at cost less provision for any impairment.

1.2.5 Foreign currencies

The Company's presentational and functional currency is pounds sterling, being the currency of the primary economic environment in which the Company operates. Foreign currency transactions are translated into sterling using the approximate exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date and the gains or losses on translation are recognised in the profit and loss account.

1.2.6 Tangible assets

The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of the assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned.

The economic lives used for this purpose are:

Computer equipment and software	3 years
Fixtures and fittings	4 years

2 INVESTMENTS IN SUBSIDIARY COMPANIES

	2011 £m	2010 £m
Subsidiary companies acquired 1 July 2005	**71.8**	71.8

The following schedule reflects the Company's subsidiary companies at the balance sheet date and at the date of this report. All companies are wholly owned and incorporated in the Isle of Man, except where indicated.

Subsidiary company

Hansard International Limited
Hansard Europe Limited (incorporated in the Republic of Ireland)
Hansard Administration Services Limited
Hansard Development Services Limited

3 CASH AND CASH EQUIVALENTS

	2011 £m	2010 £m
Money market funds	**4.1**	7.8
Deposits with credit institutions	**10.1**	1.1
	14.2	8.9

4 AMOUNTS DUE TO/FROM SUBSIDIARY COMPANIES

The Company and various subsidiary companies within the Group perform services for other Group companies in the normal course of business. All balances are unsecured, interest free and repayable on demand.

5 SHARE CAPITAL

	2011 £m	2010 £m
Authorised:		
200,000,000 ordinary shares of 50p	**100.0**	100.0
Issued and fully paid:		
137,291,385 (2010:137,282,656) ordinary shares of 50p	**68.6**	68.6

During the year, 8,729 (2010: 1,454) shares were issued under the terms of the SAYE share save programme approved by the shareholders. The Company has received clearance from the London Stock Exchange to list a maximum of 500,000 shares necessary to meet its obligations to employees under the terms of the scheme.

Notes to the parent company financial statements

continued

6 RETAINED EARNINGS

	2011 £m	2010 £m
Profit for the financial year	**13.9**	6.6
Dividends paid	**(18.5)**	(17.6)
Net decrease in retained earnings	**(4.6)**	(11.0)
As at 1 July	**32.8**	43.8
	28.2	32.8

7 MOVEMENT IN SHAREHOLDERS' EQUITY

	2011 £m	2010 £m
Profit for the financial year	**13.9**	6.6
Dividends paid	**(18.5)**	(17.6)
Increase in share save reserve	**-**	0.1
Net decrease in shareholders' equity	**(4.6)**	(10.9)
As at 1 July	**101.5**	112.4
	96.9	101.5

8 RELATED PARTY TRANSACTIONS

The Company is exempt from the requirements of FRS 8, concerning the disclosure of transactions with related parties, as the Company's financial statements are presented together with the Group's consolidated financial statements.

Subsequent to the year end, the Company entered into a contract with Mr. Gordon Marr to purchase the property owned by Mr. Marr for the sum of £481,000, exercisable at his discretion. Mr. Marr purchased the property on 7 July 2011 for £501,000.

9 EQUITY SETTLED SHARE-BASED PAYMENTS

9.1 SAYE programme

Shareholders have approved a SAYE share save programme for employees. The scheme is a standard SAYE plan, approved by the Revenue Authorities in the Isle of Man and is available to eligible employees. Under the terms of the scheme, individuals can invest up to £250 per month for a three- or five-year period to purchase shares at a price not less than 80% of the market price on the date of the invitation to participate.

The scheme is operated annually, with the option price and awards criteria being established in February. At the balance sheet date, the following options remain outstanding under each tranche:

Scheme year	2011	2010
2008	**53,387**	66,683
2009	**221,408**	245,834
2010	**22,038**	43,818
2011	**92,613**	-
	389,446	356,335

A summary of the transactions during the year in the SAYE programmes is as follows:

	Year ended 30 June			
	2011		2010	
	No. of options	Weighted average exercise price (p)	No. of options	Weighted average exercise price (p)
Outstanding at the start of year	**356,335**	**133**	333,707	130
Granted	**96,973**	**131**	46,238	150
Exercised	**(8,729)**	**133**	(1,454)	130
Forfeited	**(55,133)**	**133**	(22,156)	130
Outstanding at end of year*	**389,446**	**133**	356,335	133

* 30,989 of these options are exercisable as at 30 June 2011.

The tables below summarise the assumptions and details of the awards made during the year.

2011 award assumptions	3-year	5-year
Date of grant	25 February 2011	25 February 2011
Fair value (pence)	33	30
Exercise price (pence)	131	131
Share price (pence)	163	163
Expected volatility	31 %	31 %
Expected dividend yield	7.7 %	7.7 %
Risk-free rate	2.7 %	2.7 %

2011 award details	
No. of shares awarded	96,973
Vesting conditions	3- or 5-year savings term
Exercise period - 3-year	1 May 2014 - 31 October 2014
Exercise period - 5-year	1 May 2016 - 31 October 2016

The fair value expense has been based on the fair value of the options granted, as calculated using the Black Scholes pricing model. Expected volatility is based on an analysis of the Group's share price volatility since listing on the London Stock Exchange.

The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements.

9.2 Long Term Incentive Plan (LTIP)

The Company has introduced LTIPs for the Group's Executive and senior management based on EEV performance over the 3 years ending 30 June 2012, and the 3 years ending 30 June 2013. The awards may take the form of a conditional right to acquire shares, a nil-cost option or a forfeitable award.

The minimum conditions required under the plans were not achieved in the year ended 30 June 2011 therefore there is no charge in the Income Statement (2010: nil).

European Embedded Value Information

1 INTRODUCTION

The European Embedded Value ("EEV") is an estimate of the value of the shareholders' interest in the Group. EEV covers the entire business of the Group, including its life assurance companies and subsidiaries providing administration, distribution and other services.

EEV comprises net worth and the value of future profits from business in-force at the valuation date, 30 June 2011. It excludes the value of any future new business that the Group may write after the valuation date. All results are calculated net of corporation tax in the Republic of Ireland.

The Group's EEV methodology complies fully with the set of EEV Principles published by the CFO Forum in May 2004 and extended in October 2005. It has been calculated using market consistent economic assumptions and best estimate operating assumptions having regard for the Group's own past, current and expected future experience. A detailed description of the EEV methodology is set out in the Notes to the EEV Information. There have been no significant changes in the EEV methodology from that used in the previous reporting period.

2 EEV PROFIT PERFORMANCE FOR THE YEAR

2.1 EEV Profit

EEV profit provides a measure of the Group's performance over the year. The components of EEV profit after tax are set out in the table below.

	2011 £m	2010 £m
New business contribution	**18.5**	11.5
Expected return on existing business	**4.9**	5.9
Experience variances	**(3.0)**	(4.1)
Operating assumption changes	**(11.3)**	(2.1)
Expected return on net worth	**1.7**	2.2
Model changes	**4.1**	2.1
EEV operating profit after tax	**14.9**	15.5
Investment return variances	**12.0**	17.6
Economic assumption changes	**1.6**	(5.1)
EEV profit after tax	**28.5**	28.0

2.1.1 New Business Contribution ("NBC")

New Business Contribution represents the value of new business written in the year. It is calculated at point of sale, including any acquisition expense overrun, and is net of corporation tax. NBC for the year is £18.5m (2010: £11.5m).

2.1.2 Expected return on existing business

The table below shows the return on existing business in-force at the start of the year in greater detail. The table also provides valuable insight into cashflows generated by the business relating to both new and existing business.

The expected return on existing business of £4.9m (2010: £5.9m) represents, in large part, the Group's view of the factors impacting upon the increase in the value of future profits over the year and in new business between the point of sale and the end of the year due to the time value of money. It is based on the 2.5% assumption for the risk discount rate at the previous financial year-end, (2010: 3.3%).

	2011					2010				
	EEV £m	**Net worth £m**	**VIF £m**	**Non-market risk £m**	**Frictional costs £m**	EEV £m	Net worth £m	VIF £m	Non-market risk £m	Frictional costs £m
Cash flows generated by existing business	**0.0**	**35.1**	**(35.1)**	**0.0**	**0.0**	0.0	37.1	(37.1)	0.0	0.0
New business strain	**0.0**	**(20.8)**	**20.8**	**0.0**	**0.0**	0.0	(14.8)	14.8	0.0	0.0
Time value of existing business	**4.9**	**0.4**	**4.5**	**0.0**	**0.0**	5.9	0.7	5.2	0.0	0.0
Time value of new business	**0.2**	**(0.3)**	**0.5**	**0.0**	**0.0**	0.2	(0.2)	0.4	0.0	0.0
Time value of non-market risk	**(0.2)**	**0.0**	**0.0**	**(0.2)**	**0.0**	(0.2)	0.0	0.0	(0.2)	0.0
	4.9	**14.4**	**(9.3)**	**(0.2)**	**0.0**	5.9	22.8	(16.7)	(0.2)	0.0

2.1.3 Experience variances

Experience variances arise where the Group's actual experience during the year in areas such as expenses, policy persistency, premium persistency, mortality and fees from policyholder activity differ from the assumptions used to calculate the EEV at the previous year-end.

Experience variances are summarised in the following table.

	2011 £m	2010 £m
Premium changes and surrenders	**(0.3)**	(1.6)
Expenses	**(1.6)**	(1.5)
Other	**(1.1)**	(1.0)
	(3.0)	(4.1)

2.1.4 Operating assumption changes

A review of operating assumptions is conducted each year. Changes were made to the EEV assumptions to reflect current expectations about future levels of future expenses, premiums, lapses and other operating matters.

These operating assumption changes reduced the EEV by £11.3m (2010: £2.1m), as shown below.

	2011 £m	2010 £m
Lapses & paid up policies	**0.7**	3.5
Premium reductions and holidays	**(0.8)**	(3.2)
Expenses	**(10.9)**	(2.5)
Mortality	**(0.3)**	1.3
Other	**0.0**	(1.2)
	(11.3)	(2.1)

2.1.5 Expected return on net worth

The expected return on net worth of £1.7m (2010: £2.2m) reflects the anticipated increase to shareholder assets over the period due to the time value of money and its calculation is based on the 2.5% risk discount rate at the previous financial year-end (2010: 3.3%). The reduction in this return from the corresponding period last year is primarily due to lower interest rates.

2.1.6 Model changes

The Group continues to refine its modelling functionality. During the year, changes to the model resulted in an increase to EEV of £4.1m (2010: £2.1m).

2.1.7 Investment return variances

The impact of market and other external conditions gave rise to EEV investment return profits of £12.0m in the year (2010: £17.6m).

The main elements contributing to this profit are as follows:

	2011 £m	2010 £m
Investment performance of policyholder funds	**11.5**	10.7
Exchange rate movements	**0.2**	10.8
Treasury margins	**0.2**	(1.3)
Commissions receivable	**0.0**	0.1
Other	**0.1**	(2.7)
	12.0	17.6

Some external funds held within policyholder funds were suspended during the year. At the valuation date the long-term suspensions were valued at approximately £40.0m.

The Company is currently not levying an annual management charge on these funds, and therefore has made no allowance in the EEV for any future annual management charges from them.

2.1.8 Economic assumption changes

Economic assumption changes resulted in an EEV profit of £1.6m (2010: £5.1m loss).

Higher treasury income caused by higher expected future interest rates has lead to an increase in the treasury margin rate assumption. This has increased the EEV by £1.9m.

2.2 Detailed Analysis of EEV profit

The table below shows a detailed analysis of EEV profit after tax. This is split between net worth, the value of in-force covered business (VIF), non-market risk and frictional costs. The increase in net worth of £10.3m demonstrates the continued ability of the Group to generate cash from the in-force book, through volatile economic conditions, despite investment of £20.8m in new business as shown in 2.1.2 above.

This analysis, when combined with the reconciliation of net worth in 4 below, provides a reconciliation of EEV profit and IFRS profit. While the total profit recognised over the lifetime of a policy under EEV methodology is the same as reported under IFRS, the timing of recognition is different.

	2011 Movement In					2010 Movement In				
	EEV £m	Net worth £m	VIF £m	Non-market risk £m	Frictional costs £m	EEV £m	Net worth £m	VIF £m	Non-market risk £m	Frictional costs £m
New business contribution	**18.5**	**0.0**	**18.5**	**0.0**	**0.0**	11.5	0.0	11.5	0.0	0.0
Expected return on existing business	**4.9**	**14.4**	**(9.3)**	**(0.2)**	**0.0**	5.9	22.8	(16.7)	(0.2)	0.0
Experience variances	**(3.0)**	**(6.3)**	**3.3**	**0.0**	**0.0**	(4.1)	(5.9)	2.0	0.0	(0.2)
Operating assumption changes	**(11.3)**	**0.0**	**(11.3)**	**0.0**	**0.0**	(2.1)	0.0	(2.1)	0.0	0.0
Expected return on net worth	**1.7**	**1.7**	**0.0**	**0.0**	**0.0**	2.2	2.2	0.0	0.0	0.0
Model changes	**4.1**	**0.0**	**4.1**	**0.0**	**0.0**	2.1	0.0	2.1	0.0	0.0
EEV operating profit after tax	**14.9**	**9.8**	**5.3**	**(0.2)**	**0.0**	15.5	19.1	(3.2)	(0.2)	(0.2)
Investment return variances	**12.0**	**0.5**	**11.5**	**0.0**	**0.0**	17.6	(1.7)	19.3	0.0	0.0
Economic assumption changes	**1.6**	**0.0**	**1.6**	**0.0**	**0.0**	(5.1)	0.0	(5.1)	0.0	0.0
EEV profit after tax	**28.5**	**10.3**	**18.4**	**(0.2)**	**0.0**	28.0	17.4	11.0	(0.2)	(0.2)

3 EMBEDDED VALUE AT 30 JUNE 2011

3.1 EEV Balance Sheet

Following the payment of dividends totalling £18.5m, the Group's EEV has increased by £10.0m to £257.0m (2010: £247.0m). The EEV balance sheet is presented below.

	2011 £m	2010 £m
Free surplus	**44.5**	51.4
Required capital	**15.3**	16.6
Net worth	**59.8**	68.0
VIF	**203.9**	185.6
Reduction for non-market risk	**(5.8)**	(5.7)
Frictional costs	**(0.9)**	(0.9)
Value of future profits	**197.2**	179.0
EEV	**257.0**	247.0

3.2 Reconciliation of EEV

The following table provides a reconciliation of the opening and closing EEV for each of the components.

	2011					2010				
	EEV	Net worth	VIF	Non-market risk	Frictional costs	EEV	Net worth	VIF	Non-market risk	Frictional costs
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Opening EEV	**247.0**	**68.0**	**185.6**	**(5.7)**	**(0.9)**	236.6	68.2	174.6	(5.5)	(0.7)
EEV profit after tax	**28.5**	**10.3**	**18.3**	**(0.1)**	**(0.0)**	28.0	17.4	11.0	(0.2)	(0.2)
	275.5	**78.3**	**203.9**	**(5.8)**	**(0.9)**	264.6	85.6	185.6	(5.7)	(0.9)
Dividends paid	**(18.5)**	**(18.5)**	**0.0**	**0.0**	**0.0**	(17.6)	(17.6)	0.0	0.0	0.0
Closing EEV	**257.0**	**59.8**	**203.9**	**(5.8)**	**(0.9)**	247.0	68.0	185.6	(5.7)	(0.9)

4 RECONCILIATION OF NET WORTH

The following table provides a link between the EEV net worth and shareholders' equity presented under IFRS.

EEV net worth is the market value of the shareholders' funds, determined on an IFRS basis, adjusted to exclude certain assets such as the deferred origination costs and other debtor assets recognised in the VIF, and certain liabilities such as the deferred income reserve.

At 30 June	2011 £m	2010 £m
Consolidated shareholders' equity	**52.6**	54.6
Adjusted for:		
IFRS deferred origination costs	**(113.1)**	(105.6)
IFRS deferred income reserve	**125.3**	125.9
IFRS debtor recognised in VIF	**(5.0)**	(6.9)
EEV net worth	**59.8**	68.0

IFRS deferred origination costs are accounting assets, which affect the timing of IFRS profit but do not have any economic value. In this reconciliation they are removed so as to avoid any double counting of future margins recognised in the VIF.

IFRS deferred income reserve is an accounting liability that spreads fees on premiums received, for example establishment fees charged to policyholder funds in the period after policy inception. It affects the timing of IFRS profit and does not have any economic value and is removed so as to avoid any double counting of future margins recognised in the VIF.

IFRS debtor relates to future establishment fees and since they are received after the valuation date are recognised in the VIF. They are not included in the EEV net worth.

5 NEW BUSINESS PROFITABILITY

The Group continues to write profitable new business. The following metrics illustrate an indication of the profitability of the Group's new business written in the year.

5.1 New Business Margin

New business margin is defined as New Business Contribution divided by Present Value of New Business Premiums.

The new business margin for the year is 8.3% on a PVNBP basis, an increase of 20% from 6.9% for the year ended 30 June 2010. This increase is primarily due to the change in mix of sales towards higher-margin regular-premium business.

Year ended 30 June	2011 £m	2010 £m
PVNBP	**221.1**	166.3
NBC	**18.5**	11.5
New business margin	**8.3%**	6.9%

NBC and PVNBP have been calculated using the same economic assumptions as those used to determine the EEV as at the start of the year and the same operating assumptions used to determine the EEV as at the end of the year. No credit is taken in the calculation of NBC for returns in excess of risk-free returns. NBC is shown after allowing for the cost of required capital, calculated on the same basis as for in-force business.

5.2 Internal Rate of Return ("IRR")

New business requires initial capital investment to cover set-up costs, commission payments, statutory reserves and solvency capital requirements. IRR is a measure of the post tax shareholder return on this initial capital invested. It is defined as the discount rate at which the present value of expected cash flows over the life of the new business written in the year is equal to the total capital invested to support the writing of that business.

The average IRR on new business written during the year continues to be in excess of 15% per annum.

5.3 Break even Point ("BEP")

BEP indicates how quickly shareholders can expect new business to repay its capital support. In effect, it is defined as the point at which initial capital invested to support the writing of new business in the year (including its share of overhead expenses) is recouped from revenue from that same business. BEP is calculated ignoring the time-value of money.

The average BEP for new business written during the year is 2.3 years, representing an improvement from 2.8 years on new business written in the previous year.

As at 30 June 2011, the value of future profits is £197.2m. Over a quarter of these profits are expected to convert into net worth within 2 years, half within 5 years and three quarters within 9 years. This illustrates a fast conversion of future cash flows to net worth, as required by the Group's pricing methodology. In general, the faster this happens, the more certainty there is that those cash flows will be received at their anticipated levels and hence the more certainty there is about the EEV itself.

6 EEV SENSITIVITY ANALYSIS

Sensitivities provide an indication of the impact of changes in particular assumptions on the EEV at 30 June 2011 and the NBC for the year then ended.

The sensitivity analysis indicates that the Group's exposure to operating factors is limited, largely as a result of product design. A change in the level of expenses is the main operating exposure of the Group. The largest sensitivities for the Group are related to economic factors. In particular, as a result of the diversified portfolio of assets under administration, it is exposed to movements in exchange rates and asset values through the impact on the level of future fund-based management income.

Impact on:	**EEV £m**	**NBC £m**
Central assumptions	**257.0**	**18.5**
Operating sensitivities		
10% increase in expenses	(7.1)	(1.0)
100bp increase in expense inflation	(5.5)	(1.2)
100bp increase in charge inflation	4.9	0.9
100bp increase in expense & charge inflation	(0.5)	(0.3)
10% decrease in lapse rates	3.2	0.4
10% increase in paid-up rates	(1.2)	(0.4)
10% decrease in mortality rates	0.3	0.0
10% increase in partial withdrawals	(2.0)	(0.3)
10% increase in premium reductions	(0.6)	(0.2)
10% increase in premium holidays	(0.5)	(0.1)
10% corporation tax in Isle of Man (currently zero)	(19.5)	(2.1)
Economic sensitivities		
100bp decrease in risk discount rate	11.2	2.1
100bp decrease in investment return rate	(7.9)	(0.9)
100bp decrease in risk discount rate & investment return rate	2.5	1.0
10% decrease in the value of equities and property	(10.3)	0.0
10% increase in US dollar exchange rate against sterling	10.8	1.2
10% increase in euro exchange rate against sterling	4.9	0.5
10% increase in commissions receivable	3.4	0.4
Reduce required capital to minimum requirement	(0.0)	(0.0)

In each sensitivity calculation, all other assumptions remain unchanged, except where indicated. There is a natural correlation between many of the sensitivity scenarios tested, so the impact of two occurring together is likely to be less than the sum of the individual sensitivities. No changes to statutory valuation bases, pricing bases and required capital have been allowed for. No future management action has been modelled in reaction to the changing assumptions. For new business, the sensitivities reflect the impact of a change from inception of the policy.

Notes to the European Embedded Value Information

1 BASIS OF PREPARATION OF EEV

1.1 EEV Principles

The Group's EEV methodology complies fully with the set of EEV Principles published by the CFO Forum in May 2004 and extended in October 2005. It has been calculated using market consistent economic assumptions and best estimate operating assumptions having regard for the Group's own past, current and expected future experience.

1.2 MCEV Principles©

In June 2008, the CFO Forum published the European Insurance CFO Forum Market Consistent Embedded Value Principles (MCEV Principles) (Copyright© Stichting CFO Forum Foundation 2008) with a view to bringing greater consistency and improved disclosure to the European insurance industry's embedded value disclosures. In April 2011, the CFO Forum withdrew the intention that the MCEV are the only recognised format of embedded value reporting from 31 December 2011. The withdrawal reflects the ongoing development of insurance reporting under Solvency II and IFRS. The CFO Forum remains committed to the value in supplementary information, including embedded value.

That said, the Group's EEV is already calculated on a market-consistent bottom-up basis using interest swap rates to determine the risk discount rate. Therefore, adoption of the MCEV Principles as currently proposed is not expected to have a material financial impact on the embedded value results, although it will necessitate formatting and disclosure changes.

1.3 Covered business

EEV covers the entire business of the Group, including its life assurance companies and subsidiaries providing administration, distribution and other services. It excludes the value of any future new business that the Group may write after the valuation date. All results are calculated net of corporation tax. The Group does not have any debt or financial reinsurance arrangements in place at the valuation date.

1.4 New business premiums

The following premiums are included in the calculation of the NBC, PVNBP, IRR and BEP:

- Premiums arising from the sale of new policies during the period, including:
  - Contractual premiums;
  - Non-contractual recurrent single premiums where the level of premium and period of payment is pre-defined and reasonably predictable.
- Non-contractual top-up premiums received during the period on existing single premium policies.

1.5 Timing of cash flows

The EEV has been calculated using economic and operating assumptions as at the end of the financial year (i.e. the valuation date). The NBC, PVNBP, IRR and BEP have been calculated using economic assumptions as at the start of the year and operating assumptions as at the end of the year.

1.6 Real world returns

No credit is taken in the calculation of EEV, NBC, PVNBP, IRR or BEP for returns in excess of risk-free returns. This approach may differ, particularly with regards to the calculation of IRR and BEP, from that used by some of our competitors, who include an asset risk premium.

2 METHODOLOGY

2.1 Overview

The methodology used to derive the EEV results at the valuation date is consistent with the EEV methodology used in relation to the consolidated financial statements for the year ended 30 June 2010. Under EEV methodology, profit is recognised as margins are released from policy related balances over the lifetime of each policy within the Group's in-force covered business. The total profit recognised over the lifetime of a policy under EEV methodology is the same as reported under IFRS, but the timing of recognition is different.

Notes to the European Embedded Value Information continued

2.2 Embedded value

Embedded value is a measure of the value of the shareholders' interest in the life and related businesses of the Group, represented by the total of the net worth of the Group and the value of in-force covered business written by the Group as at the relevant valuation date. The embedded value is calculated on the Group's entire in-force covered business and is shown net of corporation tax. It ignores the value of any future new business.

2.3 Net worth

Net worth is the market value of the shareholders' funds, determined on an IFRS basis, adjusted to exclude certain assets such as the deferred origination costs and liabilities such as the deferred income reserve, and to add back any non-admissible assets. The net worth consists of required capital and free surplus.

2.3.1 Required capital

Required capital is the market value of assets, attributed to the covered business over and above that required to back liabilities for covered business, whose distribution to shareholders is restricted. It comprises the prudential liabilities of the Group's two life assurance companies calculated on a statutory valuation basis plus the regulatory solvency margin, plus an internal margin held in excess of these statutory requirements.

2.3.2 Free surplus

Free surplus is the market value of assets allocated to, but not required to support, the in-force covered business at the valuation date. In effect, it is the excess of net worth over required capital.

2.4 Present value of future profits

The present value of future profits is calculated as:

- value of in-force covered business (VIF);
- less frictional cost of required capital and;
- less a reduction for non-market risk.

2.4.1 Value of in-force covered business (VIF)

The VIF is determined by calculating, on a best estimate basis, the stream of future shareholder cash flows expected to arise from assets backing the liabilities of the covered business, and then calculating the present value of the cash flows using an appropriate risk discount rate. Future shareholder cash flows are deemed to arise when they are released from policyholder funds, following an actuarial valuation by the appointed actuary. The VIF is calculated on a 'look through' basis whereby it includes all net cash flows arising from the products supported by the subsidiary companies providing administration, distribution and other services.

2.4.2 Frictional cost of required capital

Though the present value of future profits assumes that in future years any capital in excess of the Group's capital requirements is transferred to shareholders, some assets are not immediately transferable, as they are needed to satisfy regulatory capital requirements and provide working capital. An allowance is made for the frictional cost of required capital in order to reflect that there is a cost to shareholders of delaying the distribution of such assets, for example, taxation on interest on required capital. This cost is explicitly deducted from the VIF and NBC in the calculation of the present value of future profits.

2.4.3 Non-market risk

Allowance is made for the cost of non-market risks not already covered in the VIF. The main risks covered are mortality, persistency, expense and other operating risks. In choosing best estimate assumptions, directors have already made some allowance for risk. However, best estimate assumptions may fail to represent the full impact on shareholder value where adverse experience has a higher impact on shareholder value than favourable experience.

2.5 Cost of financial options and guarantees

The Group's business does not include any policies with material options and/or guarantees regarding investment performance and, hence, unlike the situation faced by many other life assurers, the Group's cost of financial options and guarantees is zero.

3 OPERATING ASSUMPTIONS

The EEV was calculated using best estimate operating assumptions (e.g. expenses, mortality, lapses, premium persistency, partial withdrawals and policyholder activity) having regard for the Group's own past, current and expected future experience, together with other relevant data.

The Group's in-force covered business is unit-linked in nature, and consists mainly of investment-type products with minimal life cover and no options or guarantees. The three main product groups are regular premium, single premium and recurrent single premium. Variations in experience between the product classes have been considered and, where appropriate, separate assumptions have been used.

All assumptions were based on the business being part of a going concern.

3.1 Expense assumptions

A realistic estimate of the Group's future expenses is allowed for in the EEV calculations, based on actual recent expense levels and the directors' estimate of realistic future expense levels.

Some costs incurred by the Group, for example those associated with managing policyholder funds and costs charged by external fund managers, are charged directly against policyholder funds. These costs in turn reduce the net rate of growth assumed for the relevant policyholder funds rather than being reflected in the future per policy expense levels.

Overhead expenses have been allocated between new business, existing business and development projects in an appropriate way that is consistent with past allocations, current business plans and future expectations. Holding company and subsidiary company expenses, including overhead expenses, have been allocated to the expense assumptions on a 'look through' basis.

The allocation of expenses between acquisition and maintenance is consistent with the allocation used to derive the pricing and reserving bases.

Development costs to enable future new business have been allocated to new business and are fully reflected in the calculation of the NBC. Other non-recurring development costs and any other expenditure of an exceptional nature are generally charged as incurred, and hence will be reflected as a profit or loss in the year. Such costs amounted to £1.8m in the year ended 30 June 2011 (2010: £1.5m).

Expected future productivity gains have not been included in the expense assumptions.

There has been no change from the previous year to the Group's methodology for allocating expenses between different types of cost. There was a change in the methodology used to derive the expense assumptions to separately reflect the expenses of the Group's life assurance subsidiaries.

3.2 Demographic assumptions

Assumptions for future rates of mortality, lapses, partial withdrawals, policies being made paid-up, premium reductions and premium holidays have been derived from investigations of the Group's own recent experience and having regard for expected future experience and relevant market data. Separate assumptions have been set for each product class, where appropriate.

3.3 Taxation

After considering current and expected future tax legislation, regulation and the Company's own tax position, the tax rate assumptions have remained unaltered as follows:

Corporation tax rates	**2011**	2010
Isle of Man	**0%**	0%
Republic of Ireland	**12.5%**	12.5%

3.4 Non-market risk

The directors have established an allowance of £5.8m (2010: £5.7m) to account for the cost of non-market risks. This amount is equivalent to an increase of 0.6% (2010: 0.6%) per annum in the risk discount rate assumption at the valuation date. It has been assessed after considering past experience, the operational characteristics of the business and market information. The suitability of this allowance is continually kept under review.

3.5 Other operating assumptions

Assumptions for the rate of policyholder activity, such as fund switching, have been derived from investigations of the Group's own recent experience and having regard for expected future experience.

4 ECONOMIC ASSUMPTIONS

The principal economic assumptions used in the EEV calculations are actively reviewed at each valuation date and are internally consistent.

4.1 Risk-free rate

In line with EEV Principles, the risk-free rate is based on the bid swap yield curve appropriate to the currency of the cash flows. This risk-free rate is then used to derive the risk discount rate and investment return assumptions.

There are difficulties in valuing each individual cash flow with a different risk-free rate. So for practical reasons a single equivalent risk-free rate is derived (using the term and currency of individual cash flows) that would produce similar results to those using individual cash flow risk-free rates.

In order to determine the appropriate single equivalent risk-free rate, the weighted-average term of cash flows is derived from all projected cash flows on the in-force book of covered business. This process resulted in an average cash flow term of 6 years at the valuation date. Bid swap yield curves are then collated for each of the major currencies in which the Group's cash flows are denominated, including Sterling, US$ and Euro and a weighted average yield is calculated.

Risk-free rate	**2011**	2010
per annum	**2.7%**	2.5%

4.2 Risk discount rate

The risk discount rate is set equal to the risk-free rate. The EEV calculation uses the risk-free rate applicable at the end of the year (i.e. at the valuation date), while the calculation of NBC, PVNBP, IRR and BEP uses the risk-free rate applicable at the start of the year (i.e. at the previous year-end date).

Risk discount rate	**30 June 2011**	**Year ended 30 June 2011**	30 June 2010	Year ended 30 June 2010
	EEV	**NBC**	EEV	NBC
per annum	**2.7%**	**2.5%**	2.5%	3.3%

4.3 Investment returns

All investments are assumed to provide a return equal to the risk-free rate less external fund manager investment charges and any other investment expenses charged directly against policyholder funds.

4.4 Risk premium

No credit is taken in the calculation of EEV, NBC, PVNBP, IRR or BEP for returns in excess of risk-free returns i.e. a cautious approach is adopted by assuming an asset risk premium of zero.

4.5 Inflation rates

In setting the expense inflation assumption, consideration is given to price and salary inflation rates in both the Isle of Man and the Republic of Ireland, to the risk-free rate described above and to the Group's own expense experience and expectations. For service companies, expense inflation relates to the underlying expenses rather than the fees charged to the life assurance companies.

By design, contractual monetary-charge inflation is broadly matched to expense inflation and in some cases is subject to a minimum level of inflation. This correlation between expense inflation and charge inflation dampens the impact of inflation on the embedded value results.

Inflation assumptions are as follows:

Inflation rates	**2011**	2010
Expense inflation per annum	**5.0%**	5.0%
Charge inflation per annum	**5.0%**	5.0%

4.6 Exchange rates

A proportion of the Group's income and expenditure is contracted in currencies other than sterling, in particular US$ and Euro. In respect of EEV calculations, historic transactions that occurred prior to the valuation date are converted to sterling using the exchange rate applicable on the day the transaction occurred, whilst projected future transactions are converted to sterling using the exchange rate applicable on the valuation date. The principal valuation date exchange rates used are as follows:

Sterling exchange rates £1 equals	**2011**	2010
US Dollar	**$1.61**	$1.52
Euro	**€1.11**	€1.21

Report of the Reviewing Actuaries

The Directors
Hansard Global plc
Harbour Court, Lord Street, Box 192
Douglas, Isle of Man IM99 1QL
21 September 2011

Dear Sirs

Review of the European Embedded Value ("EEV") of Hansard Global plc for the year ended 30 June 2011

Our role

Deloitte MCS Limited has been engaged by Hansard Global plc to act as Reviewing Actuaries in connection with results on an EEV basis published in sections within Hansard Global plc's Results for the year ended 30 June 2011.

Responsibilities

The EEV Information and the methodology and assumptions underlying it is the sole responsibility of the directors of Hansard Global plc. It has been prepared by the directors of Hansard Global plc, and the calculations underlying the EEV Information have been performed by Hansard Global plc.

Our review was conducted in accordance with generally accepted actuarial practices and processes. It comprised a combination of such reasonableness checks, analytical reviews and checks of clerical accuracy as we considered necessary to provide reasonable assurance that the EEV Information has been compiled free of material error.

The EEV Information necessarily makes numerous assumptions with respect to economic conditions, operating conditions, taxes, and other matters, many of which are beyond the Group's control.

Although the assumptions used represent estimates which the directors believe are together reasonable, actual experience in future may vary from that assumed in the preparation of the EEV Information, and any such variations may be material. Deviations from assumed experience are normal and are to be expected.

The EEV does not purport to be a market valuation of the Group and should not be interpreted in that manner since it does not encompass all of the many factors that may bear upon a market value. For example, it makes no allowance for the value of future new business.

Opinion

In our opinion, on the basis of our review:

- the methodology and assumptions used to prepare the EEV Information comply in all material respects with the European Embedded Values Principles set out by the CFO Forum in May 2004, and additional guidance released in October 2005 (the "CFO Forum Principles"); and
- the EEV Information has been compiled on the basis of the methodology and assumptions and complies in all material respects with the CFO Forum Principles.

Reliances and limitations

We have relied on data and information, including the value of net assets, management accounting data and solvency information supplied to us by the Group. Further, we have relied on the terms of the contracts, as they have been reported to us, being enforceable.

We have relied on the reported mathematical reserves, the adequacy of those reserves, and of the methods and assumptions used to determine them. We have assumed that all provisions made in the audited financial statements for any other liabilities (whether actual, contingent or potential) of whatever nature, are appropriate.

We have also relied on information relating to the current and historical operating experience of the Group's life insurance business, including the results of experience investigations relating to policy persistency, and expense analysis. In forming our opinion, we have considered the assumptions used in the EEV Information in the context of the reported results of those investigations although we have not attempted to predict the impact of potential future changes in competitive forces on the assumptions.

Yours faithfully

Deloitte MCS Limited

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Member of Deloitte Touche Tohmatsu Limited

Glossary

Account Executives (AEs)

Individuals employed by the Group to develop markets and support IFAs.

Annualised premium equivalent (APE)

An industry measure of insurance new business sales. It is calculated as the sum of regular premiums and 10% of single premiums.

Assets under administration (AUA)

A measure of the total assets that the Group administers on behalf of policyholders, who have selected an external third party investment manager.

Assumptions

Variables applied to data used to project expected outcomes.

Board

The board of Directors of the Company.

Cash payback on new business

Cash payback on new business is the time at which the value of the expected cash flows, after tax, is sufficient to have recouped the capital invested to support the writing of the business. The cash flows are calculated on the same assumptions and expense basis as those used for the contribution from new business.

CFO Forum

A high-level discussion group formed and attended by the Chief Financial Officers of major European listed, and some non-listed, insurance companies.

Company

Hansard Global plc.

Compensation Credit (CC)

The Group's prime indicator of calculating new business production. This indicates the relative value of each piece of new business and is used, therefore, in the calculation of commission payable.

Corporate Governance Code

The UK Corporate Governance Code sets out guidance in the form of principles and provisions on how companies should be directed and controlled to follow good governance practice. The Financial Services Authority (FSA) requires companies listed in the UK to disclose how they have applied principles of the Code and whether they have complied with its provisions throughout the accounting year. Where the provisions have not been complied with, companies must provide an explanation for this.

Covered business

The business covered by the EEV methodology. This includes all contracts issued by the Group's insurance company subsidiaries. Additional information may be found in the EEV methodology within the EEV supplementary information.

Deferred origination costs (DOC)

The method of accounting whereby origination costs of long-term business are deferred in the balance sheet as an asset and amortised over the life of those contracts. This leads to a smoothed recognition of up front expenses instead of the full cost in the year of sale.

Deferred income reserve (DIR)

The method of accounting whereby front end fees that relate to services to be provided in future periods are deferred in the balance sheet as a liability and amortised over the life of those contracts. This leads to a smoothed recognition of up front income instead of the full income in the year of sale.

Development costs

Costs that are considered to be non-recurring and are reported separately from other expenses in the EEV movement analysis.

Director

A director of the Company.

Discounting

The reduction to present value at a given date of a future cash transaction at an assumed rate, using a discount factor reflecting the time value of money. The choice of a discount rate will usually greatly influence the value of insurance provisions, and may give indications on the conservatism of provisioning methods.

Earnings per share (EPS)

EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, for example share awards and share options awarded to employees.

Economic assumptions

Assumptions in relation to future interest rates, investment returns, inflation and tax. These assumptions, and variances in relation to these assumptions, are treated as non-operating profits/(losses) under EEV.

Enterprise-wide risk management (ERM) programme.

The programme implemented by the Group to allow identification, monitoring and management of risks.

European Embedded Value (EEV)

The value to equity shareholders of the net assets plus the expected future profits on in-force business from a life assurance business. Prepared in accordance with the EEV Principles and Guidance issued in May 2004 by the CFO Forum and the Additional Guidance issued in October 2005. EEV reports the value of business in-force based on a set of best estimate assumptions, allowing for the impact of uncertainty inherent in future assumptions, the costs of holding required capital, the value of free surplus and TVOG.

Glossary continued

EEV operating profit

Covered business EEV operating profit represents profit generated from new business sales and the in-force book of business, based on closing non-economic and opening economic assumptions. Covered business is defined above.

Expected return on EEV

Anticipated results based on applying opening assumptions to the opening EEV.

Experience variances

Current period differences between the actual experience incurred over the period and the assumptions used in the calculation of the embedded value, excluding new business non-economic experience variances which are captured in new business contribution.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (FATCA) is a new US law aimed at foreign financial institutions (FFIs) and other financial intermediaries to prevent tax evasion by US citizens and residents through use of offshore accounts. The FATCA provisions were included in the HIRE Act, which was signed into US law on 18 March 2010.

Free surplus

The amount of capital and any surplus allocated to, but not required to support, the in-force business covered by the EEV.

Frictional costs

The additional taxation and investment costs incurred by shareholders through investing the Required Capital in the Company rather than directly.

Group

Hansard Global plc and its subsidiaries

Growth investment spend

Costs we incur investing in the future of our business, including technology to support our growth.

Independent Financial Advisors (IFAs)

A person or organisation authorised to give advice on financial matters and to sell the products of financial service providers. Outside the UK IFAs may be referred to by other names.

In-force

Long-term business which has been written before the period end and which has not terminated before the period end.

Internal rate of return (IRR)

A measure of rate of return on an investment and so an indicator of capital efficiency. The IRR is equivalent to the discount rate at which the present value of the after-tax cash flows expected to be earned over the lifetime of new business written is equal to the capital invested to support the writing of the business.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (IASB). The Group's consolidated financial statements are required to be prepared in accordance with IFRS as adopted by the European Union.

IFRS equity per share

Total IFRS equity divided by the diluted number of issued shares at the end of the period.

Key performance indicators (KPI)

This is a measure by reference to which the development, performance or position of the business can be measured effectively.

Maintenance expenses

Expenses related to the servicing of the in-force book of business (including investment and termination expenses and a share of overheads).

Net worth

The market value of shareholders' funds, determined on a statutory solvency basis and adjusted to add back any non-admissible assets per regulatory returns.

New business contribution (NBC)

The expected present value of all future cash flows attributable to the equity holder from new business, as included within EEV operating profit. NBC is calculated using economic assumptions set at the start of each quarter and the same operating assumptions as those used to determine the embedded values at the end of the reporting period and is stated after the effect of any frictional costs. Unless otherwise stated, it is also quoted net of tax.

New business strain (NBS)

Costs involved in acquiring new business (such as commission payments to intermediaries, expenses, reserves) affecting the insurance company's financial position at that point and where all of the income from that new business (including premiums and investment income) has not yet been received and will not be received until a point in the future. To begin with, therefore, a strain may be created where cash outflows exceed inflows.

Non-economic assumptions

Assumptions in relation to future levels of mortality, morbidity, persistency and expenses. These assumptions, and variances in relation to these assumptions, are included as operating profits/(losses) under EEV.

Origination costs

Expenses related to the procurement and processing of new business written including a share of overheads. Sometimes known as acquisition costs.

Present value of in-force business (PVIF)

The present value of the projected future distributable profits after tax attributable to equity holders from the covered business inforce at the valuation date, adjusted where appropriate, to take account of TVOG.

Present value of new business premiums (PVNBP)

The industry measure of insurance new business sales under the EEV methodology. It is calculated as 100% of single premiums plus the expected present value of new regular premiums.

PVNBP margin

PVNBP margin is NBC expressed as a percentage of PVNBP. This measures whether new business written is adding value or eroding value.

Regular premium

A regular premium contract (as opposed to a single premium contract), is one where the policyholder agrees at inception to make regular payments throughout the term of the contract.

Required capital

The amount of assets, over and above the value placed on liabilities in respect of covered business, whose distribution to equity holders is restricted.

Return on EEV (RoEV)

The annualised post-tax operating profit on an EEV basis expressed as a percentage of the opening embedded value, adjusted for dividends paid to equity holders.

Single premium

A single premium contract (as opposed to a regular premium contract (see above)), involves the payment of one premium at inception with no obligation for the policyholder to make subsequent additional payments.

Total shareholder return

This is a measure of the overall return to shareholders and includes the movement in the share price and any dividends paid and reinvested.

Unit linked policy

A policy where the benefits are determined by reference to the investment performance of a specified pool of assets referred to as the unit linked fund.

Value of new business

Is calculated using economic assumptions set at the start of each quarter and the same operating assumptions as those used to determine the embedded values at the end of the reporting period and is stated after the effect of any frictional costs. Unless otherwise stated, it is also quoted net of tax and minority interests.

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Financial calendar

For the financial year ending 30 June 2012

Ex-dividend date for final dividend	28 September 2011
Record date for final dividend	30 September 2011
Publication of first interim management statement	10 November 2011
Annual General Meeting	16 November 2011
Payment date for final dividend	18 November 2011
Announcement of 2nd quarter new business results	31 January 2012
Publication of half-yearly results	23 February 2012
Declaration of interim dividend	23 February 2012
Ex-dividend date for interim dividend	29 February 2012
Record date for interim dividend	2 March 2012
Payment of interim dividend	29 March 2012
Publication of second interim management statement	8 May 2012
Announcement of 4th quarter new business results	31 July 2012
Announcement of full year results	27 September 2012
Ex-dividend date for final dividend	3 October 2012
Record date for final dividend	5 October 2012
Annual General Meeting	14 November 2012
Payment date for final dividend	19 November 2012

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