CPPGroup Plc

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 FEBRUARY 2011

COMPANY REGISTRATION NUMBER 07151159

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PROFIT AND LOSS ACCOUNT

	Note	Unaudited Two months ended 28 February 2011 £'000
CONTINUING OPERATIONS		
Legacy scheme share based payments		(235)
Other administrative expenses		(934)
TOTAL ADMINISTRATIVE EXPENSES		(1,169)
OPERATING LOSS BEFORE LEGACY SCHEME SHARE BASED PAYMENTS		(934)
OPERATING LOSS		(1,169)
Income from fixed asset investments	3	5,000
Interest payable		(34)
Interest receivable		168
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,965
Taxation on profit on ordinary activities		286
PROFIT FOR THE PERIOD		4,251

There have been no recognised gains or losses during the period other than those stated above and therefore a separate statement of total recognised gains and losses has not been presented

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BALANCE SHEET

	Note	Unaudited 28 February 2011 £'000
FIXED ASSETS		
Tangible fixed assets		5
Investment in subsidiaries		15,321
		15,326
CURRENT ASSETS		
Debtors	5	43,210
Cash and cash equivalents		15,779
		58,989
CREDITORS amounts falling due within one year	6	(10,491)
NET CURRENT ASSETS		48,498
Total assets less current liabilities		63,824
Provisions	7	(1,770)
NET ASSETS		62,054
CAPITAL AND RESERVES		
Called up share capital	8	17,030
Share premium account	9	32,385
Share based payment reserve	9	3,526
Profit and loss reserve	9	9,113
EQUITY SHAREHOLDERS' FUNDS		62,054

These interim financial statements have been prepared in accordance with Sections 836 and 838 of the Companies Act 2006 to enable the Company to pay a proposed dividend to its shareholders They do not represent the Company's individual annual financial statements, as defined in Section 394 of the Companies Act 2006

Approved by the Board of Directors and authorised for issue on 11th April 2011 and signed on its behalf by

S Parker, Director

COMPANY REGISTRATION NUMBER 07151159

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

CPPGroup Plc ('the Company') is a company incorporated in England and Wales under the Companies Act 2006 and is domiciled in the United Kingdom Its registered office is Holgate Park, York, YO26 4GA The Company's principal activity during the period was as the holding company for the CPP group of companies ("the Group"), which provides life assistance products

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The directors have chosen to present financial information for the Company, including these interim financial statements, under the historical cost basis in accordance with applicable law and accounting standards generally accepted in the United Kingdom ("UK GAAP")

These interim financial statements present the results of the Company for the two month period ended 28 February 2011 They have been prepared in accordance with Sections 836 and 838 of the Companies Act 2006 to enable the Company to pay a dividend to its shareholders They do not represent the Company's individual annual financial statements, as defined in Section 394 of the Companies Act 2006

The interim financial statements present only the information required to determine the reserves available for distribution at 28 February 2011 Certain information which would be required in the Company's individual annual accounts has not been presented including information for the comparative period and certain note disclosures

Going Concern

The Board of Directors have, at the time of approving the interim financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the interim financial statements

Dividend income

Dividend income from investments is recognised when the Company's right to receive payment has been established

Share based payments

Prior to the Company's shares being admitted to the London Stock Exchange on 24 March 2010, the Group issued share options to certain of the Group's employees through the Executive Share Option Plan ("ESOP") Costs in relation to the ESOP are presented within legacy scheme share based payments in the profit and loss account Subsequent to or conditional on its admission the Company has issued share options to certain of the Group's employees under the Long Term Incentive Plan, the Restricted Stock Plan and the ShareSAVE Plan

Share options are treated as equity settled if the Company has the ability to determine whether to settle exercises in cash or by the issue of shares Share options are measured at fair value at the date of grant, based on the Company's estimate of shares that will eventually vest, and adjusted for the effect of non market based vesting conditions each period The fair value of equity settled share based payments is charged to the profit and loss account on a straight line basis over the vesting period, with a corresponding increase in reserves, subject to adjustment for forfeited options

Share options are treated as cash settled if the terms of the scheme require or the directors intend to settle share options with a cash payment Cash settled options are measured at fair value at date of grant and then subsequently revalued at each period end For cash settled share based payments, a liability is recognised for a proportion, based on the vesting period, of the fair value as calculated at the balance sheet date Movements in the provision are charged to the profit and loss account

The fair value of the options is measured by use of the Black Scholes and Monte Carlo Simulation option pricing models

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension costs

Pension costs represent contributions made by the Company to defined contribution pension schemes These are expensed as incurred

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Investment in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment As permitted by Section 615 of the Companies Act 2006, shares issued as consideration for acquisition of a subsidiary already under common control are deemed to have been issued at their par value

Cash at bank and in hand

Cash at bank and in hand comprises cash in hand and bank deposits with a term from inception of three months or less, less bank overdrafts where there is a right to offset Bank overdrafts are presented as current liabilities to the extent that there is no right to offset with cash balances in the same currency

Financial Assets

Financial assets of the Company are classified according to the nature and purpose of the financial assets which is determined at the time of initial recognition All of the financial assets held by the Company are classified as "loans and receivables"

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into All financial liabilities of the Company are classified as "other financial liabilities"

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

3 INCOME FROM FIXED ASSET INVESTMENTS

	Unaudited Two months ended 28 February 2011 £'000
Dividends from Group entities	5,000

4 DIVIDENDS

After 28 February 2011, the Directors have proposed a final dividend of 5 12 pence per share, which has not been accrued as a liability as at 28 February 2011 Subject to approval by shareholders at the AGM this dividend will be paid on 25 May 2011 with an ex-dividend date of 13 April 2011 and a record date of 15 April 2011

5 DEBTORS

	Unaudited 28 February 2011 £'000
Amounts due from Group entities	42,111
Prepayments	53
Deferred tax asset	986
Other debtors	12
Other taxation and social security	48
	43,210

Amounts receivable from Group entities are unsecured, have no fixed date of repayment and bear interest at LIBOR plus a variable margin

6 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Unaudited 28 February 2011 £'000
Trade creditors	271
Amounts payable to Group entities	9,095
Accruals	1 125
	10 491

Amounts payable to Group companies are unsecured, have no fixed date of repayment and incur interest at a rate of LIBOR plus a variable margin

7 PROVISIONS

	Unaudited Cash settled share based payments £'000
At 1 January 2011	1,719
Charged to the profit and loss account	51
At 28 February 2011	1,770

Cash settled share based payments represent loan notes issued by employees of Group entities, the terms of which specified that a discount payable by the Group on redemption may vary according to the Company's share price at the time of redemption

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

8 SHARE CAPITAL

	Unaudited Number (Thousands)	Unaudited £'000
Issued		
At 1 January 2011	170,616	17,024
Issued during the period	60	6
At 28 February 2011	170,676	17,030

During the period the Company issued 59,768 ordinary shares for cash consideration of £102,000 to option holders under its share option schemes

Of the 170,675,733 ordinary shares issued at 28 February 2011, 170,175,734 are fully paid and 499,999 are partly paid

9 RESERVES

	Unaudited Share premium account £'000	Unaudited Share based payment reserve £'000	Unaudited Profit and loss reserve £'000	Unaudited Total £'000
At 1 January 2011	32,301	2,973	4,862	40,136
Profit for the period	-	-	4,251	4,251
Equity setted share based payment charge	-	553	-	553
Exercise of share options	96	-	-	96
Other share issues	(12)	-	-	(12)
At 28 February 2011	32,385	3,526	9,113	45,024

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Unaudited £'000
Profit for the period	4,251
Equity setted share based payment charge	553
Exercise of share options	102
Other share issues	(12)
Movement in shareholders' funds	4,894
Shareholders' funds at 1 January 2011	57,160
Shareholders' funds at 28 February 2011	62,054