Hansard Global plc

Specialist long-term savings for the affluent international investor

Annual Report & Accounts 2007

Hansard Global plc is a specialist long-term savings provider based in the Isle of Man and the Republic of Ireland. It offers a range of flexible, tax-efficient investment products within a life assurance policy wrapper, developed to appeal to affluent international investors.

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Financial Highlights

Profit after tax for the year was £19.7m, an increase of 11.3% over the previous year (2006: £17.7m)

EEV operating profit for the year was £38.0m, an increase of 20.3% (2006: £31.6m)

EEV operating profit per share was 27.7p, an increase of 20.4% (2006: 23.0p)

EEV of the Group at 30 June 2007 has risen to £218.0m, an increase of 22.1% (30 June 2006: £178.6m)

Assets under administration at 30 June 2007 were £1,130.4m, an increase of 19.3% (30 June 2006: £947.3m)

Operational Highlights

Listed on the main market of the London Stock Exchange on 18 December 2006

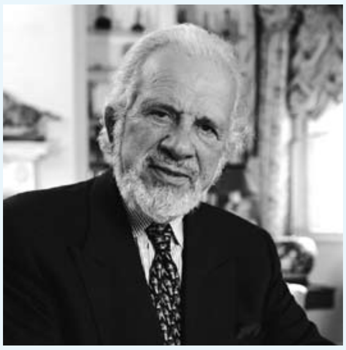
Stable new business margins of 8.3% (2006: 8.0%)

Efficient ongoing operational platform

New business activities providing growth

Chairman's Statement

Listing brings new opportunities



"An exceptional year in the history of the Group."

I am pleased to present the Annual Report of Hansard Global plc for the financial year ended 30 June 2007. This has been an exceptional year in the history of the Group for a number of reasons:

- the Company was listed on the main market of the London Stock Exchange on 18 December 2006;
- the Group achieved a record profit;
- new business results for the year maintained the levels of the prior year, which were themselves at record levels; and
- assets under administration exceeded £1bn.

This is the Company's first Annual Report as a listed company. It incorporates five and a half months as a privately held company and the remainder as a public company. In the period since listing we have experienced significant changes in our reporting requirements and in the Group's Corporate Governance frameworks. We have taken the opportunity of providing within this Annual Report a number of sections dealing with how we operate in this new environment.

Financial performance

The financial results have been presented in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"). Additionally, certain information relating to embedded value is presented using the European Embedded Value ("EEV") methodology. The EEV Information, read in conjunction with the other financial information produced by the Group, provides an insight into the financial performance of the Group, year on year.

I am pleased to report that the strong performance in profits and new business achieved over the last two years has continued in this financial year. The UK GAAP profit after tax for the year was £19.7m (US$40m), an increase of 11.3% over the profit of £17.7m earned in the previous financial year. Earnings per share are 14.4p (28.9 cents), compared with 12.9p.

EEV profit after tax was £44.9m (US$90.2m) (2006: £36.1m) being a return of 25.1% on the opening EEV. This return is consistent with the prior year. The EEV of the Group has risen to £218.0m (US$436m), an increase of 22.1% from the value at 30 June 2006.

New business

Continued strong new business flows were received particularly from Europe, the Far East, Scandinavia and Latin America. Initiatives to develop intermediary relationships in each of those areas were successful and we are confident that further growth in those markets is achievable. Our new business margins remain well above industry average, principally due to the Group's efficient operating model and our undeviating focus on value and the maintenance of margins.

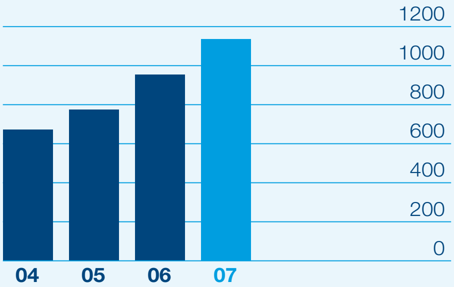
New business flows have contributed to the value of the Group policyholders' funds at 30 June 2007 increasing to £1,130m ($2,270m), an increase of 19.3% since 30 June 2006. The Group's focus on creating market development opportunities for Hansard Europe Limited continues to bear fruit. The value of policyholder funds administered by that company increased by over £100m ($200m) during the year.

Corporate Governance

The Group is committed to maintaining a strong Corporate Governance environment. During the year the Group established an Audit Committee, a Nominations Committee and a Remuneration Committee of the Board. Details of the Committees established to assist the Board in discharging its responsibilities, and reports in relation to their activities, are contained elsewhere in this Annual Report.

“The Group’s objective is to grow by attracting new business and positioning itself to adapt rapidly to market trends and conditions”

Assets under administration (£m)



In preparation for the listing, there were a number of changes in the composition of the Board. Four non-executive directors (Bernard Asher, Maurice Dyson, Uwe Eymer and Harvey Krueger) joined the Board prior to the listing to bring their considerable expertise and to enable the Company to comply with good Corporate Governance practice.

Significant shareholdings
At the date of this report I have the largest beneficial shareholding in the Company, as a result of my direct holdings and my holdings in Polar Cap Limited (“Polar Cap”). Polar Cap was the holding company of the Group at the time of listing and is currently the registered holder of 28.8% of the Company’s issued share capital. Polar Cap intends to complete the reorganisation referred to in our prospectus by 31 December 2007. As a result of that reorganisation, I will hold a direct interest of 43.2% in the Company. The reorganisation will not affect the number of the Company’s shares in issue.

We are very pleased with the range and quality of institutional shareholders that we now have. Details of other significant shareholdings are contained within the Directors’ Report.

Dividends
On 4 May 2007 the Company paid an interim dividend of 4p per share. The Board intends to pay dividends approximating to 70% of UK GAAP earnings for each financial year.

Employees
The listing of the Company, coupled with continued growth in profits and new business, could not have been achieved without the on-going commitment and dedication of our employees. The progress that we have made, despite the disruption to business activities caused by the listing process, is a reflection of their skill and enthusiasm. On behalf of the Board and shareholders I thank them all.

Strategy and outlook
The Group’s objective is to grow by attracting new business and positioning itself to adapt rapidly to market trends and conditions. In particular we see that institutional relationships present greater opportunities following the listing. The scaleability and flexibility of the Group’s operations allow us to enter and develop new geographic markets and exploit growth opportunities within our existing markets, without the need for significant further investment.

The long-term trends in our chosen markets will allow intermediaries with whom we work to capitalise on these opportunities. Whilst short-term fluctuations in market levels may temporarily disturb growth patterns, we remain positive about the Group’s growth prospects.

Dr Leonard Polonsky
26 September 2007

Business Review
Key Strengths

Scaleable and flexible Group operations

Business
The Group is a specialist long-term savings provider based in the Isle of Man (since 1986) and in the Republic of Ireland (since 1995). It offers a range of flexible, tax-efficient investment products within a life assurance policy wrapper, developed to appeal to affluent international investors.

The Group has designed its products, distribution methods and cost base with a view to reducing operational and financial risks. The Group's products are distributed, utilising its low-cost distribution model, exclusively through financial services intermediaries, independent financial advisers or the retail operations of financial institutions (together, ''Intermediaries''), supported by its award winning, multi-language internet platform, Hansard OnLine. The Group has established a network of Account Executives providing local language and other support services to Intermediaries in a number of areas around the world.

The Company's principal office is in Douglas, Isle of Man, and its regulated life assurance subsidiaries operate out of the Isle of Man, and Dublin, Republic of Ireland. Its location on the Isle of Man allows the Group freedom to flourish within a highly-regarded regulatory framework, with a zero rate of corporation tax, and with access to an educated workforce and a robust telecommunications infrastructure. The Policyholder Protection legislation enacted by the Isle of Man Government provides security of up to 90% of the liability to policyholders. Our operations in Dublin allow the Group's products access to the European Union marketplace under the "freedom of services" provisions of the EU Life Directives.

Dividend policy
The directors intend that the Company will pay dividends of 70% of the Group's profit after tax for each financial year. The directors intend that interim dividends, representing 40% of the total dividend expected to be paid in respect of a financial year, will be paid in May, with a final dividend in respect of that year to be paid in November after the financial year end.

Key Strengths

The Group's Products

The directors believe that the Group's products are attractive to affluent international investors and other individuals and institutions. By enabling access to a wide range of underlying funds, the Group is able to offer the benefit of economies of scale to Intermediaries and their clients, who might not otherwise be able to secure access to such a wide range of investment opportunities in such a convenient and flexible format.

The Group's products generally do not include options or guarantees that are not fully priced within the products themselves. All policyholder investment choices are closely matched. The margins on, and the capital efficiency of, the Group's products mean the Group's operations are both profitable and cash generative.

24/7

access to real-time information, 365 days a year, with the Group's internet platform

Hansard OnLine

The Group's internet platform, Hansard OnLine, is pivotal to the success of the Group's business. It allows Intermediaries 24/7/365 access to real-time information relating to the investments of policyholders whom they have introduced to the Group and provides them with an additional sales and administration tool. Hansard OnLine also reduces the Group's cost base.

Dynamic Workforce

The Group has a dedicated dynamic workforce whose skills have contributed to our success.

The senior management team, collectively, have an aggregate of over 185 years experience in the long-term savings and life assurance industry, including some 120 years service within the Group.

185

years of collective senior management experience in the long-term savings and life assurance industry

Capitalisation

The Group is well capitalised, with capital in excess of 17 times its aggregate minimum solvency requirements as at 30 June 2007. This allows the Group to absorb financial shocks arising from adverse circumstances whilst enabling it to continue to deliver its business strategy and to support its stated dividend policy.

The Group manages its capital to maintain financial strength, to support new business growth, to match the profile of its assets and liabilities, taking account of the risks inherent in the business, and to satisfy the requirements of its policyholders and regulators.

The Group's liquid assets are held with a wide range of deposit institutions and in AAA-rated money market liquidity funds.

The Group is monitoring the impact of "Solvency II" and related guidance to determine the extent of Economic Capital needed to support its activities.

The net asset value per share ("NAV") at 30 June 2007, on a UK GAAP basis, is 37.2p. This represents an increase of 38.3% from the NAV at 30 June 2006. The NAV is based upon the consolidated shareholders' funds at the balance sheet date divided by the number of shares in issue at that date, being 137,281,202 ordinary shares.

On the EEV basis, the NAV at 30 June 2007 is 158.8p. This represents an increase of 22.1% from the NAV at 30 June 2006.

Business Review
Strategy and Key Performance Indicators

Reducing operational and financial risk

The Group has designed its products, distribution methods and cost base with a view to reducing operational and financial risks.

Strategy
The Group continues to operate its existing business model, which is designed to reduce operational and financial risk, and to grow its business through:
- doubling the number of Account Executives by December 2012;
- developing and enhancing Intermediary relationships;
- developing profitable relationships with institutions and other wealth management groups; and
- increasing the functionality of Hansard OnLine to continue to meet the needs of Intermediaries and policyholders.

Key Performance Indicators
The Group has established a range of Key Performance Indicators ("KPIs"), both financial and non-financial, that are designed to ensure that performance against targets and expectations is monitored and variances explained.

Cash
Bank balances and significant movements on balances are reported weekly. The Group's liquid funds at the balance sheet date were £70.8m, an increase of 22.3% from 30 June 2006.

Expenses
The Group maintains rigorous focus on expense levels. The objective is to restrain increases in Administrative expenses to the rates of inflation incurred across the Group.

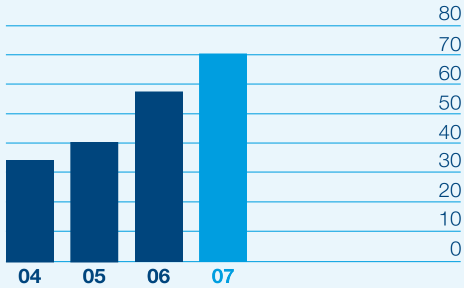
New business
The Group has developed a measure of calculating new business production, called Compensation Credit, which is designed to indicate the relative value of each piece of new business. The Group's objective is to grow new business at a rate of 10%–15% per annum over the medium term on this measure.

Risk profile
The factors impacting on the Group's risk profile are kept under continual review. During the year the Group implemented an Enterprise-wide Risk Management framework.

Business continuity
Maintenance of continual access to data is critical to the Group's operations. At no time during the year was access to data interrupted.

"KPIs are designed to ensure that performance against targets and expectations is monitored and variances explained"

Cash and cash equivalents (£m)



Risks relating to the Group
The Board believes that the principal risks facing the Group are those relating to the operation of the Group's business model and to the environment within which the Group operates. There is in place an ongoing process for managing the significant risks faced by the Company, as included in the Audit Committee Report.

Business model risks
Risks that could adversely affect the Group's business and financial condition arise as a result of the Group's strategy and methods of operation. Principal risks arising may be:

- The Group may not increase the number of its Account Executives or Intermediaries in line with expectations, as a result of competition in the financial intermediary market.
- Changes in policyholder and/or market sentiment may lead to the Group experiencing a significant change in persistency rates.
- The Group's life assurance companies could be found liable to compensate policyholders for losses suffered due to negligent investment advice that they are deemed to have given.
- Loss of reputation or negative publicity arising in those highly regulated markets in which the Group operates.

Regulatory and external environment risks
The regulatory and external environment in which the Group operates is subject to various degrees of risk. Principal risks arising may be:

- Adverse economic, political and market factors, such as a prolonged economic downturn, significant falls in levels of global capital and other markets, and continued weakness of major currencies against sterling.
- The regulatory regimes to which the Group's life assurance companies are subject may change.
- An adverse change in the Company's or the Group life assurance companies' tax residence, effective tax rate or applicable tax legislation.
- A change in the appetite of policyholders, Intermediaries or their clients for risk, or for the Group's product range.
- The Group's ability to continue to deliver effectively and to expand Hansard OnLine is reliant, in part, on the growth and continued functioning of the internet.

Business Review
Financial Performance

Higher returns on sustainable growth

The results for the year reflect positive income streams from contracts under administration.

Results
The financial results summarised below have been presented in accordance with UK GAAP. Additionally, certain information relating to embedded value is presented using the EEV methodology. The Board believes that the EEV Information provides more realistic information on the financial position and performance of the Group than that provided by UK GAAP reporting alone.

Despite the changes caused by the Group's listing on the London Stock Exchange and the consequent disruption to our activities, the results for the year reflect positive income streams from contracts under administration, coupled with continued discipline in expense management and increases in new business production.

Strong positive cashflows being generated from the existing book of business have contributed to substantial returns on EEV, have funded new business production, and the payment of a maiden interim dividend.

The Group's net asset value, assets under administration, and solvency margins continue to increase.

UK GAAP results for the year
The profit for the year is £19.7m, compared with a profit for the prior year of £17.7m. This represents an increase of 11.3%. Earnings per share are 14.4p, an increase of 11.6% over the earnings per share of the prior year.

All the costs of listing the Company were met by its then holding company, Polar Cap. This has had the impact of the Company recovering some £1.47m from its holding company for services rendered in connection with the listing. This amount is included in the income statement for the year. Net of the impact of all amounts received from Polar Cap in the years under review, the Group's underlying profit for the year reflects growth of 4.6% over the profit of the prior year.

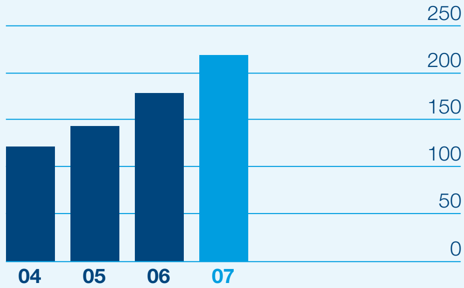
Revenues

Fees and commissions for the year are £49.2m, compared with the prior year of £44.5m. This represents an increase of 10.6%, caused principally by new business flows in the current year and the impact of fees received from contracts that were being administered by the Group at the beginning of the year.

Certain fees and commissions are earned by the Group in foreign currencies. Adverse currency movements throughout the year have restrained the growth in those amounts, when reported in sterling.

The geographical analysis of fees and commissions reflects the growth in revenue attributable to new business issued by Hansard Europe Limited in the Republic of Ireland over the year. This is principally single premium business that has contributed to a growth in assets under administration by Hansard Europe Limited of over £100m or 44% since 30 June 2006.

EEV (£m)



Expenses

New business commissions, together with the directly attributable incremental costs incurred on the issue of a policy by the Group, are included within origination costs in the consolidated income statement. All other costs are reflected within Administrative and other expenses.

A summary of Administrative and other expenses is set out below:

Year ended 30 June	**2007 £m**	2006 £m
Investment management expenses and other fees	**3.2**	2.6
New business related costs	**3.4**	3.5
Administrative expenses	**11.4**	10.2
	18.0	16.3

Investment management expenses and other fees payable by the Group are met from charges deducted from the contracts administered, and do not impact on the profit for the period. The increase over the previous year reflects continued growth in assets subject to investment management arrangements.

New business related costs include all costs of operation of Account Executives, Intermediary incentives and related expenditure.

Administrative expenses for the year include amounts totalling £0.6m for the additional professional fees, insurance and other costs of operating in a listed company environment.

Financial investments

Assets under administration at 30 June 2007, at £1,130.4 million, have risen by 19.3% since 30 June 2006. The main drivers for this increase have been new business single premium flows and movements in capital markets. A significant proportion of new business premiums is denominated in currencies other than sterling (principally in US$ and €) and, as a result, the value of assets under administration is sensitive to movements in exchange rates.

At the balance sheet date approximately 37% of the Group's financial investments were held in dollar-denominated assets; 30% in euro-denominated, and 20% in sterling assets.

Cash flows

Cash flows in the year were strongly positive, allowing the Group to fund its growth in new business from its own resources and providing sufficient funds to meet the maiden interim dividend paid on 4 May 2007. Cash and cash equivalent balances at 30 June 2007 stood at £70.8m, an increase of almost £13m since 30 June 2006.

EEV Information

EEV is an estimate of the value of the shareholders' interest in the life assurance and related businesses of the Group. The methodology used to derive the EEV is consistent with the methodology used in relation to the EEV Information published in the Company's prospectus document.

The EEV profit after tax is a return of 25.1%.

Business Review
Financial Performance

Sustained growth in new business

The Group has achieved sustained growth in new business at margins consistently above those of the Group's competitors.

EEV profit
The EEV profit after tax, being the change in EEV over the year adjusted for dividends, is £44.9m or a return of 25.1% on opening EEV. The return is consistent with the previous year return of 25.3%.

The EEV operating profit remains strong. The EEV operating profit for the year is £38.0m, compared with £31.6m in the previous year. The New Business Contribution ("NBC") for the year is £22.9m (2006: £21.6m).

Changes in assumptions were made to reflect the directors' current expectations about future levels of expenses, mortality, lapses and other operating matters. These operating assumption changes increased the EEV by £9.7m at 30 June 2007 (2006: £0.4m loss).

This is largely driven by changes to reflect improving lapse and mortality experience and greater margins from policyholder activity than previously expected. These positive contributions to EEV are partially offset by allowance for greater than previously expected partial withdrawals and higher than previously assumed expenses (mainly due to the additional costs associated with a listed entity).

During the year, modeling improvements, primarily regarding the modeling of single premium cases with a premium above £1m, reduced the EEV by £3.0m (2006: £nil).

Experience variances arise where the Group's actual experience in areas such as expenses, policy persistency, mortality and fees from policyholder activity differs during the period from the assumptions used to calculate the EEV at the previous year-end. Experience variances gave rise to an EEV loss of £0.8m in the year (2006: £4.0m gain).

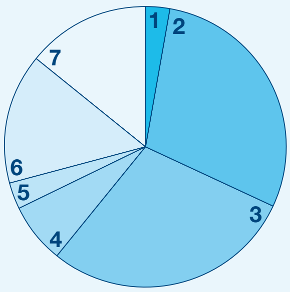
The expected return on Net Worth of £2.1m (2006: £1.2m) reflects the anticipated increase in shareholder assets over the period due to the time value of money.

Investment return variances contributed to a gain of £6.9m in the year (2006: £5.2m gain). The main elements contributing to the variances are as follows:

- Investment performance of policyholder funds and marketing allowances received from external fund managers during the year were higher than expected, contributing to a gain of £12.8m (2006: £6.8m).
- The strengthening of sterling against the US dollar, in particular, during the year resulted in a £6.3m loss (2006: £1.5m loss).

Changes to the yields in fixed interest markets caused the risk discount rate to increase from 4.8% at 30 June 2006 to 5.0% at 30 June 2007, and the projected unit growth rate to increase from 1.93% to 2.15% over the same period. The combined effect of these two opposing changes had little impact on the EEV.

New business analysis by residence



1 Africa 3%
2 Europe 29%
3 Far East 29%
4 Middle East 7%
5 Other 3%
6 Scandinavia 15%
7 South America 14%

In order to better explain the movement in capital flows, the components of EEV profit for the year are shown separately between the movements in Net Worth and the present value of in-force business in section 2 of the EEV Information. This analysis demonstrates the realisation of projected future profits into Net Worth during the year.

EEV balance sheet

The EEV as at 30 June 2007 was £218.0m, representing an increase of 22.1% or £39.4m over the value at 30 June 2006. Throughout the year, new business has been written by the Group at consistently profitable new business margins. These factors have contributed to the growth in the Group's EEV.

The table below provides a summarised breakdown of the EEV at the reporting dates.

	30 June 2007 £m	30 June 2006 £m
Net Worth	**56.5**	43.3
Value of future profits	**161.5**	135.3
EEV	**218.0**	178.6

Net Worth is the market value of shareholders' funds, adjusted to exclude certain assets such as deferred origination costs and liabilities such as deferred income reserve. At the balance sheet date the Net Worth of the Group is represented by liquid cash balances.

New business

The Group has achieved sustained growth in new business at margins consistently above those of the Group's competitors. The growth of new business reported in sterling has been restricted during the year by a combination of adverse currency movements, timing of new single premium business flows, and the Group's desire to maintain those new business margins.

Continued strong new business flows in the year were received particularly from Europe, the Far East, Scandinavia and Latin America. Initiatives to develop Intermediary relationships in each of those areas were successful, and we are confident that further growth in those markets is achievable. New business in Europe was, however, restrained by a combination of regulatory intervention in product design and competitor activity in certain markets. Initiatives to develop the Polish market, so far, have borne limited fruit. We have replaced the country manager with a local Account Executive, who is well known in this market. The Middle East office will be headed by an experienced Account Executive, who will bring to the area increased levels of knowledge and hands-on vigorous activity.

The value of regular new business premiums has represented the driver for growth, with Annualised Premium Equivalent ("APE") increased by £2.1m or 12.6% year-on-year on a constant currency basis.

Business Review
Financial Performance

Profitable new business

New business margin well above industry average.

The core single premium business performed well, but was impacted by unevenness in the timing of issue of cases at the top end of the premium range. In Q4 of this year, reported new business suffered in comparison with a very strong comparative period in which one EU case alone represented £2.0m of APE.

A significant proportion of the Group's new business premiums is denominated in currencies other than sterling. Approximately 50% of new business on an APE basis in the year was received in US dollars (2006: 42%), with new business premium flows in Euros and Norwegian Krone providing 22% (2006: 33%) and 13% (2006: 8%) respectively. The continued growth in APE despite the adverse currency movements throughout the year against sterling shows the benefits of the Group having a well-diversified portfolio of new business as shown on page 11.

At the balance sheet date, the Group employed 15 Account Executives to provide local language and other support services to Intermediaries in Eastern Europe, the Far East, Latin America, Scandinavia, South Africa and Western Europe. We intend to develop local presence further in target areas over the next few years, with a view to doubling the number of Account Executives by December 2012.

Immediately following the end of the financial year we recruited an experienced manager with an impressive track record with a major competitor, to lead our team to build institutional relationships, an area that presents greater opportunities for the Group following the listing.

In the period since 1 July 2007, new business premiums have continued to flow at levels significantly in excess of the results achieved in the comparable period of the previous financial year.

New business volumes

New business sales volumes are reported to the market on two bases: APE and the Present Value of future New Business Premiums ("PVNBP"). The calculation of APE is in accordance with the life assurance industry convention of adding new regular premiums and one-tenth of single premiums. The calculation of PVNBP is equal to total single premium sales in the year plus the discounted value of regular premiums expected to be received over the term of new regular premium policies, and is calculated at the point of sale.

The Group has developed a measure of calculating new business production that is designed to indicate the relative value of each piece of new business. This measure is called Compensation Credit. The application of this model in calculations of origination costs protects the Group's margins. The Board believes that this internal metric is a better representation of new business value than APE or PVNBP.

(i) APE

New business premiums on an APE basis in sterling terms were £35.5m, representing an increase of 5.3% compared with £33.7m for the prior year calculated on a constant currency basis.

8.3%

2007 new business margin (2006: 8.0%)

The continued strengthening of sterling against the US dollar and other major currencies had the effect of depressing new business figures reported in sterling. The presentation of these figures on a constant currency basis provides an appropriate representation of the activities of the Intermediaries who introduce business to the Group. New business APE in the previous year, on the basis of actual exchange rates experienced in that financial year, was £35.2m.

The following tables provide a summarised breakdown of new business APE on a constant currency basis, analysed between single and regular premium cases, and also by residence of policyholder.

Year ended 30 June	**2007 £m**	2006 £m
Annualised regular premiums	**18.8**	16.7
Single premiums	**16.7**	17.0
	35.5	33.7

New business premiums on an APE basis by residence of policyholder

Year ended 30 June	**2007 £m**	2006 £m
EU and EEA	**13.2**	16.3
Rest of world	**22.3**	17.4
	35.5	33.7

(ii) PVNBP
New business premiums on a PVNBP basis were £277.1m compared with £270.2m for the prior year, an increase of 2.6%.

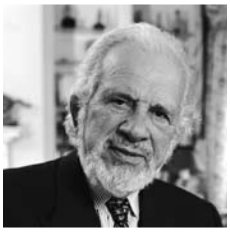
(iii) Compensation Credit
On this internal metric, new business production for the year ended 30 June 2007 was £18.1m (2006: £17.7m).

New business profitability and margin
New business margin is the contribution from new business issued during the year (NBC) expressed as a percentage of PVNBP.

Throughout the year under review new business has been written by the Group on profitable terms and has contributed to significant growth in the Group's EEV. The new business margin, in sterling terms, was 8.3% for the year as compared to 8.0% in the previous year. This margin is well above industry average, principally due to the Group's efficient operating model and its focus on the maintenance of the margin.

Regular premium business is more profitable than single premium business. The change in the mix of new business compared with the previous year had the impact of increasing the Group's new business margin by 0.6%. The combined impact of changes in the level of expenses, mortality and other assumptions has been to reduce the margin by 0.3%.

Directors and Senior Management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02

Board of directors

01 **Dr Leonard Polonsky**
Executive Chairman (Monaco resident)
He 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 following postgraduate studies at Oxford and the Sorbonne.

02 **Robert Hall**
Chief Operating Officer (Isle of Man resident)
He joined the Group in 1995 as Appointed Actuary, becoming the Group's Chief Operating Officer in 1997. Previously he had worked as an independent actuary and management consultant and with American International Group Inc., the Forward Trust Group, E. B. Savory Milln & Co. and Guardian Royal Exchange Assurance Group. He is a Fellow of the Institute of Actuaries in the UK, the Society of Actuaries in the US and the Royal Statistical Society and also a member of the American Academy of Actuaries and the Institute of Actuaries of Japan.

03 **Gordon Marr**
Group Counsel (Isle of Man resident)
He joined the Group in 1988, as Company Solicitor. Previously he had worked with the Sedgwick Group Plc and BUPA. He is a Solicitor of the Supreme Court.

04 **Harvey Krueger**
Non-executive Director (US resident)
He was appointed a non-executive Director on 24 November 2006. He is Vice Chairman Emeritus of Lehman Brothers, Inc.; a director of Bernard Chaus, Inc., Duff & Phelps, LLC, and Delta Galil Industries Ltd., and is also CEO of Stockton Partners Inc. He was Chairman of The Hebrew University of Jerusalem and remains on its Board of Governors. Previously he had been 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.

Senior management

In addition to the executive directors listed above, the current members of the Group's senior management team are set out below.

Joseph Kanarek
Chief Distribution Officer, Executive Committee member
(US resident)
He joined the Group in 2000 and was a director of the Company until 23 November 2006, when he resigned in preparation for the listing. Previously he was executive vice president of the American Life Insurance Company (a member of American International Group Inc.), and held roles with The Hartford, UNUM Limited (trading as UNUM Provident); Caroon and Black Insurance Inc.; American General; The Aetna and Fidelity Union Life Insurance.

Vince Watkins
Chief Financial Officer, Executive Committee member
(Isle of Man resident)
He joined the Group in 1995 and was a director of the Company until 24 November 2006, when he resigned in preparation for the listing. Previously he was with the Ernst & Young audit practice in South Africa where he specialised in the financial services industry. He is a member of the Institute of Chartered Accountants in England and Wales.

Carmel Brennan
Appointed Actuary/Policyholder Director
(Republic of Ireland resident)
She joined the Group in 1994. She became Appointed Actuary of Hansard International Limited and Hansard Europe Limited in 2003. Previously she had roles with Canada Life Assurance (Ireland) Limited and the New Ireland Assurance Company Plc. She is a Fellow of the Institute of Actuaries and the Society of Actuaries in Ireland.

Paul Harwood
Managing Director: Hansard Administration Services
(Isle of Man resident)
He joined the Group in 1996. Previously he had roles with Bacon & Woodrow, Irish Life Assurance (UK) Limited, and IBM United Kingdom Limited. He is a Fellow of the Institute of Actuaries and the Society of Actuaries in Ireland.


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05 **Maurice Dyson**
Non-executive Director (Isle of Man resident)
He was appointed a non-executive Director on 24 November 2006. He is a consultant on actuarial and investment issues and a non-executive director of Congregational & General Insurance plc, and a director or trustee of several companies and trusts involved with investment, pensions, and religious charities. He is a Fellow of the Institute of Actuaries, and an Associate of the UK Society of Investment Professionals. Previously he was the Deputy Chairman of Aon Consulting in the UK, was the Head of Actuarial Practice at Alexander Clay & Partners and a partner in the actuarial firm, Clay & Partners.

06 **Bernard Asher**
Senior Independent Director (UK resident)
He was appointed a non-executive Director on 24 November 2006. He is currently also a non-executive director of Morgan Sindall plc, China Shoto plc, Rangold Resources Limited and Debts.co.uk plc and the Chairman of Liontrust Asset Management Holdings plc. He was Vice Chairman of the London School of Economics and remains a Governor. Previously he had non-executive roles with Legal & General Group plc and Lonrho Africa plc and executive roles with HSBC Holdings plc and HSBC Investment Bank plc.

07 **Uwe Eymer**
Non-executive Director (German resident)
He was appointed a non-executive director on 24 November 2006. He is CEO of Scor Global Life. Previously he was Chairman of Revios Globale Ruckversicherung AG, which had been demerged from Gerling-Konzern Globale. He is a licensed lawyer in Germany.

Nigel Kneale
Managing Director: Hansard Information Services
(Isle of Man resident)
He joined the Group in 1993. Previously he had roles with Astroscan Limited and Real Time Systems Limited.

Julie Krasin
Managing Director – Operations: Hansard Development Services (Isle of Man resident)
She joined the Group in 2001. Previously she had roles with the American International Life Company (a member of American International Group Inc.) and the New York Life Insurance Company.

Rachel Panagiodis
Managing Director: Hansard Europe
(Republic of Ireland resident)
She re-joined the Group in 1994, having worked with the Group from 1987–89. Previously she had roles with Credit Life Insurance Management Limited (a member of the American Family Life Assurance Group); Providence Capitol Life Assurance Company Ltd, and the Scottish Special Housing Association. She is a Fellow of the Chartered Institute of Management Accountants.

Manoj Patel
Company Secretary (Isle of Man resident)
He joined the Group in 2004. Previously he had roles with Eagle Star International Life Limited and Eagle Star Holdings Plc. He is a Solicitor of the Supreme Court.

Environmental, Corporate and Social Responsibility Report

The Group 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 company with the added complication of the main functions split across two distinct locations and territories. At 30 June 2007, the Group employed 144 people in Douglas, Isle of Man and there were 36 employees in Dublin, Republic of Ireland. In addition 15 employees, being distribution related, are based in local markets near the Intermediaries that introduce business to the Group. The staff gender profile is 93 females and 102 males.

We believe that our staff and our ongoing relationship with our Intermediaries are assets, which influence the return to the shareholders and also the policyholders. In relation to staffing, the employment markets in the Republic of Ireland and Isle of Man are competitive, with there being virtually zero unemployment in the Isle of Man.

A Save As You Earn plan is being introduced enabling all qualifying staff to have the opportunity of acquiring an equity interest in the Company.

The Group ensures that all companies are in compliance 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.

We continue with our efforts in achieving the best return for our shareholders whilst taking account of the environmental impact of our activities. The following initiatives have been implemented:

- Hansard OnLine – by the very nature of the construct of this facility we have immediate savings in the need for the Intermediary and the policyholder to contact the Group. The saving in paper, printing costs, postage, electricity, etc is substantial in light of the volume of queries dealt with by the Intermediary and the policyholder on the internet through the utilisation of the functionality of Hansard OnLine.
- We offer electronic communication for shareholders, so that they can elect to receive Company documentation and to vote on AGM resolutions electronically, rather than by post, which reduces the use of paper and associated printing and distribution costs.
- There are various other initiatives across the business to reduce the environmental impact of our operations, for example by recycling paper and consumable items such as toner cartridges; using video conferencing facilities wherever possible to reduce the carbon footprint of air travel; ensuring computers and other electrical equipment are switched off at night or are set on timers to save electricity; and migration from older computer screen technologies to flat screens to reduce heat output.

Having regard to the points raised above, there is limited scope for a strategy to limit the carbon footprint of the main operational base on the Isle of Man as for a business of our type there is little from an expendable resource point that is locally produced. Additional initiatives will be introduced from time to time.

The Group supports employees in their efforts to collect funds to support local causes through collections in the office or through active participation in fund raising events. With effect from 1 October 2007 the Company has agreed to match donations made by staff in support of registered charities in the Isle of Man and the Republic of Ireland.

Communication with shareholders

The Company, given that it has only recently been listed, has been building an ongoing programme of dialogue and meetings between the executive directors and institutional investors, fund managers and analysts with the assistance of its brokers and other advisors. It is expected that this programme will evolve over time.

The Senior Independent Director, Bernard Asher, is available to meet with major shareholders to discuss any areas of concern that cannot be 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 the concerns of private shareholders and, on its behalf, the company secretary oversees communication with these investors. The first such communication will be the Annual General Meeting to be held on 19 November 2007. All material information reported to the regulatory news services is simultaneously published on the Company's website, affording all shareholders full access to Company announcements.

The Company's Annual General Meeting will provide a valuable opportunity for the Board to communicate with private investors. At the meeting, the Company intends to comply with the Combined Code as it relates to voting; the separation of resolutions, and the attendance of committee chairmen. 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 Combined Code, details of proxy voting by shareholders, including votes withheld, will be made available on request and placed on the Company's website following the meeting.

Directors' Report

Financial statements
The directors have pleasure in submitting their report together with the consolidated financial statements for the year ended 30 June 2007.

These financial statements have been prepared in accordance with UK GAAP published by the United Kingdom Accounting Standards Board and the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005.

Activities
The Company was incorporated on the Isle of Man on 27 April 2005 as a private company limited by shares with the name Hansard Holdings Limited and with registered number 113389C. The Company changed its name to Hansard Global plc on 14 September 2006 by a resolution passed by the members on 13 September 2006.

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.

The Company was admitted to the Official List of the Financial Services Authority and to trading on the main market of the London Stock Exchange on 18 December 2006.

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. Hansard Europe Limited is incorporated in the Republic of Ireland.

Name	Business
Hansard International Limited	Life assurance
Hansard Europe Limited	Life assurance
Hansard Development Services Limited	Marketing and development services
Hansard Administration Services Limited	Administration services
Hansard Information Services Limited	Software development services

Results and dividends
The results of trading of the Group for the year are set out in the consolidated income statement on page 27.

An interim dividend of 4p per share, amounting to £5.49m, was paid on 4 May 2007. No dividends were paid during the previous financial year.

The retained profit of £14.2m (2006: £17.7m) has been added to consolidated shareholders' funds.

Share capital
The authorised and issued share capital was subdivided into ordinary shares of 50p each by resolution passed on 13 September 2006. At the date of this report, the issued share capital of the Company is £68,640,601 divided into 137,281,202 ordinary shares of 50p each.

Embedded value
The Board believes that EEV information provides more realistic information on the financial position and performance of the Group than that provided by UK GAAP reporting alone.

The EEV of the Group as at 30 June 2007 was £218.0m, an increase of some 22.1% over the value at 30 June 2006. The results of trading of the Group for the year on an EEV basis are set out in the EEV Information on pages 46 to 50.

Directors
Details of Board members at the date of this report are set out on pages 14 and 15 together with their biographical details. At the next Annual General Meeting all directors will offer themselves for re-election.

Joseph Kanarek resigned as a director on 23 November 2006 and Vince Watkins resigned as a director on 24 November 2006, both as a precursor to the listing.

Directors' interests and indemnity arrangements
None of the directors holds an interest in any material contract with the Company save for their Service Contracts (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).

Corporate governance
The Group supports the principles of good corporate governance and has implemented and maintains procedures to support the Board of this Company and the boards of principal operating subsidiaries in discharging their responsibilities.

Reports of the activities of each committee of this Board are set out within the Corporate Governance Report on pages 20 to 23.

Directors' Report

Notified shareholdings

At 30 June 2007 the Company had been notified of the following holdings in its share capital.

Polar Cap	39,566,668 (28.8%)
Dr Leonard Polonsky	29,637,748 (21.6%)
The Polonsky Foundation	6,790,878 (4.9%)
Lloyds TSB Group plc	5,583,285 (4.1%)

There have been no significant changes in these holdings between the balance sheet date and the date of this report. On 22 August 2007 Lloyds TSB Group plc advised of an increase in their holdings to 5,657,432 shares (4.1%).

Dr Leonard Polonsky is the ultimate controlling party of Polar Cap.

Company secretary

The company secretary at 30 June 2007 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 their contractual and other legal obligations.

Charitable and political donations

The Group did not make any charitable or political donations during the year under review (2006: £nil).

Employees and equal opportunities

As at 30 June 2007, the Group employed a total of 195 people, including 144 employees on the Isle of Man and 36 in the Republic of Ireland. The Company aims to provide equal opportunities for all, without discrimination on the grounds of race, religion, marital status, age, gender, sexual orientation or disability in all its dealings with employees. It recruits and promotes those best suited for the job.

The Company does not tolerate any sexual, racial, physical or mental harassment of employees in the workplace.

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 they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the 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

After making enquiries, 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, has indicated its willingness to continue in office and, on the recommendation of the Audit Committee, a resolution to reappoint PricewaterhouseCoopers as auditor to the Company, and to authorise the directors to fix their remuneration, will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on 19 November 2007 at 12.30 pm at The Sefton Hotel, Harris Promenade, Douglas, Isle of Man.

Statement of directors' responsibilities in respect of the Annual Report & Accounts

Company law requires the directors to have prepared financial statements, for each financial year, which give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the Group for that year. In having these financial statements prepared, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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, which 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 have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors had prepared 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").

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

- prepared the supplementary information in accordance with the EEV Principles;
- identified and described the business covered by the EEV Principles;
- applied the EEV Principles 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
- made estimates that are reasonable and consistent.

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

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 corporate and financial information included on 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.

By Order of the Board

Manoj B Patel
Company Secretary
26 September 2007

Corporate Governance Report

As an Isle of Man incorporated company the Combined Code 2003 does not directly apply to the Company. However, the Company intends to comply with the relevant requirements of the Combined Code. In this respect the Board, since the listing of the Company, is of the view that, save for four areas, the Company has been compliant with Section 1 of the provisions of the Combined Code. The four areas relate to obligations under:

- Section 1 A.2 – to meet the independence criteria for the Chairman. Dr Leonard Polonsky is the Executive Chairman with a Service Contract with the Company and a major shareholder in the Company and in Polar Cap, the selling shareholder on the listing of the Company.
- Section 1 A.1.3 – during the financial year no formal meeting has taken place between the Executive Chairman and the non-executive directors, nor has the Senior Independent Director (in conjunction with the non-executive directors) appraised the Executive Chairman's performance. The intention is to schedule these meetings in the next financial year in light of the fact that the current Board was established on 24 November 2006.
- Section 1 A.6 and C.2.1 – no formal review or evaluation of the Board or system of internal control has taken place during the financial year. The intention is to schedule such reviews in the financial year ending 30 June 2008.

Set out below are the relevant provisions of the Combined Code and the steps taken by the Company to ensure compliance:

The Board
"Every company should be headed by an effective board, which is collectively responsible for the success of the company." – (Combined Code main principle Section 1 A.1).

The Board structure
The Board consists of the Executive Chairman, four independent non-executive directors and two other executive directors.

The executive directors, together with Joseph Kanarek and Vince Watkins, form the Executive Committee (formerly known as the Management Board). The Executive Committee is chaired by Dr Leonard Polonsky and meets monthly. The Board appoints the members of the Executive Committee. The Executive Committee has responsibility for the day-to-day management of the Group, as delegated from time-to-time by the Board.

The Board has also established an Audit Committee, a Remuneration Committee and a Nominations Committee.

The directors meet regularly to ensure that the Company is appropriately managed and that it achieves its objectives. Restrictions on the Board's authority are as set out in the Memorandum and Articles of Association and related Isle of Man statutory provisions. In addition the various committees of the Board have been delegated responsibilities as set out in their respective terms of reference.

Board members are supplied with an agenda and board pack prior to each meeting. The standard items that the Board considers at its meeting are:

- Report of the Executive Chairman
- Chief Financial Officer's Report
- Chief Distribution Officer's Report
- Legal and Regulatory issues
- Investor relations
- Board committees
  - Executive Committee
  - Audit Committee (including subsidiary audit committee reports)
  - Nominations Committee
  - Remuneration Committee

The Board is responsible for providing leadership for the Group and for ensuring that the right strategy and controls are in place in order to deliver value to shareholders and the wider community of individuals and organisations which benefit from the Group's activities. The Group is committed to high standards of Corporate Governance and supports the Combined Code on Corporate Governance.

The Board has a formal schedule of matters specifically reserved to it. The primary responsibilities of the Board are to:

- determine the overall strategy of the Group;
- ensure that the Group's operations are well managed and proper succession plans are in place;
- review major transactions or initiatives proposed by the executive directors;
- implement appropriate corporate governance procedures;
- periodically review the results and operations of the Group;
- ensure 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;
- identify and manage risk; and
- decide the Group's policy on charitable and political donations.

The Board meets at least quarterly, with additional meetings arranged as required. During the financial year there were 10 formal Board meetings. A schedule of the directors' attendance at Board meetings is set out below.

The number of meetings and the attendance record for the year to 30 June 2007 is as follows:

Name	Board	Audit	Nominations	Remuneration
Dr Leonard Polonsky (Executive Chairman)	9/10	–	–	–
Bernard Asher*	4/4	2/2	1/1	1/1
Maurice Dyson†	4/4	2/2	1/1	1/1
Uwe Eymer	4/4	1/2	0/1	0/1
Robert Hall	10/10	–	–	–
Harvey Krueger	4/4	–	1/1	1/1
Gordon Marr	10/10	–	–	–

* Chairman of Remuneration and Nominations Committees.
† Chairman of Audit Committee.

Chairman and chief executive
"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." – (Combined Code main principle Section 1 A.2).

The Company is not compliant with this aspect of the Combined Code. The Board considers that Dr Leonard 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.

The Board, as currently composed, has been in place only since 24 November 2006 and no assessment has yet been made of the effectiveness of the chairman or indeed the Board as a whole. The Nominations Committee intends to undertake an evaluation in the next financial year.

Board balance and independence
The board should include a balance of executive and non-executive directors (and in particular independent non-executive directors) such that no individual or small group of individuals can dominate the board's decision taking." – (Combined Code main principle Section 1 A.3).

The Board currently comprises seven directors. The Executive Chairman (Dr Leonard Polonsky), two executive directors (Robert Hall and Gordon Marr) and four non-executive directors (Bernard Asher, Maurice Dyson, Uwe Eymer, and Harvey Krueger).

The Company regards all of its non-executive directors to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, their judgement in accordance with the criteria set out in the Combined Code and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement. Bernard Asher is the Senior Independent Director.

The letter of appointment for each non-executive director contains provisions that each serves for a period not exceeding three years that may be renewed by mutual agreement.

Appointments to the Board
"There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board." – (Combined Code main principle Section 1 A.4).

As part of the listing process and in conjunction with our advisors the Board composition was reviewed in detail and restructured with the appointment of four non-executive directors and resignation of two executive directors, both of whom remain as senior managers within the Group and members of the Executive Committee.

The Nominations Committee has adopted an "Appointment Procedure for Directors" for the appointment of new directors to the Board.

Information and professional development
"The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge." – (Combined Code main principle Section 1 A.5).

Board dates are agreed in advance and Board members are supplied with an agenda and Board pack prior to each meeting.

The Board was responsible for the issue of the Hansard Global plc prospectus as part of the listing of the Company. Substantial time and effort was taken by all directors towards finalisation of the prospectus and for the non-executives this was an opportunity to better understand the business of the Company in detail. Meetings with any managers or department can be arranged on request where a director requires a deeper understanding of a particular item.

All directors, especially non-executive directors, and Board Committees have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities.

Performance evaluation
"The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors." – (Combined Code main principle Section 1 A.6).

As stated earlier, the current Board was restructured on 24 November 2006, and it was not considered practicable to undertake an evaluation during the period. The current intention is to undertake such an evaluation during the financial year ending on 30 June 2008.

Re-election
"All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. The board should ensure planned and progressive refreshing of the board." – (Combined Code main principle Section 1 A.7).

In order to ensure that shareholders at an Annual General Meeting elect all directors, and in light of the fact that the Annual General Meeting to be held on 19 November 2007 will be the first such meeting as a listed company, all the directors will offer themselves for re-election. Rotation and re-election will take account of Article 88.1 which requires each director to retire at the annual general meeting held in the third calendar year following the year in which he was elected or last re-elected by the Company from 2008 onwards.

Corporate Governance Report

Audit Committee Report

Purpose and terms of reference

The Committee provides the Board with independent assurance on the Group's financial reporting process, internal controls and adherence to policies and procedures. 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 and can be obtained on written request to the company secretary at the Company's registered office.

Internal controls

"The board should present a balanced and understandable assessment of the company's position and prospects." – (Combined Code main principle Section 1 C.1).

"The board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets." – (Combined Code main principle Section 1 C.2).

"The board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors." – (Combined Code main principle Section 1 C.3).

The Board's responsibilities in relation to the Annual Report & Accounts, including the responsibility to consider whether the Group is a going concern, are set out in the Directors' Report.

The Board has the overall responsibility for maintaining the systems of internal control of the Company and for monitoring their effectiveness; while the implementation of internal control systems is the responsibility of management. The Company's systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material financial misstatement or loss.

The systems are designed 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 principal features of the control framework and the methods by which the Board satisfies itself that it is operating effectively are detailed below.

The Audit Committee assists the Board in discharging its responsibilities for:

- the integrity of the Company's financial statements;
- the effectiveness of the Company's internal controls and risk management systems;
- the Company's arrangements for its employees to raise concerns, in confidence, about possible wrong-doing in financial reporting or other matters;
- the effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system; and
- monitoring the effectiveness, independence and objectivity of the external auditors.

The Board is satisfied that at least one member of the Committee, Maurice Dyson, has recent and relevant financial experience, a position that should continue throughout the next financial year.

The members of the Committee are three non-executive directors, namely Maurice Dyson (Chairman), Bernard Asher and Uwe Eymer. Harvey Krueger (non-executive director) has a standing invitation to attend the meeting and indeed has attended both meetings held.

PricewaterhouseCoopers (external auditor), Vince Watkins (Chief Financial Officer) and Angela Drane (Group Internal Auditor) are invited by the Committee to attend meetings of the Committee.

Audit Committee meetings, where possible and practicable, are held just prior to the Board meetings which allows the Chairman of the Audit Committee to report to the Board on the Audit Committee's work.

Activities of the Committee to date

- The Committee, including taking account of the activities of the Audit Committees of the two life assurance subsidiary companies, has monitored the integrity of the financial statements through a review of the quarterly new business results and final and half-yearly report and accounts.
- The Committee has dealt with compliance with the relevant part of the Combined Code, the effectiveness of internal controls and reporting procedures for risk management processes. In particular, the Committee has agreed the annual audit plan with the external auditors and has considered the auditor's report and has monitored and followed up management actions in response to the issues raised.
- At the Committee's first meeting a policy on the use of the auditor for non-audit related work was approved and has since then been monitored by the Committee on an ongoing basis as a standard item for each meeting. In order to ensure auditor objectivity and independence, the Committee has established a financial limit of £25,000 per annum on the fees that can be paid to the external auditor in respect of non-audit advice and consultancy work, without prior approval by the Committee.
- The Committee has implemented changes to the Internal Audit function to take account of the additional obligations following the listing, with the amalgamation (effective May 2007) of the two separate internal audit functions at the life assurance company level to one single function at the Group level.
- The Committee has also worked closely with Internal Audit and agreed an internal audit plan and reviewed the resourcing of Internal Audit.
- The Committee has revised and reissued, as a Group wide statement, the policy on whistle blowing.

- In relation to the external auditor the Committee has made a recommendation to the Board on their reappointment.

Control environment

The Company has an established governance framework, the key features of which include:

- terms of reference for each of the Board committees;
- a clear organisational structure, with documented delegation of authority from the Board to executive management;
- an Enterprise-wide Risk Management framework, which sets out risk management and control standards for the Company's operations; and
- defined procedures for the approval of major transactions and capital allocation.

Risk identification, assessment and management

There is in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Company's business objectives.

The boards, audit committees and management of the operational businesses also consider risk reports in a similar way.

The Audit Committee has the overall responsibility for monitoring the Company's internal control process on behalf of the Board.

A review of the effectiveness of internal controls will be undertaken in the next financial year.

For the Board

Maurice Dyson
Chairman of the Audit Committee
26 September 2007

Nominations Committee

The Committee leads the process and makes recommendations to the Board for all new Board appointments. It ensures the existence of a formal procedure, the aim of which is to ensure that the appointments are appropriate to the needs of the Group.

The terms of reference are published on the Company's website and can be obtained from the Company Secretary. The Committee has adopted an "Appointment Procedure for Directors".

The members of the Committee are the four non-executive directors, namely Bernard Asher (Chairman), Maurice Dyson, Uwe Eymer and Harvey Krueger.

Since listing the Committee has met twice. In light of the fact that:

- Dr Leonard Polonsky is a key executive and a major shareholder;
- four non-executives have only recently joined the Board; and
- the current executive directors and the executive team have been with the Group for some time;

there is no proposal from the Committee that any changes to the composition of the Board are needed at this time.

In relation to Board performance evaluation, the Committee was of the view that this should occur in the next financial year.

For the Board

Bernard Asher
Chairman of the Nominations Committee
26 September 2007

Directors' Remuneration Report

Remuneration Committee

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 is designated to consider. The remuneration of non-executive directors shall be a matter for the Executive Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration.

The terms of reference are published on the Company's website and also can be obtained from the company secretary.

The members of the Committee are the four non-executive directors, namely Bernard Asher (Chairman), Maurice Dyson, Uwe Eymer and Harvey Krueger. Since listing the Committee has met twice and has proposed a Save As You Earn share option scheme (equivalent to a UK Inland Revenue approved scheme) that will be made available to all qualifying staff. The Scheme is subject to approval by the shareholders at the Annual General Meeting on 19 November 2007.

During the financial year ending 30 June 2008, the Committee will review remuneration policy to ensure remuneration continues to support the delivery of strong performance for shareholders and that incentive arrangements are reviewed and if thought fit recommended to the Board.

Directors' employment terms and conditions

Executive directors

Each of the executive directors has signed a service agreement with the Company setting out the terms of his appointment. The key terms are as follows:

Name	Title	Basic annual salary	Notice period (by either party)
Dr Leonard Polonsky	Executive Chairman	£210,000	12 months
Robert Hall	Chief Operating Officer	£190,000	12 months
Gordon Marr	Group Counsel	£158,500	12 months

Robert Hall and Gordon Marr are entitled to the following benefits pursuant to the terms of their respective service agreements: Company contribution into personal pension arrangements provided that these are acceptable to the Company (at the rate of 12% of basic salary for Robert Hall and 14% of basic salary for Gordon Marr), 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.

Dr Leonard Polonsky is entitled to full pay sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period. If Dr Leonard 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.

Each of the executive directors is eligible to receive a payment in lieu of notice upon termination of his service agreement.

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 in order 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 in relation 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 by the non-executive directors in advance, or alternatively, will abstain from voting in respect of his shares to the extent that such intentions have been rejected by the non-executive directors.

Other than as detailed above the executive directors' service agreements do not provide for any benefits upon termination of employment.

Non-executive directors

Each of the non-executive directors has signed a letter of appointment, the main terms of which are set out below:

Name	Commencement date	Annual fee	Term of employment	Notice period (by either party)
Bernard Asher	24 November 2006	£45,000	3 years	1 month
Maurice Dyson	24 November 2006	£45,000	3 years	1 month
Uwe Eymer	24 November 2006	£45,000	3 years	1 month
Harvey Krueger	24 November 2006	£45,000	3 years	1 month

Directors' interests in share capital

At 30 June 2007 and at the date of this report Dr Leonard Polonsky had direct and indirect beneficial interests in 43.2% in the Company's share capital. The Polonsky Foundation (a UK Registered Charity) has a direct and indirect beneficial interest in 9.9% in the Company's share capital and one of the trustees is Dr Leonard Polonsky.

Directors and members of the Company's Executive Committee (excluding Dr Leonard Polonsky) had the following interests in the Company's share capital, at 30 June 2007.

Name	No of shares
Bernard Asher	10,000
Maurice Dyson	9,000
Uwe Eymer	5,000
Robert Hall	1,853,745
Joseph Kanarek*	1,988,680
Harvey Krueger	7,500
Gordon Marr	530,315
Vince Watkins*	331,447

* Members of the Executive Committee but not Board members.

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

Directors' remuneration and other benefits in the financial year ended 30 June 2007

The following table, which has been prepared in accordance with regulatory requirements, sets out the elements of directors' aggregate emoluments for the year ended 30 June 2007 or for the period ended on that date if appointed during the year.

Name	Salary and fees	Pension	PPP	Bonus	Other benefits	Aggregate	Aggregate – prior year
Dr Leonard Polonsky*	–	–	–	–	31,500	31,500	63,000
Bernard Asher	27,125	–	–	–	–	27,125	–
Maurice Dyson	27,125	–	–	–	3,616	30,741	–
Uwe Eymer	27,125	–	–	–	–	27,125	–
Robert Hall	181,000	18,100	1,370	10,000	4,819,731	5,030,201	211,000
Joseph Kanarek**	92,208	9,220	3,642	–	–	105,070	298,000
Harvey Krueger	27,125	–	–	–	–	27,125	–
Gordon Marr	151,000	15,100	2,055	10,000	1,838,422	2,016,577	172,000
Vince Watkins**	43,958	4,395	588	10,000	1,149,014	1,207,955	117,000

* During the year Dr Leonard Polonsky waived his entitlement to his salary.
** For the period 1 July 2006 to 30 November 2006.

Robert Hall, Gordon Marr and Vince Watkins had the benefit of an incentive scheme established in 1999 by and settled by the controlling shareholder of the Group, Dr Leonard Polonsky, under which grants of employee participation units ("EPU") were made. EPUs were rights to cash amounts linked to the value of the shares in Polar Cap, the holding company of the Group, at the time of disposal of such shares by Dr Leonard Polonsky. The benefit payable to each individual under the scheme crystallised on the listing of the Company on the London Stock Exchange on 18 December 2006. The amounts shown as "other benefits" above were payments made by Dr Leonard Polonsky in December 2006 in settlement of his obligations to Robert Hall, Gordon Marr and Vince Watkins. Dr Leonard Polonsky has provided funds to the Company to meet the social security contributions arising from these payments following the termination of this scheme.

For the Board

Bernard Asher
Chairman of the Remuneration Committee
26 September 2007

Independent Auditor's Report to the Members of Hansard Global plc

We have audited the Group and Parent Company financial statements ("the financial statements") of Hansard Global plc for the year ended 30 June 2007 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Movements in Consolidated Shareholders' Funds and the related notes on pages 30 to 42 and 44 to 45. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931-2004. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Report reflects the Company's compliance with the nine provisions of the Combined Code (2003) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures. We also review whether the Directors' Remuneration Report includes the six disclosures specified for our review by the Listing Rules of the Financial Services Authority and we report if it does not.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Business Review, the Environmental, Corporate and Social Responsibility Report, the Directors' Report, the Corporate Governance Report, the Directors' Remuneration Report and the European Embedded Value Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 30 June 2007 and of the Group's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931-2004; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants
Isle of Man
26 September 2007

Consolidated Income Statement
For the year ended 30 June 2007

	Note	2007 £m	2006 £m
Fees and commissions	4	**49.2**	44.5
Investment income	5	**130.8**	102.6
Other operating income	6	**2.2**	0.8
		182.2	147.9
Investment contract benefits		**(128.2)**	(99.3)
Origination costs		**(16.3)**	(14.6)
Administrative and other expenses		**(18.0)**	(16.3)
		(162.5)	(130.2)
Profit on ordinary activities before taxation	7	**19.7**	17.7
Taxation on profit on ordinary activities	9	**–**	–
Profit for the year		**19.7**	17.7

All of the activities of the Group are continuing.

The Group has no recognised gains or losses other than those included in the profits above; therefore no separate statement of total recognised gains and losses has been prepared.

Earnings Per Share

	Note	2007 (p)	2006 (p)
Basic	10	**14.4**	12.9
Diluted	10	**14.4**	12.9

Reconciliation of Movements in Consolidated Shareholders' Funds

	Note	2007 £m	2006 £m
Profit for the year		**19.7**	17.7
Less: Interim dividend paid	11	**(5.5)**	–
Net increase in consolidated shareholders' funds		**14.2**	17.7
Opening consolidated shareholders' funds		**36.9**	19.2
Closing consolidated shareholders' funds		**51.1**	36.9

Consolidated Balance Sheet
At 30 June 2007

	Note	2007 £m	2006 £m
Assets			
Tangible assets	12	**0.8**	0.6
Financial investments	13	**1,130.4**	947.3
Deferred origination costs	14	**94.6**	86.6
Other receivables	15	**11.9**	11.7
Cash and cash equivalents	16	**70.8**	57.9
Total assets		**1,308.5**	1,104.1
Liabilities			
Financial liabilities under investment contracts	17	**1,130.2**	947.2
Amounts due to investment contract holders		**12.4**	10.2
Deferred income reserve		**109.9**	103.0
Other payables	18	**4.9**	6.8
Total liabilities		**1,257.4**	1,067.2
Net assets		**51.1**	36.9
Shareholders' equity			
Called up share capital	19	**68.6**	68.6
Other reserves	20	**(48.5)**	(48.5)
Retained earnings	21	**31.0**	16.8
Total shareholders' equity		**51.1**	36.9

The financial statements on pages 27 to 42 were approved by the Board on 26 September 2007 and signed on its behalf by:

R E G Hall
Director

G S Marr
Director

Consolidated Cash Flow Statement
Year ended 30 June 2007

	Note	2007 £m	2006 £m
Net cash inflow from operating activities	22	**16.4**	14.4
Returns on investments and servicing of finance			
Interest on investments		**4.0**	2.6
Capital expenditure			
Purchase of tangible assets		**(0.6)**	(0.2)
		19.8	16.8
Dividend paid		**(5.5)**	–
Net cash inflow		**14.3**	16.8
Cash flows were invested as follows:			
Increase in cash holdings		**14.2**	16.9
Net portfolio investments		**0.1**	(0.1)
		14.3	16.8

In accordance with Financial Reporting Standard No.1 the cash flow statement excludes cash flows relating to the long-term assurance businesses of the Group.

Notes to the Financial Statements

1 Principal accounting policies

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

1.1 Basis of presentation

These financial statements have been prepared in accordance with UK GAAP and the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005.

The financial statements are presented in pounds sterling rounded to the nearest one hundred thousand pounds. They are prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through the income statement.

The preparation of financial statements in conformity with generally accepted accounting practice 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.

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

The financial statements of the Company are on pages 43 to 45.

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. 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 the consolidated financial statements.

The acquisition of subsidiaries by the Company on 1 July 2005, which comprises a Group reorganisation, has been accounted for using merger accounting principles, under the provisions of FRS 6 (Acquisitions and mergers).

1.3 Product classification

The directors have undertaken a review of the products issued by the Company's subsidiary companies and have determined that they are classified for accounting purposes as investment contracts. Contracts that do not transfer significant insurance risk are treated as investment contracts.

1.4 Long-term business

1.4.1 Premium income

Investment contract premiums are not included in the income statement but are reported as deposits to financial liabilities under investment contracts in the balance sheet.

1.4.2 Fees from investment contracts

Fees charged for services related to the management of investment contracts 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 average lifetime of the investment contracts issued by Group subsidiary companies.

1 Principal accounting policies continued

1.4.3 Benefits paid

For investment contracts, benefits paid are not included in the income statement but are deducted from financial liabilities under investment contracts in the balance sheet.

1.4.4 Origination costs

For investment contracts, only directly related origination costs, which vary with and are related to securing new contracts and renewing existing contracts, are deferred to the extent that they are recoverable out of future income. Deferred origination costs are amortised on a straight-line basis over the average lifetime of the investment contracts issued by Group subsidiary companies. Origination costs that do not meet the criteria for deferral are expensed as incurred.

1.4.5 Investment contracts

Investment contracts consist of unit-linked contracts. 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 value, at the balance sheet date. The decision by the Group to designate its unit-linked liabilities at fair value through the income statement reflects the fact that the underlying portfolio is managed, and its performance evaluated, on a fair value basis.

1.5 Revenue

Revenue consists principally of fees from the management of investment contracts (see 1.4.2 above), commission income and investment income.

1.5.1 Commissions

Commissions receivable represent principally contributions from fund houses and are recognised when earned.

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 an ex-dividend basis. Interest is accounted for on an accruals basis, taking into account the effective yield on the investment.

1.6 Expenses

1.6.1 Operating leases

Costs in respect of operating leases are charged to the income statement on a straight-line basis over the lease term.

1.6.2 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.

1.6.3 Software development expenses

Software development costs are normally expensed as incurred. If there are definable future economic benefits associated with particular projects, then the related development expenditure may be deferred to match against future revenue streams.

1.7 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.

1.8 Investments

Investments consist of units in collective investment schemes, listed investments and deposits.

The Group's investments are all classified as at fair value through the income statement. Realised and unrealised gains and losses arising from changes in fair value are included in the income statement for the period in which they arise.

Investments in collective investment schemes are valued at net asset value. Transaction costs are written off as incurred. The fair values of quoted financial investments are based on bid prices at the relevant balance sheet date. If the market for a financial investment is not active, the Group establishes fair value by using valuation techniques such as recent arm's length transactions, reference to similar investments, discounted cash flow models or option pricing models.

The decision by the Group to designate its investments at fair value through the income statement 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.

Notes to the Financial Statements

1 Principal accounting policies continued

1.9 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 principal rates used for this purpose are:

	%
Computer equipment and software	33⅓
Fixtures and fittings	25

1.10 Impairment policy

Formal reviews to assess the recoverability of deferred origination costs on investment contracts are carried out at each balance sheet date. The carrying amount of the Group's other assets that are not carried at fair value are also reviewed 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 depreciation or amortisation where applicable, if no impairment loss had been recognised.

1.11 Other receivables

Other receivables are stated at amortised cost less impairment losses. This is considered to be fair value.

1.12 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.

1.13 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.

1.14 Other payables

Other payables are stated at amortised cost. This is considered to be fair value.

1.15 Foreign currencies

The Group's presentational and functional currency is pounds sterling.

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 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.

1.16 Segment reporting

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. The Group offers long-term savings products packaged as single and regular premium unit-linked life assurance policies, providing exposure to the performance of a wide range of underlying investments.

The Group does not segment its operations by line of business, as there are no material segments other than the life assurance business. Separate geographical segmental information is provided as the Group operates its life assurance business principally through two locations. Revenues and expenses allocated to those locations reflect the revenues and expenses generated in or incurred by the legal entities in those locations.

2 Critical accounting estimates and judgements in applying accounting policies

The primary area in which the Group has applied judgement in applying accounting policies lies in 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 assets backing linked contracts as at fair value through the income statement.

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 expenses and the amortisation of deferred origination costs and deferred income. Estimates are also applied in determining the recoverability of deferred origination costs.

Deferred origination costs and deferred income are amortised on a straight-line basis over the average lifetime of the underlying investment contracts. The average lifetime of the contracts has been estimated from the experienced persistency rates. Deferred origination costs are tested annually for recoverability by reference to expected future income levels.

3 Segmental information

In the opinion of the directors, the Group operates in a single business segment, that of the distribution and servicing of long-term investment products through the Group's life assurance subsidiaries.

(i) Fees and commissions analysed by type

Year ended 30 June	**2007 £m**	2006 £m
Contract fee income	**34.5**	31.5
Fund management charges	**10.5**	9.1
Commission receivable	**4.2**	3.9
	49.2	44.5

(ii) Geographical analysis of fees and commissions by origin

Year ended 30 June	**2007 £m**	2006 £m
Isle of Man	**39.9**	37.6
Republic of Ireland	**9.3**	6.9
	49.2	44.5

(iii) Geographical analysis of profit before taxation

Year ended 30 June	**2007 £m**	2006 £m
Isle of Man	**18.1**	16.8
Republic of Ireland	**1.6**	0.9
	19.7	17.7

(iv) Geographical analysis of financial investments

At 30 June	**2007 £m**	2006 £m
Isle of Man	**773.0**	698.8
Republic of Ireland	**357.4**	248.5
	1,130.4	947.3

The geographical analysis of financial liabilities under investment contracts is consistent with the analysis of financial investments.

(v) Geographical analysis of net assets

At 30 June	**2007 £m**	2006 £m
Isle of Man	**41.6**	30.0
Republic of Ireland	**9.5**	6.9
	51.1	36.9

Notes to the Financial Statements

3 Segmental information continued
The following information is provided in relation to new business premiums received on investment contracts. The application of the Group's accounting policies require that premiums received on investment contracts are not included in the income statement but are reported as deposits to investment contract liabilities in the balance sheet and reflected within note 17.

New business premium income is measured on the basis of Annualised Premium Equivalent ("APE"). APE reflects the value of annualised new regular premiums and one-tenth of single premiums received during the year.

vi) New business premiums on an APE basis by residence of policyholder

Year ended 30 June	**2007 £m**	2006 £m
EU and EEA	**13.2**	16.6
Rest of world	**22.3**	18.6
	35.5	35.2

4 Fees and commissions

Year ended 30 June	**2007 £m**	2006 £m
Fees from investment contracts	**45.0**	40.6
Commissions receivable	**4.2**	3.9
	49.2	44.5

5 Investment income

Year ended 30 June	**2007 £m**	2006 £m
Interest and dividend income receivable	**10.1**	7.0
Gains on realisation of investments	**54.2**	54.3
Unrealised gains	**66.5**	41.3
	130.8	102.6

6 Other operating income
Included within other operating income are amounts totalling £1.57m received from Polar Cap for services rendered by the Group in relation to the listing of the Company on the London Stock Exchange on 18 December 2006, and other services. Amounts totalling £0.38m received from Polar Cap for software development services are reflected within other operating income in the previous year. This amount was not classified as Other operating income in the consolidated income statement for the year ended 30 June 2006 and was instead shown as a reduction in Administrative and other expenses. The comparative figures have been restated to provide more accurate disclosure.

7 Profit on ordinary activities before taxation
Profit on ordinary activities before taxation is after charging/(crediting) the following:

Year ended 30 June	**2007 £m**	2006 £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 to the Company's auditor and its associates for other services:		
– Fees payable for the audit of the Company's subsidiaries pursuant to legislation	**0.2**	0.1
– Other services provided to the Company's subsidiaries	**0.1**	–
Depreciation of tangible assets	**0.4**	0.4
Operating lease rentals	**0.4**	0.4
Foreign exchange losses/(gains)	**1.3**	(0.2)

8 Employee costs

8.1 The aggregate remuneration in respect of employees, including executive directors, was as follows:

Year ended 30 June	**2007 £m**	2006 £m
Wages and salaries	**7.2**	6.8
Social security costs	**0.7**	0.6
Pension costs	**0.5**	0.4
	8.4	7.8

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 contributes to the relevant pension scheme in relation to each employee at a defined percentage rate of annual salary and meets the costs of all staff consultations with brokers in relation to the pension schemes.

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

Year ended 30 June	**2007 No.**	2006 No.
Administration	**140**	135
Distribution and marketing	**22**	21
IT development	**13**	12
	175	168

8.3 Other benefit schemes

Certain employees of the Group are party to an incentive scheme ("the Scheme") established in 1999 by and to be settled by the controlling shareholder of the Group, Dr Leonard Polonsky. Under the Scheme notional units were granted to eligible employees as compensation for services rendered to the Group. A unit value in the Scheme corresponded to the share price of Polar Cap, the holding company of the Group, at time of disposal of such shares by Dr Leonard Polonsky.

The benefit payable to each individual under the Scheme crystallised on the listing of the Company on the London Stock Exchange on 18 December 2006. This totalled £14.8m. Since that date payments totalling £11.7m have been made by, or on behalf of, Dr Leonard Polonsky under the terms of settlement agreements, certain of which provide for payments to be made in three tranches, subject to the individual's continuing employment with the Group. Dr Leonard Polonsky has provided funds to the Group's employing companies to meet any social security contributions arising from payments during the year and estimated future settlement amounts.

The Company has agreed to act as administrative agent for Dr Leonard Polonsky in the settlement of his liabilities under the scheme. At the balance sheet date the Company had received £3.1m that is not included in these accounts to settle those future amounts.

8.4 Directors' remuneration

Details of the directors' remuneration, other benefits and interests in shares are disclosed in the Directors' Remuneration Report on pages 24 to 25.

9 Taxation

The Group's profits arising from its Isle of Man-based operations are taxable at zero per cent. No corporation tax liabilities have attached to the Republic of Ireland-based operations due to tax losses incurred in prior years. Tax losses incurred and available to offset future profits at the rate of 12.5% at 30 June 2007 total £1.1m (30 June 2006: £1.7m).

Charges for taxation reflected in the income statements of a number of minor subsidiary companies are immaterial to an understanding of the Group's taxation position for the year.

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.

Notes to the Financial Statements

10 Earnings per share

Earnings per share is based upon the profit for the year after taxation divided by the average number of shares in issue throughout the year. There is no difference between basic and diluted earnings per share.

Year ended 30 June	2007	2006
Profit after tax (£m)	**19.7**	17.7
Weighted average number of shares in issue	**137,281,202**	137,281,202
Earnings per share in pence	**14.4**	12.9

11 Interim dividend

A dividend of £5.5m (4.0p per share) was paid to shareholders on 4 May 2007 representing an interim dividend out of the profits of the year under review (2006: £nil).

12 Tangible assets

Fixtures and fittings, computer equipment and software

	2007 £m	2006 £m
Cost		
At 1 July	**4.1**	3.9
Additions	**0.6**	0.2
Total	**4.7**	4.1
Depreciation		
At 1 July	**3.5**	3.1
Charge for year	**0.4**	0.4
Total	**3.9**	3.5
Net book value		
30 June 2007	**0.8**	0.6
30 June 2006	**0.6**	0.8

Included in the additional assets acquired during the year are amounts totalling £0.3m relating to fixtures, fittings and equipment for new premises occupied by Hansard Europe Limited in April 2007.

13 Financial investments

	2007 £m	2006 £m
Equity securities	**73.8**	106.8
Investment in collective investment schemes	**945.5**	737.0
Fixed income securities	**32.0**	28.6
Outstanding trades	**8.8**	12.8
Accrued investment income	**0.2**	0.2
Cash and cash equivalents	**70.1**	61.9
	1,130.4	947.3
Included above are shareholders' assets of	**0.2**	0.1

14 Deferred origination costs

Carrying value	2007 £m	2006 £m
At 1 July	**86.6**	76.8
Origination costs deferred during the year	**24.3**	24.4
Origination costs amortised during the year	**(16.3)**	(14.6)
At 30 June	**94.6**	86.6

15 Other receivables

	2007 £m	2006 £m
Commission and fees	**9.3**	8.8
Other debtors	**2.6**	2.9
	11.9	11.7

Due to the short-term nature of these receivables the carrying value is considered to reflect fair value.

16 Cash and cash equivalents

	2007 £m	2006 £m
Money market funds	**29.7**	17.8
Deposits with credit institutions	**41.1**	40.1
	70.8	57.9

17 Financial liabilities under investment contracts

	2007 £m	2006 £m
At 1 July	**947.2**	771.2
Deposits to investment contracts	**185.4**	196.1
Benefits paid	**(130.6)**	(119.4)
Investment contract benefits	**128.2**	99.3
At 30 June	**1,130.2**	947.2
Expected to be settled within 12 months	**16.4**	14.8
Expected to be settled after 12 months	**1,113.8**	932.4
	1,130.2	947.2

The value of these financial liabilities is determined by the fair value of the linked assets at the balance sheet date.

18 Other payables

	2007 £m	2006 £m
Commission payable	**1.7**	1.6
Taxation and social security	**1.0**	0.7
Other creditors and accruals	**2.2**	2.3
Amount due to parent company	**–**	2.2
	4.9	6.8

Due to the short-term nature of these payables the carrying value is considered to reflect fair value.

Notes to the Financial Statements

19 Called up share capital

	2007 £m	2006 £m
Authorised:		
200,000,000 ordinary shares of 50p	**100**	100
Issued and fully paid:		
137,281,202 ordinary shares of 50p	**68.6**	68.6

The authorised and issued share capital was sub-divided into ordinary shares of 50p each by resolution passed on 13 September 2006.

20 Other reserves

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

	2007 £m	2006 £m
Shares issued in consideration of acquisition	**68.6**	68.6
Share capital of subsidiaries acquired	**(12.3)**	(12.3)
Share premium of subsidiaries acquired	**(7.8)**	(7.8)
	48.5	48.5

21 Retained earnings

	2007 £m	2006 £m
Profit for the financial year	**19.7**	17.7
Dividend paid	**(5.5)**	–
Net increase in retained earnings	**14.2**	17.7
At 1 July	**16.8**	(0.9)
At 30 June	**31.0**	16.8

22 Notes to the consolidated cash flow statement

(i) Reconciliation of profit on ordinary activities before taxation to net cash inflow from operating activities

Year ended 30 June	2007 £m	2006 £m
Profit on ordinary activities before taxation	**19.7**	17.7
Depreciation	**0.4**	0.4
Interest on investments	**(4.0)**	(2.6)
Foreign exchange differences	**1.3**	(0.2)
Increase in debtors	**(0.2)**	(4.5)
Increase in deferred origination costs	**(8.0)**	(9.8)
Increase in deferred income reserve	**6.9**	8.5
Increase in creditors	**0.3**	4.9
Net cash inflow from operating activities	**16.4**	14.4

(ii) Movement in opening and closing portfolio investments

	2007 £m	2006 £m
Cash at bank		
At 1 July	**57.9**	40.8
Foreign exchange differences	**(1.3)**	0.2
Cash flow	**14.2**	16.9
At 30 June	**70.8**	57.9

22 Notes to the consolidated cash flow statement continued

	2007 £m	2006 £m
Shareholder investments		
At 1 July	**0.1**	0.2
Purchases	**0.1**	0.1
Sales	**–**	(0.2)
At 30 June	**0.2**	0.1

23 Capital position statement

The capital position statement sets out the financial strength relating to 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 capital and other requirements of each business. Management policy is to hold surplus funds in excess of the minimum regulatory requirements of each of the life assurance entities.

The capital held within the shareholders' funds is available to meet the regulatory capital requirements without any restrictions.

	2007 £m	2006 £m
Consolidated shareholders' funds	**51.1**	36.9
Adjustment arising from adoption of FRS 26*	**20.9**	21.6
	72.0	58.5
Comprising shareholders' funds of:		
Non-life assurance subsidiary companies	**21.1**	9.7
Life assurance subsidiary companies	**50.9**	48.8
Adjustments for admissibility restrictions	**–**	–
Total capital available to meet regulatory capital requirements	**72.0**	58.5

* The consolidated financial statements have been compiled in accordance with the requirements of FRS 26. The regulatory capital of the life assurance subsidiaries is calculated based on financial statements that do not comply with FRS 26 as they are not required to do so.

Regulatory minimum solvency margin

For both the Isle of Man and the Irish businesses, the relevant capital requirement is the required minimum margin under the locally applicable regulatory regimes. In practice, both regulators expect a surplus over the statutory minimum margin to be maintained by regulated entities. The required minimum margins of the regulated entities at each balance sheet date were as set out below.

	2007 £m	2006 £m
Aggregate minimum margin	**4.1**	4.0

As the financial liabilities for unit-linked business held by the Company's 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.

Other assets held are largely cash and so are not subject to changes in investment market conditions.

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; and
- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

Notes to the Financial Statements

24 Financial risk management

The Group's operations expose it to a variety of financial risks. The Group's objective in the management of financial risk is to minimise, where practicable, its exposure to such risk.

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 identification, risk assessment, control and reporting processes. Additionally, the Board and the Boards of subsidiary companies have established a number of committees with defined terms of reference. These are the Audit, Actuarial Review, Credit Control, Executive, Investment and the Risk and Compliance Committees. The framework provides assurance that risks are being appropriately identified and managed.

Under the unit-linked investment contracts which are written by the Group, policyholders bear the financial risks relating to the financial assets and liabilities arising from such contracts. Such risks are therefore excluded from this assessment of risks affecting the Group's business. However, 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% pa, are based on the market value of funds under management. The approximate impact of a 10% change in fund values on shareholder profits and equity is £1.4m (2006: £1.3m).

Other 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. Risk policy is documented for each category of risk, including the actions to mitigate those risks.

(a) 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 cash balances that it holds. The Group controls its exposure to interest rate risk by managing its treasury balances on a short-term basis.

(b) Currency risk

Currency 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 exchange rates.

(i) The Group is exposed to currency risk on the foreign currency denominated bank balances 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 repatriation of excess foreign currency funds to sterling. At the balance sheet date the Group had exposures in the following currencies:

	2007 US$m	**2007 €m**	2006 US$m	2006 €m
Gross assets	**11.7**	**24.0**	8.1	20.5
Matching currency liabilities	**(9.4)**	**(4.7)**	(5.6)	(7.3)
	2.3	**19.3**	2.5	13.2

Amounts totalling €18.5m held at the balance sheet date (2006: €18.5m) represent the capital of Hansard Europe Limited. Disclosures have been enhanced to include related currency assets and liabilities in the previous financial year.

(ii) Certain fees and commissions are earned by the Group in foreign currencies, based on the value of financial investments held in currency from time to time. At the balance sheet date approximately 37% of investments were in dollar-denominated assets; 30% in euro-denominated, and 20% in sterling assets.

(c) 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.

24 Financial risk management continued

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 unitised money market funds. At the balance sheet date, an analysis of the Group's cash and cash equivalent balances was as follows:

	2007 £m	2006 £m
Deposits with institutions	**41.1**	40.1
Money market funds	**29.7**	17.8
	70.8	57.9

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.

(d) 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 there is 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:

- Forecasts are prepared regularly to predict required liquidity levels over both the short and medium term.
- Assets of a suitable marketability are held to meet policyholder liabilities as they fall due.

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.

25 Financial commitments

At the balance sheet date the Group had annual commitments under non-cancellable operating leases in respect of office accommodation as follows:

	2007 £m	2006 £m
Operating leases which expire:		
Within one year	**–**	0.2
Between one and five years	**–**	–
After five years	**0.5**	0.3
	0.5	0.5

Notes to the Financial Statements

26 Related party transactions

(i) 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.

The following balances existed between the Group and Polar Cap, a company controlled by Dr Leonard Polonsky.

	30 June 2007 £m	30 June 2006 £m
Amounts due to related party	**–**	2.2

(ii) Other

Further information relating to transactions between the Group, its employees, Dr Leonard Polonsky and Polar Cap is provided in note 8.

Joseph Kanarek was party to an agreement signed in 2000 with the controlling shareholder of the Group, Dr Leonard Polonsky. Under this agreement Joseph Kanarek was entitled to purchase from Dr Leonard Polonsky at any time 750,000 shares in Polar Cap at $1.00 each. The agreement was varied by arrangement between the parties and settled in December 2006.

There were no material transactions between directors or key managers and the Group. All transactions between the Group, its directors and key managers are on commercial terms at rates which are no more favourable than those available to staff in general.

27 Ultimate controlling party

Throughout the year the ultimate controlling party of the Group was Dr Leonard Polonsky, a director of the Company.

28 Foreign exchange rates

The closing exchange rates used by the Group for the conversion of balance sheet items from US$ and € to sterling were US$2.01 and €1.48, respectively at 30 June 2007 and US$1.84 and €1.44, respectively, at 30 June 2006.

Parent Company Balance Sheet
As at 30 June 2007

	Note	2007 £m	2006 £m
Assets			
Investments in subsidiary companies	2	**72.1**	72.1
Cash and cash equivalents	3	**18.0**	7.6
Amounts due from subsidiary companies	4	**1.2**	1.2
Other debtors		**0.2**	0.1
Tangible assets		**0.1**	0.1
Total assets		**91.6**	81.1
Liabilities			
Amounts due to subsidiary companies	4	**0.8**	–
Other creditors		**0.3**	0.3
Total liabilities		**1.1**	0.3
Net assets		**90.5**	80.8
Capital and reserves			
Called up share capital	5	**68.6**	68.6
Retained earnings	6	**21.9**	12.2
Shareholders' funds		**90.5**	80.8

The financial statements on pages 43 to 45 were approved by the Board of directors on 26 September 2007 and signed on its behalf by:

R E G Hall
Director

G S Marr
Director

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 under the historical cost convention.

The Company has continued to present individual financial statements prepared in accordance with the Isle of Man Companies Acts 1931-2004. In accordance with the provisions of the Isle of Man Companies Act 1982 the Company has not presented its own profit and loss account.

In accordance with FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that this is provided in its consolidated financial statements, which are presented elsewhere within this Report & Accounts.

1.2 Significant accounting policies

1.2.1 Investment income

Investment income comprises investment income and investment gains and losses. 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 profits and income for the period as determined in accordance with relevant Isle of Man tax legislation and therefore profits arising are taxable at zero per cent.

1.2.4 Investments in subsidiary companies

Investments in subsidiary companies are included in the Company balance sheet at cost.

1.2.5 Foreign currencies

The Company's presentational and functional currency is pounds sterling.

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 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.

2 Investment in subsidiary companies

	2007 £m	2006 £m
Subsidiary companies acquired 1 July 2005	**72.1**	68.6
Investments during the year	**–**	3.5
	72.1	72.1

Investments in subsidiary companies are included at cost.

The following schedule reflects the Company's principal 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 Development Services Limited
Hansard Administration Services Limited
Hansard Information Services Limited

3 Cash and cash equivalents

	2007 £m	2006 £m
Money market funds	**17.7**	7.1
Deposits with credit institutions	**0.3**	0.5
	18.0	7.6

4 Amounts due from/(to) 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

Details of the Company's share capital are set out in note 19 to the Group's consolidated financial statements.

6 Retained earnings

	2007 £m	2006 £m
Profit for the financial year	**15.2**	12.2
Dividend paid	**(5.5)**	–
Net increase in retained earnings	**9.7**	12.2
At 1 July	**12.2**	–
At 30 June	**21.9**	12.2

7 Related party transactions

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

European Embedded Value Information
For the year ended 30 June 2007

1 Components of EEV profit

Year ended 30 June	2007 £m	2007 % of Opening EEV	2006 £m	2006 % of Opening EEV
New business contribution	**22.9**		21.6	
Expected return on existing business	**7.1**		5.2	
Experience variances	**(0.8)**		4.0	
Operating assumption and model changes	**6.7**		(0.4)	
Expected return on Net Worth	**2.1**		1.2	
EEV operating profit	**38.0**	**21.3**	31.6	22.2
Investment return variances	**6.9**		5.2	
Economic assumption changes	**0.0**		(0.7)	
EEV profit	**44.9**	**25.1**	36.1	25.3
Dividend paid	**(5.5)**		0.0	
Total change in EEV	**39.4**	**22.1**	36.1	25.3

2 Detailed analysis of EEV profit

The EEV comprises the value of in-force business ("VIF") and the Net Worth of the Group as at the relevant valuation date, and is calculated net of corporation tax. The analysis shows the sources of change in VIF and Net Worth. This is a new requirement, which helps to demonstrate the realisation of projected future profits into Net Worth during the financial year. As in prior periods, the major sources of EEV profit are from new business, release of margins in operating assumptions and from investment performance.

Year ended 30 June	2007 Movement in			2006 Movement in		
	EEV £m	VIF £m	Net Worth £m	EEV £m	VIF £m	Net Worth £m
New business contribution	**22.9**	**22.9**	**0.0**	21.6	21.6	0.0
Expected return on existing business	**7.1**	**(11.3)**	**18.4**	5.2	(7.9)	13.1
Experience variances	**(0.8)**	**1.7**	**(2.5)**	4.0	5.4	(1.4)
Operating assumption and model changes	**6.7**	**6.7**	**0.0**	(0.4)	(0.4)	0.0
Expected return on Net Worth	**2.1**	**0.0**	**2.1**	1.2	0.0	1.2
EEV operating profit	**38.0**	**20.0**	**18.0**	31.6	18.7	12.9
Investment return variances	**6.9**	**6.2**	**0.7**	5.2	4.2	1.0
Economic assumption changes	**0.0**	**0.0**	**0.0**	(0.7)	(0.7)	0.0
EEV profit	**44.9**	**26.2**	**18.7**	36.1	22.2	13.9
Dividend paid	**(5.5)**	**0.0**	**(5.5)**	0.0	0.0	0.0
Total change in EEV	**39.4**	**26.2**	**13.2**	36.1	22.2	13.9

3 New business profitability and margin

New business margin is defined as New Business Contribution (NBC) divided by Present Value of New Business Premiums (PVNBP). The calculation of PVNBP is equal to total single premium sales in the year plus the discounted value of regular premiums expected to be received over the term of new regular premium policies, and is calculated at the point of sale.

Year ended 30 June	**2007 £m**	2006 £m
PVNBP	**277.1**	270.2
NBC	**22.9**	21.6
New business margin (PVNBP basis)	**8.3%**	8.0%

4 EEV balance sheet

At 30 June	**2007 £m**	2006 £m
Free Surplus	**51.2**	38.3
Required Capital	**5.3**	5.0
Net Worth	**56.5**	43.3
Value of in-force business	**166.8**	140.6
Cost of Required Capital	**(0.3)**	(0.3)
Reduction for operational risk	**(5.0)**	(5.0)
Value of future profits	**161.5**	135.3
EEV	**218.0**	178.6

Notes to the European Embedded Value Information

1 Basis of presentation

In preparing the European Embedded Value (EEV) Information, the directors considered the EEV Principles published by the CFO Forum, a group comprising the chief financial officers of certain major listed and unlisted European assurance companies, in May 2004 and extended by additional guidance published in October 2005. The EEV Information has been prepared using a ''market consistent'' basis in respect of the economic assumptions, in line with the EEV Principles.

Under the 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 business. The total profit recognised over the lifetime of a policy under EEV methodology is the same as under the UK GAAP basis of reporting, but the timing of recognition is different.

2 Methodology

The methodology used to derive the EEV at the valuation date is consistent with the methodology used in relation to the consolidated audited financial statements in respect of the prior year, and in relation to the EEV Information published in the Company's prospectus document on 13 December 2006.

(a) EEV

EEV is an estimate 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 future profits from business written by the Group as at the relevant valuation date (in-force business). The EEV Information 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's life assurance companies may write after the valuation date, and it is calculated net of corporation tax.

(b) Net Worth

Net Worth is the market value of the shareholders' funds, determined on a statutory 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 is split between Required Capital and Free Surplus.

(c) Required Capital

The Required Capital is based on the regulatory requirements of the Group's life assurance subsidiary companies. The directors consider that the appropriate level of Required Capital is equal to 150% of the Required Minimum Margin for Hansard International Limited and 110% of the Minimum Guarantee Fund for Hansard Europe Limited.

(d) Free Surplus

The Free Surplus represents the excess of the Net Worth over the Required Capital.

(e) Value of in-force business

The value of in-force business 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 a risk discount rate (see 3(b) below). On the Isle of Man and in the Republic of Ireland, future shareholder cash flows are deemed to arise when they are released from policyholder funds, following an actuarial valuation by the appointed actuary.

(f) Cost of Required Capital

Though the value of in-force business 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. The adjustment for ''cost of Required Capital'' is made to allow for the fact that there is a cost to shareholders of delaying the distribution of such assets, for example, taxation on interest on shareholder funds.

(g) Non-market risk

Non-market risks include mortality, persistency, expenses and operational risks. In choosing their best estimate assumptions, allowance for non-market risk has been made by the directors. 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. The directors have retained the reduction to the EEV of £5m to account for non-market risk. This reduction has been assessed by the directors after considering past experience, the operational characteristics of the business and market information. This adjustment is equivalent to a 0.69% per annum increase in the risk discount rate assumption at the valuation date.

(h) Cost of 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 has no ''cost of guarantees''.

3 Projection assumptions

(a) Operational assumptions

The EEV was calculated using best estimate operational assumptions (e.g. expenses, mortality, persistency, withdrawals and policyholder activity) having regard for the Group's operating experience.

Expenses

A realistic estimate of the Group's future expenses is allowed for in the EEV calculations, based on actual expense levels and also the directors' estimate of realistic future expense levels. This estimate includes the future costs associated with obligations from being a listed entity, and also recognises the level of activity arising from expected business volumes.

A proportion of the Group's cost base, including its servicing infrastructure and much of its policy administration function, is relatively fixed in nature, so growth in sales and the level of in-force business generates additional value through a corresponding growth in charges. 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.

Non-recurring development costs and any other expenditure of an exceptional nature are generally charged as incurred, and will also be reflected as a profit or loss in the year in the EEV profit.

(b) Economic assumptions

The principal economic assumptions used are set out below:

Year ended 30 June	**2007**	2006
Weighted average pre-tax investment return on fixed interest securities	**5.0% p.a.**	4.8% p.a.
Risk discount rate	**5.0% p.a.**	4.8% p.a.
Future expense inflation	**5.0% p.a.**	5.0% p.a.

The principal economic assumptions used in the EEV calculations are based on risk free rates, being the market yields of government-backed fixed interest securities of comparable term to the policy cash flows at the end of the reporting year. A proportion of the Group's income and expenditure is contracted in currencies other than sterling, in particular US$ and €. In practice, the risk free rate used in the valuation is based on a weighted average of the yields on fixed interest securities issued within the UK, US and Europe. Any components of the EEV and other balance sheet items denominated in foreign currencies have been translated to sterling using the appropriate closing exchange rate.

Risk discount rate

The risk discount rate used to value future expected shareholder cash flows is assumed to be the risk free rate plus a margin for any risks that are not allowed for elsewhere in the valuation. Since non-market risk is allowed for separately through a reduction to the EEV of £5m, the risk margin is nil.

Investment return

All investments are assumed to provide a return equal to the risk free rate.

Taxation

Current tax legislation and rates have been assumed to continue unaltered. A zero rate of corporation tax in the Isle of Man and a 12.5% rate in the Republic of Ireland have been assumed.

(c) Other assumptions

Revisions to the basis used to calculate the prudential reserves have resulted in a release from the reserves, which is reflected in the line item "investment return variances" in the table of EEV profit.

Notes to the European Embedded Value Information

4 EEV sensitivity analysis

Sensitivities provide an indication of the impact of changes in particular assumptions on the EEV at 30 June 2007 and the NBC for the year then ended. In each sensitivity calculation, all other assumptions remain unchanged except where they are directly affected by the revised economic conditions.

Impact on	EEV £m	NBC £m
At 30 June 2007	**218.0**	**22.9**
100bp decrease in risk discount rate	7.9	1.8
100bp increase in investment return	6.1	0.9
10% increase in the value of equities and property	9.9	0.0
10% decrease in sterling exchange rates	13.0	1.8
10% decrease in expenses	4.1	1.0
10% decrease in lapse rates	4.5	0.9
10% decrease in mortality rates	0.6	0.1
10% increase in marketing allowances	3.0	0.4

The EEV and NBC are relatively insensitive to the level of Required Capital.

Report of the Reviewing Actuaries

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

26 September 2007

Dear Sirs

Review of the European Embedded Value ("EEV") of Hansard Global plc for the year ended 30 June 2007.

Our role
Deloitte & Touche LLP has been engaged by Hansard Global plc to act as Reviewing Actuaries in connection with results on an EEV basis published on pages 46 to 50.

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 chosen by the directors of Hansard Global plc, 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 & Touche LLP

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Contacts and Advisors

Registered Office
Harbour Court
Lord Street
Box 192
Douglas
Isle of Man
IM99 1QL

Tel: +44 (0)1624 688000
Fax: +44 (0)1624 688008
www.hansard.com

Chairman & Chief Executive
Dr L S Polonsky
Dr.polonsky@hansard.com

Financial Advisor
Lazard & Co. Limited
50 Stratton Street
London
W1J 8LL

Tel: +44 (0)20 7187 2000

Auditor
PricewaterhouseCoopers
Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

Tel: +44 (0)1624 689689
Fax: +44 (0)1624 689690

Reviewing Actuaries
Deloitte & Touche LLP
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

Tel: +44 (0)20 7936 3000
Fax: +44 (0)20 7583 1198

Media Enquiries
Bell Pottinger Corporate & Financial
6th Floor, Holborn Gate
330 High Holborn
London
WC1V 7QD

Tel: +44 (0)20 7861 3881
Fax: +44 (0)20 7861 3233

Broker
Panmure Gordon (UK) Limited
Moorgate Hall
155 Moorgate
London
EC2M 6XB

Tel: +44 (0)20 7459 3600
Fax: +44 (0)20 7459 3609

Registrar
Chamberlain Fund Services Limited
3rd Floor Exchange House
54-62 Athol Street
Douglas
Isle of Man
IM1 1JD

Tel: + 44 (0)1624 641560
Fax: +44 (0)1624 641561

UK Transfer Agent
Capita IRG Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Tel: +44 (0)20 8639 2236
Fax: +44 (0)20 8639 2279

Financial Calendar

Ex-dividend date for final dividend	24 October 2007
Record date for final dividend	26 October 2007
Publication of interim management statement	16 November 2007
Annual General Meeting	19 November 2007
Payment date for final dividend	23 November 2007
Announcement of 2nd quarter new business figures	30 January 2008
Publication of half-yearly results	28 February 2008
Declaration of interim dividend	28 February 2008
Ex-dividend date for interim dividend	5 March 2008
Record date for interim dividend	7 March 2008
Payment of interim dividend	3 April 2008
Publication of interim management statement	16 May 2008

Hansard Global plc
Harbour Court, Lord Street, Box 192,
Douglas, Isle of Man IM99 1QL,
British Isles

T: +44 (0)1624 688000
F: +44 (0)1624 688008
E: enquiries@hansard.com

Hansard International Limited
Harbour Court, Lord Street, Box 192,
Douglas, Isle of Man IM99 1QL,
British Isles

T: +44 (0)1624 688000
F: +44 (0)1624 688008
E: enquiries@hansard.com

Hansard Europe Limited
Carysfort House, Carysfort Avenue,
Blackrock, Co. Dublin,
Republic of Ireland

T: +353 (0)1 211 2800
F: +353 (0)1 211 2850
E: enquiries@hansard.com

HANSARD GLOBAL plc