HANSARD GLOBAL plc

Annual Report & Accounts 2008

On target, online, ongoing

HIGH MARGINS - HIGH PROFITABILITY

Highlights

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

The Hansard Group offers a range of around 200 flexible, unit-linked, long-term savings and investment products in tax-efficient life-assurance policy wrappers.

These are sold exclusively through over 540 independent intermediaries to more than 43,000 policyholders in over 170 countries.

Contents

Profit after tax for the year was £23.3m, an increase of 18.3% over the previous year (2007: £19.7m)

EEV operating profit after tax for the year was £47.9m, an increase of 26.1% (2007: £38.0m)

EEV of the Group at 30 June 2008 has risen to £243.1m, an increase of 11.5% (30 June 2007: £218.0m)

Assets under administration at 30 June 2008 were £1,137.4m, an increase of 0.6% (30 June 2007: £1,130.2m)

Robust new business margins of 7.8% (2007: 8.3%)

Chairman's Statement

"...a continued growth in profits..."

I am pleased to present the Annual Report of Hansard Global plc for the financial year ended 30 June 2008. This has been a very challenging year in which many financial services operations have suffered from the global credit crisis. The Hansard business model has, however, been robust in these turbulent market conditions, and we have recorded a strong performance.

The Group has reported a continued growth in profits, in cash flows, in Assets under Administration and in Embedded Value, despite extreme volatility in global capital markets. The Group remains very strongly capitalised and has no borrowings.

This Annual Report covers our first full year as a London Stock Exchange listed company. During the year we adapted to significant changes in reporting requirements, particularly in relation to the adoption of International Financial Reporting Standards and in the Group's Corporate Governance framework.

Financial performance

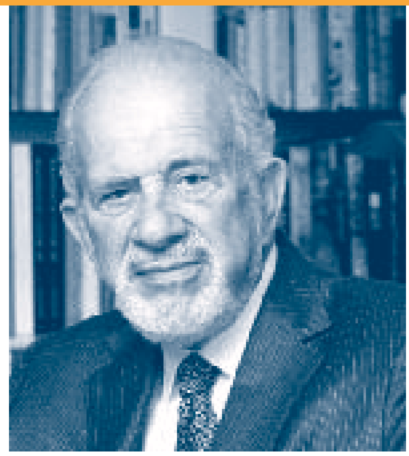
Reflecting further development of the Group's reporting capabilities, the financial results have, for the first time, been presented in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). In addition, certain information relating to embedded value is presented using the European Embedded Value ("EEV") methodology. In our view, the EEV Information, read in conjunction with the other financial information produced by the Group, is more meaningful than the information presented under IFRS alone in relation to the financial performance of the Group year on year.

I am pleased to report that the strong performance in profits and new business flows achieved over the last two years has continued in this financial year, despite the impacts of the credit crisis and other factors causing uncertainty among intermediaries and investors. The IFRS profit after tax for the year was £23.3 million (US$47m), an increase of 18.3% over the profit of £19.7m earned in the previous financial year. Earnings per share are 17.0p (US 34.0 cents), compared with 14.4p, an increase of 18.1%.

EEV operating profit after tax was £47.9m (US$96m) (2007: £38.0m), an increase of 26.1%. Despite market conditions and the payment of dividends totalling £22.0m during the year, the EEV of the Group has risen to £243.1m (US$486m), an increase of 11.5% from the value at 30 June 2007. This underlines the strength of our business model.

Dividends

Dividends totalling £22.0m, including a special dividend of £6.9m, have been paid to shareholders during the year (2007: £5.5m). These dividends were paid from the Group's own cash resources. Ordinary dividends were fully covered by cash-flows of the current year, allowing us to maintain the payout ratio of 70% of statutory profit.



New business

The new business performance of the Group for the year reflects pervasive and challenging market conditions. Regular premium flows during the year remained strong, particularly in the Far East and Latin America. Ongoing uncertainty in the financial markets, however, continued to impact single premium flows from Europe and Scandinavia. Initiatives to develop our relationships with intermediaries in each of these areas were successful, and we are confident that growth in these regions will return when markets recover.

At 7.8%, new business margins remain substantially above industry average, principally due to our efficient operating model and our focus on the value of new business and the maintenance of margins.

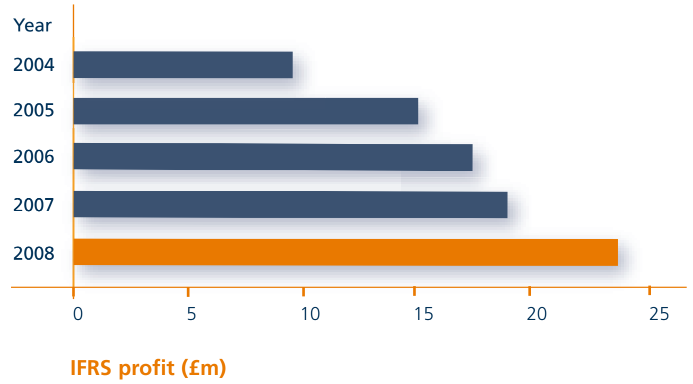
New business flows have sustained the value of the Group policyholders' funds, rising to £1,137m ($2,274m) at 30 June 2008, an increase of 0.6% since 30 June 2007, despite continued falls in global capital market values since August 2007.

Significant shareholdings

The shareholder base of the Company has been broadened during the year as a result

Hansard Global plc Annual Report & Accounts 2008

A robust performance in turbulent times



of donations of shares by the Polonsky Foundation and a placing of shares by the Foundation in November 2007. The Company now has a free float of approximately 47% of the issued capital. We are very pleased with the range and quality of institutional shareholders that have chosen to invest in us.

At the date of this report I have the largest shareholding in the Company, approximately 42% of the issued capital. The Polonsky Foundation holds a further 5.2%. Details of other significant shareholdings are contained within the Directors' Report.

Readers may recall that Polar Cap Limited was the holding company of the Group at the time of our listing on the London Stock Exchange. I can confirm that the reorganisation envisaged at that time has been completed.

FTSE Index constituent

We are pleased to have been included in the UK Series of the FTSE ALL-SHARE Index with effect from 24 December 2007. The company is also a constituent of the following indices: FTSE All-Share ex-Investment Trusts, FTSE Small Cap and FTSE Small Cap Ex-Investment Trusts. A number of index-tracker funds have acquired holdings in the Company as a result.

Employees

The continued growth in profits could not have been achieved without the on-going commitment and dedication of our employees. The progress that we have made, despite the impacts of the credit crisis, is a reflection of their skill and enthusiasm. On behalf of the Board and shareholders, I thank them all.

I am pleased to record that shareholders approved a Share-Save programme for employees at the Annual General Meeting held on 19 November 2007, to enable employees to participate further in the success of the Group. A large number of employees joined the scheme following its implementation in February 2008.

Outlook

The Group's objective is to grow by attracting new business and positioning itself to adapt rapidly to market trends and conditions. Despite economic indicators confirming a slowdown in major markets and continued stock market uncertainty, we believe that the longer-term social and demographic conditions that impact our business remain positive.

Hansard receives business from a strong and well-diversified corps of financial intermediaries around the world. Continued investment in our relationships and our business proposition, together with the Group's robust balance sheet, mean that the Group has the strength to withstand the current economic and financial market conditions and is well positioned for growth in volume and profit as the environment improves.

Dr Leonard Polonsky
23 September 2008

Business Review

Scaleable and flexible solutions

Business

The Group is a specialist long-term savings provider that has been based in the Isle of Man for over 21 years and has also operated 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 risk.

The Group's products are unit-linked investment contracts. The premiums paid under a policy (net of related charges) are applied in the allocation of units in funds administered, whose value is determined by reference to the investment(s) chosen by the policyholder. Policyholders bear the financial risks relating to the financial assets and liabilities arising from the contracts. The Group does not offer investment advice.

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

These contracts are distributed utilising the Group's low-cost distribution model exclusively through financial services intermediaries, independent financial advisers or the retail operations of financial institutions (together, "Intermediaries"), supported by our 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 Group'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 established by the Isle of Man Government provides policyholders with security of up to 90% of the value of the contract. 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. Interim dividends, representing 40% of the total dividend expected to be paid in respect of a financial year, will generally be paid in April. The final dividend in respect of that year will be paid in November, once approved by shareholders at the AGM.

Products

The Group offers long-term savings products packaged as single and regular premium life assurance policies. The life assurance policy, or wrapper, is a tax-efficient method of offering policyholders exposure to a wide range of investment opportunities by giving them access to investment funds whose returns are linked to the return on specified assets that suit their individual risk appetite.

The Group's products are constructed around three product families:

- **Retirement Programme family -** products based on a contractual commitment to pay premiums at a specified level for a fixed term, normally of at least 10 years.
- **Capital Builder family -** products based on a contractual commitment to pay the equivalent of at least £10,000 within three years of commencement. This may comprise a single premium, a number of ad hoc premiums, an agreed series of regular premiums, or a combination of these. There is no fixed term for the life of a policy.
- **Personal Portfolio family -** products based on a contractual commitment to pay or transfer assets to the equivalent value of at least £40,000 upon inception of the policy. These policies have no fixed terms and are open-architecture products providing access to a broader range of investments than are available through the Group's other product families.

Hansard OnLine - an award-winning, multi-language internet platform

Key Strengths

Any options or guarantees within the products are 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 that the Group's operations are both profitable and cash generative.

The Group's products can be configured in a large number of different combinations to provide bespoke solutions for specific Intermediary and policyholder requirements and can be customised through, for example, investment fund choice, charging structures, currency reporting, fund switching options and the basis of life assurance offered. In addition, they can be repackaged as branded products of a specific Intermediary, underwritten by the relevant Group life assurance company.

The Directors believe that the Group's products are attractive to affluent international investors and other individuals and institutions.

The nature of the Group's products, the functionality of Hansard OnLine and the ability of the policyholder to reposition assets within a portfolio contribute to the persistency of assets under management.

Workforce

The senior management team, collectively, has an aggregate of 200 years' experience in the long-term savings and life assurance industry, including some 130 years within the Group.

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

During the year the Group's expertise has enabled it to meet challenging market conditions while developing capability in relation to IFRS accounting and actuarial modelling.

Hansard OnLine

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

Hansard OnLine is being continually developed to meet the needs of policyholders, intermediaries and the Group. During the year the enhancements to Hansard OnLine included providing intermediaries and policyholders with access to information in six languages, access to new payment reports, enhancements to the user interface, graphs and commentary, and the "look and feel" of the document library. In addition, there were enhancements to the Personal Investment Review functionality utilised primarily by Intermediaries.

Capitalisation and solvency

The Group is well capitalised, with capital in excess of 16 times its aggregate minimum solvency requirements as at 30 June 2008. The solvency position is well insulated against the difficult investment markets, with the excess capital resources being invested in a wide-range of deposit institutions, in AAA-rated money market liquidity funds, and in UK Treasury Stock. The in-force portfolio has no investment options or guarantees.

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; to satisfy the requirements of its policyholders and regulators, and to generate operating cash flows to meet the stated dividend policy.

The Group participates actively in the Quantitative Impact Studies (QIS) relating to "Solvency II", the legislative exercise which will ultimately determine the level of economic capital required by any EU-based insurer to support its activities. The most recent study (QIS4) concluded in July 2008.

With implementation expected in 2012, the draft legislation at this stage would not oblige the Group to hold economic capital in addition to existing levels.

Business Review

Hansard Global plc Annual Report & Accounts 2008

The Group continues to operate its existing business model, which is designed to reduce operational and financial risk, and to grow its business

Strategy and Key Performance Indicators

Strategy

In line with its business model the Group intends to grow its business through:

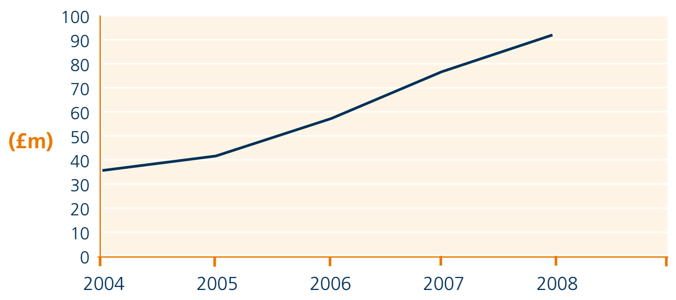
- increasing the number of Account Executives to 25 by December 2012,
- developing and enhancing Intermediary relationships,
- developing profitable relationships with institutions and other wealth management groups,
- increasing the functionality of Hansard OnLine to continue to meet the needs of Intermediaries 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 £69.5m, almost identical to the balances of £70.8m at 30 June 2007, after the payment of £22.0m in dividends during the year. This demonstrates the cash generative capacity of the Group.

  The chart demonstrates the continuing growth of cash generated since 30 June 2004, before dividend payments and investment activities. The Group has no borrowings at year end.



Cash generated from operations

- **Expenses** – The Group maintains rigorous focus on expense levels. The increase in expenses over the previous year reflects additional investment in staff and infrastructure to improve customer service in the context of the significant growth in our book of business over the past 3 years.
- **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.

  Growth of new business during the year has been restrained by a combination of environmental and global economic circumstances. As is outlined elsewhere in this section, new business flows were approximately 5% less than in the previous year, which was a record year for new business.
- **Risk profile** – The factors impacting on the Group's risk profile are kept under continual review. During the year the Group continued to monitor and develop its Enterprise-wide Risk Management Framework and implemented a process to enable Group companies to apply a consistent rating to all principal risks and to report movements to the holding company.
- **Business continuity** – Maintenance of continual access to data via Hansard OnLine is critical to the Group's operations, and this has been ensured through a robust infrastructure with inbuilt redundancy. The Group is pro-active in its consideration of threats to data, data security and data integrity. Regular testing of the systems and processes is performed. During the year, data replication mechanisms were implemented thus improving the already sound business recovery platform.

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 Enterprise-wide Risk Management process for managing the significant risks faced by the Group, details of which are included in the Corporate Governance report.

The following tables summarise the principal risks faced by the Group and the mitigating factors exercised continually by management to limit exposure to those risks. Where necessary, we will develop alternative strategies to minimise the impact of any changes.

Business model risks

Risk	Mitigating Factors
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.	We closely monitor competitor activity and marketplaces for signs of any potential new entrants or threats. We employ a number of managers who focus on the recruitment and retention of high quality Account Executives. All recruitment and retention activity is closely monitored.
Changes in policyholder and/or market sentiment may lead to the Group experiencing a significant change in persistency rates, or in levels of new business.	The Group's Account Executives and management closely monitor the appetite of Intermediaries. We have a diversified distribution base that limits potential exposures. We regularly monitor changes in persistency rates and revise assumptions when necessary.
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.	The Group's business model is rigorously applied in all circumstances and continually reinforced contractually. Any claims of advice being provided are strenuously resisted.
Loss of reputation or negative publicity arising in the markets in which the Group operates.	We seek to maintain open and mutually beneficial relationships with Intermediaries. We have a range of compliance monitoring activities designed to ensure we remain compliant with applicable regulations.

Regulatory and External environment risks

Risk	Mitigating Factors
Adverse economic, political and market factors, such as a prolonged economic downturn, significant falls in levels of global capital and other markets, and weakness of major currencies against sterling can impact on new business flows and reported earnings.	We closely monitor the performance of the global capital markets, intermediary confidence levels, foreign currency exchange rates, and regularly assess performance against our business plan. Robust management information is used to facilitate this monitoring and to identify early signals of a market decline.
The regulatory regimes to which the Group's life assurance companies are subject may change.	We maintain dialogue with the Insurance & Pensions Authority of the Isle of Man Government, the Irish Financial Regulator and other regulators on proposed or potential changes that may affect the design of the Group's products or its business model.
An adverse change in the Company's or the Group life assurance companies' tax residence, effective tax rate or applicable tax legislation.	When appropriate we maintain dialogue with the Tax authorities of the Isle of Man Government, and of the Republic of Ireland to identify any proposed or potential changes that may affect the Group's exposure. We monitor the Group's exposures to all taxes.
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.	We closely monitor technological developments in relation to the functioning of the internet and we will develop alternative strategies to minimise the impact of any changes.

Business Review

Hansard Global plc Annual Report & Accounts 2008

A continued growth in profits, cash flows, in assets under administration and in embedded value, despite volatility in global capital markets

Financial Performance

Results of operations

Despite the impact of severe economic conditions on investments and new business volumes, our business model has still delivered robust results. The Group has reported a continued growth in profits, cash flows, in assets under administration and in Embedded Value, despite volatility in global capital markets. The Group remains very strongly capitalised and has no borrowings.

Strong positive cash flows generated from the existing book of business have contributed to substantial returns on European Embedded Value ("EEV"), have funded new business production, and the payment of ordinary dividends during the year. As was indicated in the Interim Management Statement in May 2008, EEV profit for the year has been positively impacted by the benefits of increased investment in the Group's modelling technology, leading to better forecasting of cash flows.

Our business model has delivered robust results.

Adoption of IFRS

The Group has implemented International Financial Reporting Standards as adopted by the European Union ("IFRS"), in respect of the year ended 30 June 2008. Prior to this, the consolidated financial statements of the Group were prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"). There are no differences between profits and retained earnings as at 30 June 2007 calculated on the basis of IFRS and those calculated on the basis of UK GAAP in the published Report & Accounts for that financial year.

The adoption of IFRS has, however, resulted in the reclassification of certain assets disclosed under UK GAAP as financial investments, and in a different presentation of the Group's cashflows. A reconciliation of the balance sheet as at 30 June 2007, as prepared under IFRS, to that presented in the Group's UK GAAP consolidated financial statements, is included in this Annual Report.

Additionally, certain information relating to embedded value is presented using the EEV methodology. The Board believes that the EEV Information provides more meaningful information on the financial position and performance of the Group than that provided by IFRS reporting alone.

The following provides information additional to that disclosed within the other sections of the Report & Accounts.

Results for the year under IFRS

The profit for the year after tax is £23.3m, compared with a profit for the prior year of £19.7m. This represents an increase of 18.3%. Earnings per share are 17.0p, an increase of 18.1% over the earnings per share of the prior year.

The results for the year reflect positive income streams from contracts under administration, coupled with strong positive premium flows that have generated increases in assets under administration. Revaluation gains of £1.7m on holdings of euro deposits by a subsidiary company during the year have contributed significantly to the reported profit.

Continued falls in levels of global capital markets over the second half of the financial year have contributed to reductions in the levels of investment income from those reported at the half-year stage.

Revenues

Fees and commissions

Fees and commissions for the year are £53.3m, compared with the prior year of £49.2m. This represents an increase of 8.3%, driven 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.

The segmental analysis of fees and commissions set out in note 5 to the consolidated financial statements reflects a growth of 23.7% in revenue attributable to Hansard Europe Limited over the year. This is principally as a result of fees earned from servicing single premium contracts that were issued in previous financial years.

A summary of fees and commissions is set out below:

Year ended 30 June	2008	2007	Increase
	£m	£m	%
Fees from investment contracts	**48.4**	45.0	7.6
Commissions receivable	**4.9**	4.2	16.7
	53.3	49.2	8.3

Fees from investment contracts have increased by £3.4m or 7.6% over the prior year, reflecting principally the impact of fees received from contracts that were being administered by the Group at the beginning of the year. Changes in the design of single premium products to reduce front-end loads are reflected in changes in the composition of fees received compared to the previous year. During the year investment management charges to contracts increased by 23.8%. This reflects the Group's flexibility in developing product structures to meet market trends.

Commissions received from third-party fund houses have increased by 16.7% over the prior year to £4.9m, reflecting the negotiation of enhanced terms with a number of fund houses during the year, and the increased value of Policyholder assets in the Protected funds established by the Group in prior financial years. By their design, these funds have not experienced the same falls in value as more traditional, long-only, funds.

Investment income

Continued falls in the levels of global capital markets over the second half of the financial year have substantially eliminated gains made in the first half. In the six months to 31 December 2007, investment income totalled £78.8m; for the year ended 30 June 2008 cumulative investment income is £9.9m (2007: £130.8m).

The level of investment income received on financial assets held to cover contract liabilities does not directly impact on profit for the year, as it is deducted within the consolidated income statement and credited to investment contract liabilities, as disclosed in note 19.

Included in net investment income are amounts totalling £7.4m related to shareholders' assets. Changes in the relative levels of sterling against the euro and the US dollar have resulted in significant holding gains on foreign currency balances, compared with the results of the previous year. Investment income for the year includes FX gains totalling £2.5m (2007: £1.3m loss) on foreign currency assets and liabilities held by the Group, principally euro balances held by Hansard Europe to support regulatory capital requirements.

Expenses

Total origination, administrative and other expenses for the year are £37.6m, an increase of 9.7% over the level of those expenses incurred in the previous financial year.

The reader may note that origination costs for the year ended 30 June 2007 have been restated to include certain new business related costs of £1.9m expensed as incurred in that year and previously disclosed under administrative and other expenses. There has been no impact on prior year profit as a result of the restatement.

Set out below is a summary of expense performance during the year:

Origination costs

Origination costs include new business commissions, certain intermediary incentives and other distribution-related expenditure. New business commissions, together with the directly attributable incremental costs incurred on the issue of a policy, are deferred and amortised over the life of the relevant contract.

New business commissions are largely as expected having regard to new business levels during the year and incentive arrangements in place. The increase in other origination costs reflects investment in Account Executives and supporting distribution resources in line with our stated strategy.

Administrative and other expenses

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

Year ended 30 June	2008	2007	Change
	£m	£m	%
Employee costs	**8.6**	6.8	26.5
Investment management fees	**3.7**	3.1	19.4
Other expenses and professional fees	**7.2**	6.2	16.1
	19.5	16.1	21.1

The Group has two main aims in expense management: to ensure we continue to provide the excellent customer service for which we are known and to minimise the increases in expenses across the Group. In the year to 30 June 2007, the Group began to invest significant sums in technology improvements and in increasing our senior actuarial, legal and taxation expertise, primarily in support of product and market development. This recruitment continued throughout the year under review.

Business Review

Hansard Global plc Annual Report & Accounts 2008

Strong positive cash flows generated have funded new business production, and the payment of ordinary dividends

Financial Performance CONTINUED

The principal drivers in employment costs, therefore, are:

- Development of Actuarial expertise, Product development and technical personnel,
- Increase in Investment administration resources following success of new business flows in the two previous years, which has necessitated increases in administration and systems development headcount, to increase processing speed and risk management techniques.

The imputed costs of the Save as You Earn (SAYE) share-save programme for employees that was implemented during the year are not material to reported expenses.

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 year. The increase over the previous year reflects continued growth in assets subject to investment management arrangements.

Administrative expenses for the year include amounts totalling £0.8m (2007:£0.6m) for the additional professional fees, insurance and other costs of operating as a listed company.

Taxation

Profitable trading by Hansard Europe Limited, coupled with the effects of the rise in value of its euro deposits against sterling over the year, has resulted in the utilisation of tax losses incurred in prior years. A provision of £0.3m for corporation tax has been included in these financial statements, based on the tax rate of 12.5% levied in the Republic of Ireland on the taxable income for the year. The Group does not pay any corporation tax on profits made in the Isle of Man.

Dividends

The following dividends have been paid during the year. In line with our strategy, all ordinary dividends have been funded by operating cash flows in the financial year.

In accordance with the Board's stated dividend policy, the Company intends to pay dividends of 70% of the consolidated profit after tax for each financial year.

	2008 £m	2007 £m
Final ordinary dividend paid 23 November 2007 (6p per share)	**8.2**	-
Special dividend paid 23 November 2007 (5p per share)	**6.9**	-
Interim ordinary dividend paid 4 April 2008 (5p per share) (2007: 4p per share)	**6.9**	5.5
	22.0	5.5

Cash flows

Operating cash flows in the year were strongly positive, allowing the Group to fund its new business and pay the ordinary dividends referred to earlier. The Group's own positive operating cash flows are not easily determined from the cash flow statement set out on page 38 as, under IFRS reporting, cash flows relating to the investment contracts are aggregated with those of the Group's operational activities.

The following summarises the Group's own cash flows in the year, net of the purchase of the UK Treasury Stock referred to below:

Year ended 30 June	**2008 £m**	2007 £m
Net cash inflow from operating activities	**14.6**	16.4
Foreign exchange differences	**2.2**	(1.3)
Interest on investments	**4.8**	4.0
Cash inflow	**21.6**	19.1
Purchase of plant & equipment	**(0.6)**	(0.6)
Dividends paid	**(22.0)**	(5.5)
Cash outflow	**(22.6)**	(6.1)
Net cash (outflow) / inflow	**(1.0)**	13.0

Shareholder cash and liquid assets

Cash and cash equivalent balances, excluding those held to cover liabilities under investment contracts, at 30 June 2008 stood at £56.6m. In addition to the cash flows summarised above, this represents a decrease of £14.2m compared to the balances at 30 June 2007, reflecting in part the investment by a subsidiary company of £13.2m in short-term UK Treasury Stock to mitigate credit risk and the payment of dividends of £22.0m referred to earlier.

	2008 £m	2007 £m
Shareholder cash and cash equivalents	**56.6**	70.8
UK Treasury Stock (disclosed within Financial investments)	**12.9**	-
Shareholder cash and liquid assets at balance sheet date	**69.5**	70.8

Shareholder liquid assets at the balance sheet date are held with a wide range of deposit institutions, in AAA-rated money market liquidity funds and in UK Treasury Stock. The Group had no borrowings during the year or at the year end (30 June 2007: £nil).

Business Review

EEV profit underpinned by profitable new business

Financial Performance CONTINUED

Assets under administration

Under IFRS reporting, financial investments are analysed on the Group's balance sheet by category with no distinction being made between those financial investments held to cover liabilities under investment contracts, and those owned by the Group. The result is that the reader cannot immediately determine the nature and amount of all investments held to cover contract liabilities, particularly in these uncertain times when policyholders have sought to reduce equity exposures within contracts by increasing exposure to cash and cash equivalents. Accordingly, additional information to aid the reader has been provided in note 19 to the consolidated financial statements.

In the following paragraphs, Assets under Administration ("AUA") refers to net assets held to cover financial liabilities as analysed in note 19.

The value of AUA as at 30 June 2008, at £1.14 billion, has risen by 0.6% since 30 June 2007, despite continued falls in market values throughout the year. The MSCI World Index has fallen over 13% in the year.

Despite market conditions the Group has retained net positive cash flows from the large number of regular premium contracts that the Group administers on behalf of policyholders around the world. Experience investigations indicate that the expected duration of investment contracts has lengthened over time. This is reflected both in the persistency and related variances in the EEV calculations and in the reduced number of surrenders experienced during the year.

Analysis of Financial Investments

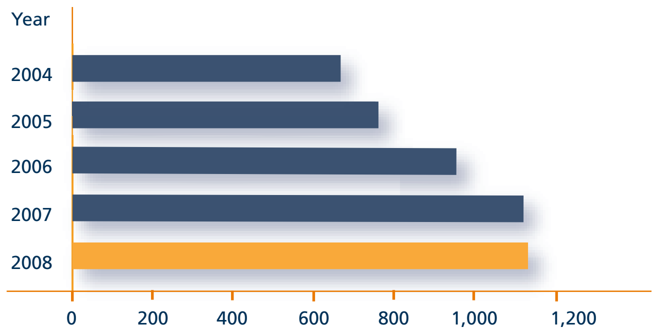
Policyholders have the ability to reposition assets held within policy contracts and therefore do not generally seek to surrender contracts in times of market volatility, which contrasts favourably with the levels of withdrawals experienced by a number of retail funds over the course of the year and further emphasises the strength of the life assurance wrapper.

This is reflected within note 19 where readers will note that policyholder direct exposure to equities has reduced by £23.2m since 30 June 2007, while exposure to fixed income securities and cash has increased by £57.9m over the same period.

Additionally, Policyholder exposure to funds offering downside protection in volatile capital markets comprised 19% of the Group's AUA at 30 June 2008 (2007: 16%), further reflecting the ability of the Policyholder to reposition assets within portfolios to suit their changing circumstances.

While the value of the AUA is impacted by the credit crisis, as a result of the diversified portfolio of investments to cover financial liabilities, the value of financial investments is not materially impacted by illiquid assets or impaired fund structures. At the balance sheet date, certain investment contracts are exposed to a number of property fund structures that have temporarily suspended redemptions, but the impact of these on the balance sheet is immaterial. As a result of the unit-linked contracts issued by the Group, the Policyholder bears the financial risk attaching to assets to which the contracts are linked.

The Group does not bear additional liquidity risk as a result of the temporary suspension of impaired fund structures. Contractual payments under contracts are generally deferred to the extent that liquidity is not available within the relevant contract.



Assets under administration (£m)

EEV Information

Results for the year under EEV

EEV is an estimate of the value of the shareholders' interest in the life assurance and related businesses of the Group. The basis of the EEV Information is the set of 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 market consistent economic assumptions.

The methodology used to derive the EEV is consistent with that used in the previous financial year, although certain disclosures below and within the body of the EEV Information have been amended to reflect developing market practice. Prior year amounts have been restated where appropriate.

EEV profit

The EEV profit after tax is £47.1m (2007: £44.9m), which represents a return on opening EEV of 21.6% (2007: 25.1%).

EEV profit for the year has been positively impacted by market conditions affecting the value of and return on new business flows, together with the benefits of increased investment in the Group's modelling technology. The EEV operating profit remains strong as a result of profitable new business written during the year, the relative persistency of cash flows and the lack of options, guarantees or other such features within the products issued by the Group. The EEV operating profit for the year is £47.9m, compared with £38.0m in the previous year, an increase of 26.1%.

Advances in the modelling of product cash flows were implemented during the year. As flagged in the interim management statement issued in May, this has resulted in the identification of additional value of £15.7m within the EEV operating cash flows, particularly in relation to partial withdrawals under policy contracts and paid-up policy charges.

Despite extreme market conditions during the year, over which management has no control, investment related income has held up well. Declines in market values have caused a slight reduction in EEV profit, reflecting a lower level of fund growth than expected, offset by gains from the Group's diversified exposure to different currencies.

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

Year ended 30 June	**2008 £m**	2007 £m
New business contribution	**20.3**	22.9
Expected return on existing business	**9.4**	7.1
Experience variances	**(3.1)**	(0.8)
Operating assumption changes	**2.8**	9.7
Expected return on Net Worth	**2.8**	2.1
Model changes	**15.7**	(3.0)
EEV operating profit after tax	**47.9**	38.0
Investment return variances	**(0.2)**	6.9
Economic assumption changes	**(0.6)**	0.0
EEV profit after tax	**47.1**	44.9

Business Review

Financial Performance CONTINUED

New Business Contribution
The New Business Contribution ("NBC") for the year is £20.3m (2007: £22.9m). The effect of the credit crisis on the long-term savings market has impacted on sales activity and, along with most of the market, the Group has reported a decline in new business premiums. This is particularly evident in relation to Single premium flows. Regular premium flows have remained robust. This has resulted in a fall in NBC, compared with the previous year. There was a small improvement in business mix as the reduction in sale volumes tended to be from lower margin products and the underlying profitability of new business written by the Group remains consistently above levels enjoyed by competitors.

Expected return on existing business
The expected return on existing business of £9.4m (2007: £7.1m) is the increase in the value of future profits over the year and in new business between the point of sale and the end of the year due to the time value of money. Its calculation is based on the 5.0% assumption for the risk discount rate at the previous financial year-end and the calculation of future cash flows, after allowance for the model changes mentioned below.

Experience variances
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 year from the assumptions used to calculate the EEV at the previous year-end. Experience variances gave rise to an EEV loss of £3.1m in the year (2007: £0.8m loss). This loss arose mainly from heavier than expected levels of premium holidays, premium reductions and an expense overrun.

Operating assumption changes
A review of operating assumptions is conducted annually. Changes were made to reflect current expectations about future levels of expenses, mortality, lapses and other operating matters. These operating assumption changes increased the EEV by £2.8m at 30 June 2008 (2007: £9.7m profit). This is largely driven by changes to reflect improving lapse and mortality experience and greater margins from policyholder switching activity than previously expected. In current conditions the Group has taken a more conservative view on future costs and strengthened expense assumptions.

Expected return on Net Worth
The expected return on Net Worth of £2.8m (2007: £2.1m) reflects the anticipated increase in shareholder assets over the year due to the time value of money, and is calculated using the risk discount rate at the previous financial year-end.

Model changes
During the year, significant improvements to the Group's modelling capabilities resulted in the identification of additional value which increased the EEV by £15.7m (2007: £3.0m loss). This was particularly in relation to partial withdrawals under policy contracts and the modelling of paid-up policy charges. This is a one-off adjustment, which is not expected to recur in future years.

Investment return variances
The impact of market and other external conditions on previous year's assumptions gave rise to investment return variances that contributed to a loss of £0.2m in the year (2007: £6.9m gain). The main elements contributing to this loss are as follows:

Year ended 30 June	2008 £m	2007 £m
Investment performance of policyholder funds	**(12.7)**	12.1
Exchange rate movements	**11.4**	(6.3)
Commissions receivable	**1.3**	0.7
Other	**(0.2)**	0.4
	(0.2)	6.9

Economic assumption changes
Economic assumption changes resulted in a reduction of £0.6m in EEV (2007: £nil), largely as a result of the projected unit growth rate being reduced by 0.1% in the year due to increased levels of external fund manager charges. The risk discount rate remained at 5.0% at 30 June 2008 (2007: 5.0%) as a result of two opposing effects: a reduction of 0.7% in underlying interest rates and an increase of 0.7% resulting from the move to basing the risk discount rate on interest rate swaps instead of fixed-interest government bonds, in line with developing market practice.

Hansard Global plc Annual Report & Accounts 2008

The Group remains very strongly capitalised and has no borrowings

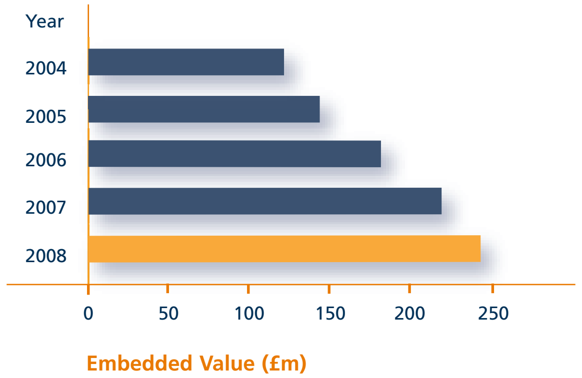
EEV balance sheet
The EEV of the Group continues the growth experienced over the last four years, as demonstrated below. The EEV as at 30 June 2008 was £243.1m, representing an increase of 11.5% or £25.1m over the value at 30 June 2007, despite the payment of dividends totalling £22.0m during the year. Throughout the year, new business was written on profitable new business margins and significant modelling improvements were implemented. 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.

	2008 £m	2007 £m
Net Worth	**56.9**	56.5
Value of future profits	**186.2**	161.5
EEV	**243.1**	218.0

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 and short-dated UK Treasury Stock.

Additional analysis of Net Worth is contained within the EEV Information.



Net Asset Value
The net asset value per share ("NAV") at 30 June 2008, on the basis of IFRS, is 38.2p. This represents an increase of 2.7% from the NAV of 37.2p at 30 June 2007, reflecting in part the payment of £22.0m (or 16p per share) in dividends during the year. The NAV is based upon the consolidated shareholders' equity 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 2008 is 177.1p. This represents an increase of 11.5% from the NAV of 158.8p at 30 June 2007.

Capitalisation and Solvency
The Group continues to be very strongly capitalised to satisfy operational, regulatory requirements, and policyholder expectations. At the balance sheet date the Group's capital position in relation to the regulatory requirements of subsidiary companies is as set out below.

	2008 £m	2007 £m
Shareholder cash and cash equivalents	**56.6**	70.8
UK Treasury Stock	**12.9**	-
Other net assets	**2.4**	1.2
Total capital available to meet regulatory capital requirements	**71.9**	72.0
Aggregate minimum regulatory margin	**4.4**	4.1
Coverage of minimum regulatory margin	**16.3 times**	17.6 times

The increase in the aggregate minimum regulatory margin is largely as a result of the strengthening of the euro against sterling during the year.

The Group had no borrowings at the balance sheet date (2007: £nil), nor at any time during the year.

Business Review

Hansard Global plc Annual Report & Accounts 2008

Solid new business flows throughout the year

New Business

New Business

Despite the impact of the global credit crisis on investor confidence, the Group has achieved solid new business flows throughout the year, benefiting from the geographical spread of the intermediaries with whom we deal and the diversity of their client base.

The new business performance of the Group for the year reflected continuing tough market conditions. Regular premium flows remained strong, particularly in the Far East and Latin America. The ongoing uncertainty in the financial markets continued to impact Single Premium flows, particularly from Europe and Scandinavia. Initiatives to further develop intermediary relationships in each of those areas were however successful and we are confident that further growth in those markets is achievable when markets stabilise.

New business in Europe was restrained by a combination of investor uncertainty, competitor activity and regulation changes in certain markets. Towards the end of the financial year, we implemented an incentive to attract Single Premium business. This has proven to be successful in attracting Single premium flows while earning new business margins within the Group's required range. and similar initiatives are being applied with selected intermediaries, each with a specific target of incremental production needed by the end of the current financial year to trigger the reward. Our continuous efforts in Benelux, Germany and Italy to develop relationships are beginning to show results, and we expect the new financial year to deliver significant increases in new business production from those areas. Initiatives to develop the Polish market had only limited success, and we have taken steps to reduce the expenses connected with that market.

The Middle East Region is now headed up by an experienced manager and we are beginning to see production from new sources of business there.

Development of institutional business is progressing. During the year under review an agreement was reached with a significant distribution partner, and customised co-branded products have been launched. These products will be sold by regulated client advisors in Europe. Long-term plans are in place to continue business development activities in this area.

Recruitment and other activity continues to provide new distribution capability for the Group in new markets, strengthen existing relationships and expand the range of investment opportunities for Policyholders.

New business volumes

New business sales volumes are expressed in terms of the Group's internal metric, Compensation Credit ("CC"), which measures the relative value of each piece of new business, and two bases generally made available to the market, Annualised Premium Equivalent ("APE") and Present Value of New Business Premiums ("PVNBP"). The Group believes that CC is an appropriate measure of new business as it indicates the relative value of each piece of new business to allow the Group to monitor acceptability of margins and protect capital, and it is a measure aligned to the interests of the intermediaries who provide business to the Group. APE and PVNBP, by comparison, are indications of the volume of new business flows, not value.

The level of reported Single Premium new business achieved in the year has been significantly affected by the restructuring of one case in June 2008. This demonstrates both the potential volatility of Single Premium new business on the Group's results and the high retention rate of assets. The contract represents CC of £0.2m; APE of £2.17m and PVNBP of £21.7m. This contract is reflected in the new business figures reported below, and is included in both deposits to investment contracts and benefits paid in note 19 to the consolidated financial statements.

New business flows for the year are slightly below those of the previous year and are summarised as follows (comparisons on actual currency basis).

Basis	2008 £m	2007 £m	Change %
CC	**17.0**	18.1	(6.1)
APE	**33.7**	35.5	(5.1)
PVNBP	**261.8**	277.1	(5.5)

(i) CC

CC represents the value of new business premiums on the Group's internal measurement basis. The values reflected are calculated in a manner consistent with the prior year.

Year ended 30 June	2008 £m	2007 £m	Change %
Compensation Credit	**17.0**	18.1	(6.1)

(ii) APE

The calculation of APE is in accordance with the life assurance industry convention of adding the annualised amount of new regular premiums and one tenth of single premiums. New business premiums on the APE basis were £33.7m, representing a decrease of 5.1% compared with £35.5m for the prior year.

The Group has achieved continued strong Regular Premium new business flows, particularly from the Far East and Latin America, reflecting continued willingness within those markets to better protect wealth and family needs. At £18.5m APE, the level of Regular Premium business in the year to June was broadly equivalent to the record level of Regular Premium business achieved in the previous year (£18.8m).

Single Premium business at £15.2m APE was down 9.0% from the £16.7m achieved last year. The reduced flow of Single Premium business, principally from Europe, reflects continued investor uncertainty resulting from the current difficult capital market climate and investment reticence in the Group's target markets. A targeted incentive arrangement in relation to certain European Single Premium new business written before 27 June and issued by 31 July was beneficial to new business flows. Approximately £1.2m APE was issued under the terms of that arrangement in the last quarter, and £0.9m APE was issued in the first month of the new financial year under those terms.

The following tables provide a summary of APE for the year (with comparisons on an actual currency basis) analysed between single and regular premium cases, and also by residence of policyholder.

Year ended 30 June	2008 £m	2007 £m	Change %
Regular	**18.5**	18.8	(1.6)
Single	**15.2**	16.7	(9.0)
	33.7	35.5	(5.1)
By residence of policyholder			
EU and EEA	**12.9**	13.2	(2.3)
Far East	**10.8**	10.2	5.9
Latin America	**5.4**	5.0	8.0
Rest of World	**4.6**	7.1	(35.2)
	33.7	35.5	(5.1)

The Group receives business from a strong and well-diversified corps of intermediaries around the world, which results in new business being received in a range of currencies. The principal currency flows (as a percentage of APE) are set out below.

Currency	2008 %	2007 %
US Dollars	**48.0**	50.0
Euro	**31.0**	22.0
Krone	**5.0**	13.0
Sterling	**5.0**	9.0
Other	**11.0**	6.0
	100.0	100.0

(iii) 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	2008 £m	2007 £m	Change %
PVNBP	**261.8**	277.1	(5.5)

Business Review

Hansard Global plc Annual Report & Accounts 2008

The Group continues to receive business from a strong and globally diversified portfolio of intermediaries

New Business CONTINUED

Premium analysis and new business margins

Regular new business premiums, particularly from the Far East and Latin America, have represented the driver for growth, with APE of £18.5m or 58.7% (2007: 53.0%) of underlying new business flows.

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, as has been indicated above. Excluding the impact of the restructured contract referred to earlier, the new business margins are 8.4% on the basis of PVNBP. These margins are well above industry average, principally due to Hansard's efficient operating model and the Group's continual focus on the value of new business and the maintenance of the margin.

Including the impact of the restructured contract, the new business margins are 7.8% (2007: 8.3%).

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

A change in the mix of new business during the year towards the more profitable regular premium business had the impact of increasing the Group's new business margin by 0.3%. The combined impact of changes in the level of expenses, mortality and other assumptions has been to reduce the margin by 0.4%. Further investment in the Group's sales and marketing activities, in order to improve its sales proposition significantly reduced the margin by a further 0.4%.

Account Executive recruitment

The Group's strategy of recruiting Account Executives ("AE") to develop relationships with Intermediaries by providing local language and other support services is an important step in increasing new business levels.

In order to increase our AE footprint the Group has undertaken more aggressive recruiting activity and, as the new AE's require a period of settling in before delivering a return on investment, the expense has been reflected in the profit margin.

Five experienced Account Executives were recruited during the year, taking up positions in Russia, Latin America, Central America and the Far East, to provide distribution capability for the Group in new markets, and to strengthen existing relationships. In addition, an Account Executive was recruited to develop institutional relationships. This recruitment is in accordance with the Group's strategy of having approximately 25 Account Executives by December 2012.

At the balance sheet date, the Group had 18 Account Executives (30 June 2007: 13).

Continuous recruitment activity is planned for the current year and some new AE's have come on board in the first quarter. At this pace, the Group should accomplish its planned goal of 25 AE's prior to the planned date.

In the first quarter of the current financial year an Account Executive joined the Group whose responsibility is training and managing non-resident pension transfer activity for our worldwide sales force. This should result in an additional layer of business from our existing intermediary relationships. New management of the Middle East Region and the renewed focus in that geographic area should help us to offset the difficulties in some areas more significantly affected by the current financial, global picture.

Outlook for new business

Despite the uncertainty in the global economic climate, the Group continues to receive business from a strong and globally diversified intermediary base. As a result of continued investment in our relationships and business proposition, the Group is confident that intermediary relationships will continue to introduce a growing stream of affluent investors.

Following the end of the financial year the global economic climate appears more uncertain, with a number of factors that will continue to impact investor and intermediary behaviour, such as:

- Economic data relating to the Far East, the US, and Europe which has presented a mixed picture of the status of economic growth, and
- volatility in global stock market levels, accentuated by the effects of significant recent developments in international financial markets.

We believe that, in the short-term, Single Premium new business flows will be restrained and are not expected to match the flows experienced in the first six months of the last financial year. However, the strength of our balance sheet enables us to develop localised initiatives to stimulate new business flows. The Group is well positioned for growth in volume and profit as the environment improves.

Notwithstanding the factors affecting new business flows, the impact of any continued weakness of sterling against major currencies will have a positive impact on the Group's reported income levels, EEV and other aspects.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors


Dr Leonard Polonsky


Robert Hall


Gordon Marr


Bernard Asher


Maurice Dyson


Uwe Eymer


Harvey Krueger

Dr Leonard Polonsky

Executive Chairman (Monaco resident)

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

Robert Hall

Chief Operating Officer

(Isle of Man resident)

Robert 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 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.

Gordon Marr

Group Counsel (Isle of Man resident)

Gordon joined the Group in 1988. He joined the Board of Liberty Life, a UK insurance company, in 1992, with responsibility for Legal and Compliance issues. Previously he had worked with the Sedgwick Group plc and BUPA. He is a Solicitor of the Supreme Court and a member of the Law Society.

Bernard Asher

Senior Independent Director

(UK resident) Chairman of Nominations and Remuneration Committees. Member of Audit Committee

Bernard was appointed a non-executive Director on 24 November 2006. He is currently 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 as Vice Chairman and Lonrho Africa plc as Chairman and executive roles with HSBC Holdings plc as a Board member and HSBC Investment Bank plc as Chairman.

Maurice Dyson

Non-executive Director

(Isle of Man resident) Chairman of Audit Committee. Member of Nominations and Remuneration Committees

Maurice was appointed a non-executive Director on 24 November 2006. He is a consultant on actuarial and investment issues, 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.

Uwe Eymer

Non-executive Director

(German resident) Member of Audit, Nominations and Remuneration Committees

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

Harvey Krueger

Non-executive Director

(US resident) Member of Nominations and Remuneration Committees

Harvey was appointed a non-executive Director on 24 November 2006. He is a director of Bernard Chaus, Inc., Duff & Phelps, LLC, Hydro Industries Tynat, 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 Vice Chairman Emeritus of Lehman Brothers, Inc; President and Chief Executive of Kuhn Loeb Inc., had worked for Cravath Swaine and Moore and was a director and Chairman of the Executive Committee of Automatic Data Processing Inc. and served on the board of many other public and private companies.

Senior Management

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

Members of the Executive Committee


Paul Harwood


Joseph Kanarek


Vince Watkins

Paul Harwood

Managing Director: Hansard Administration Services

A Member of the Executive Committee (Isle of Man resident)

Paul 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.

Joseph Kanarek

Chief Distribution Officer

A Member of the Executive Committee (US resident)

Joe joined the Group in 2000. Previously he was executive vice-president of the American Life Insurance Company (a member of American International Group Inc.), and held executive roles with The Hartford, UNUM Limited (trading as UNUM Provident); Caroon and Black Insurance Inc.; American General; The Aetna, and Fidelity Union Life Insurance. During the year, Joe was appointed to the Supervisory Board of Nask Oranta, the largest insurance company in the Ukraine.

Vince Watkins

Chief Financial Officer

A Member of the Executive Committee (Isle of Man resident)

Vince joined the Group in 1995. Previously he was with Ernst & Young in South Africa. He is a member of the Institute of Chartered Accountants in England and Wales.

Carmel Brennan

Appointed Actuary

(Republic of Ireland resident)

Carmel 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.

Deborah Byron

Director: Hansard Information Services

(Isle of Man resident)

Deb joined the Group in 1999. Previously she had roles with Denton Wilde Sapte and Bechtel Limited. She is a member of the British Computer Society and Chair of the Isle of Man Chamber of Commerce ICT Committee.

Nigel Kneale

Managing Director: Hansard Information Services

(Isle of Man resident)

Nigel 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)

Julie 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)

Rachel 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)

Manoj 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 main functions split across two distinct locations and territories.

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

At 30 June 2008 the number of the Group's employees, by location, was as follows:

	2008	2007
Isle of Man	**177**	144
Republic of Ireland	**37**	36
Other	**16**	15
	230	195

Account Executives and their administrative resources are distribution related and are based in local markets near the Intermediaries that introduce business to the Group. The principal areas are Latin America, Central America, the Far East and Western Europe.

At 30 June 2008, the gender profile of the Group is evenly split, with 115 men and women employees (2007: 93 women and 102 men), demonstrating our commitment to equal opportunities for current and potential employees. Approximately 33% of senior management roles are held by women.

Environmental

The Group maintains its initiatives to reduce and restrain its carbon footprint. The use of Hansard OnLine continues to allow reductions in paper, printing and postage. Enhancements to Hansard OnLine during the year include the ability to further reduce postal costs by scanning copy correspondence onto client sites, allowing intermediaries to be quickly informed of activity. Provision of an electronic version of the Annual Report & Accounts has reduced the need to print and post copies.

Corporate

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

The Group ensures that each of its companies is 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.

Social responsibility

The Group encourages employees in their efforts to support local causes, through collections in the office or through active participation in fund raising events. During the year the Company has matched donations made by employees to registered charities in the Isle of Man and the Republic of Ireland. This has resulted in a total of approximately £15,000 being donated to such charities during the financial year.

The Group is developing a programme of educational support and scholarships for students wishing to further their education in areas aligned to the Group's operational requirements.

Communication with shareholders

The Company 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. This programme is expected to evolve over time.

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

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

The Company's Annual General Meeting continues to provide a valuable opportunity for the Board to communicate with private investors. At each meeting, the Company intends to comply with the Combined Code in relation 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 2008.

These consolidated financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union ("IFRS").

Activities

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

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

Results and dividends

The results of trading of the Group for the year under IFRS are set out in the consolidated income statement.

Dividends totalling £22.0m, including a special dividend of £6.9m, have been paid during the year (2007: £5.5m).

The retained profit of £1.3m after payment of dividends (2007: £14.2m) has been added to shareholders' total equity.

EEV operating profit after tax was £47.9m (2007: £38.0m), an increase of 26.1%.

Embedded value

The Board believes that EEV information provides more meaningful information on the financial position and performance of the Group than that provided by IFRS reporting alone.

The EEV of the Group as at 30 June 2008 was £243.1m (2007: £218.0m), an increase of 11.5% over the value at 30 June 2007, after payment of dividends totalling £22.0m. The results of trading of the Group for the year on the EEV basis are set out in the EEV Information.

Share capital

The issued share capital of the Company is £68,640,601 divided into 137,281,202 ordinary shares of 50p each.

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

Principal operating subsidiaries

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

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

A Save As You Earn (SAYE) share-save programme was introduced in February 2008, which provided eligible employees with the opportunity of acquiring an equity interest in the Company. Options under this programme were granted to 115 employees for a total of 504,682 shares. At the date of this report a total of 484,106 options remain outstanding. The Group has received clearance from the London Stock Exchange to list up to 500,000 shares to meet its obligations to employees under the terms of the programme.

Directors

Details of Board members at the date of this report are included in the previous section of this Report and Accounts together with their biographical details. Harvey Krueger and Gordon Marr will retire by rotation at the next Annual General Meeting and seek re-election.

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).

Directors' Report
CONTINUED

Notified shareholdings

At 30 June 2008 the Company had been notified of the following holdings in its share capital.

Name	Shares	% holding
Dr Leonard Polonsky	57,701,073	42.03%
The Polonsky Foundation	7,186,888	5.23%
F&C Asset Management	7,216,981	5.26%
Lloyds TSB Group plc	6,868,047	5.00%

There have been no significant changes in these holdings between the balance sheet date and the date of this report. Polar Cap Limited, a company that had an interest in 28.8% of the Company's share capital at 30 June 2007 and was controlled by Dr Polonsky, has been wound up as envisaged at time of listing on the London Stock Exchange.

Directors' interests in shares in the Company and in options granted under the Save As You Earn (SAYE) share-save programme are disclosed in the report of the Remuneration Committee.

Company secretary

The Company Secretary at 30 June 2008 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 political donations during the year under review (2007: £nil). Through matching employee initiatives and collections the Group made charitable donations amounting to £7,500 (2007: £nil).

Adequacy of the information supplied to the auditor

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

Statement of going concern

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 2008 at the Company's registered office.

A copy of the notice of the Annual General Meeting is contained within this Annual report. As well as the business normally conducted at such a meeting, shareholders will be asked to consider resolutions to renew the general authority of the directors to issue shares, to implement a share buy-back programme and to make a change to the Articles of Association in relation to declaration of dividends in a currency other than sterling.

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

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,
- 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. 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 have 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") and other guidance.

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

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

Under applicable law and regulations, the directors are also responsible for preparing this 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
23 September 2008

Corporate Governance Report

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

Compliance with the Combined Code on Corporate Governance
The Combined Code on Corporate Governance ("Combined Code") issued in June 2006 does not directly apply to the Company because of its domicile. However, the Group is committed to high standards of Corporate Governance, and the Company intends to comply with the relevant requirements of the Combined Code. The Board is of the view that, save for one area, the Company is compliant with Section 1 of the provisions of the Combined Code.

The area of non-compliance relates to obligations under Section 1 A.2, concerning the independence criteria for the Chairman, which states "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". Dr Leonard Polonsky is the Executive Chairman with a Service Contract with the Company and a major shareholder in the Company. The Board considers that Dr Polonsky, by virtue of his extensive knowledge and experience of the Company's business, adds considerable value in enhancing the Board's decision-making and understanding of strategic issues.

Readers may be aware that other instances of non-compliance with the Combined Code were reported in the 2007 Annual Report. These instances have been addressed, in accordance with plans made at the time and in line with the Group's commitment to high standards of Corporate Governance.

Combined Code 2008
The Board is of the view that the Company is compliant with the provisions of the Combined Code 2008 (which applies to accounting periods beginning on or after 29 June 2008), other than in relation to the independence criteria for the Chairman.

The Board
The Board is responsible for providing leadership for the Group and for ensuring that an appropriate 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. A Board Procedures Manual sets out the primary policy and decision-making mechanisms within the Group and defines the terms of reference of the Committees of the Board.

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,
- regularly 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,
- decide the Group's policy on charitable and political donations.

Board structure
The Board consists of the Executive Chairman (Dr Leonard Polonsky), two other executive directors (Robert Hall and Gordon Marr) and four independent non-executive directors (Bernard Asher, Maurice Dyson, Uwe Eymer, and Harvey Krueger).

The Company, including the Nominations Committee, regards all of the 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.

All directors have access to the advice and services of the Company Secretary. Any individual director, who considers it necessary in furtherance of his duties, is able to take independent professional advice at the Company's expense.

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.

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:

- Executive Chairman's Report
- Chief Financial Officer's Report
- Chief Distribution Officer's Report
- Legal and Regulatory issues
- Reports from Board committees
- Enterprise-wide risk management
- Investor Relations

The Board has established an Audit Committee, an Executive Committee, a Nominations Committee and a Remuneration Committee. These committees have been delegated responsibilities as set out in their respective terms of reference. The Board appoints the members of each committee.

The executive directors, together with Paul Harwood, Joseph Kanarek, and Vince Watkins, form the Executive Committee. The Executive Committee is chaired by Dr Leonard Polonsky and meets monthly. The Executive Committee has responsibility for the day-to-day management of the Group, and other items as delegated from time-to-time by the Board.

Performance Evaluation
During the year the Board carried out an evaluation of its performance by way of a detailed questionnaire. The Board will keep the process under review to ensure that analysis of the data obtained from this and future evaluations is utilised by the Board, the Executive Chairman and the Nominations Committee to continue to fulfil the requirements of the Combined Code.

At the Board meeting in May 2008 the non-executive directors took the opportunity to meet with the Executive Chairman and to assess the performance of the Executive Chairman.

Re-election
All Board members were re-elected at the Annual General Meeting held in November 2007. A process has been established to allow all directors to be submitted for re-election. Harvey Krueger and Gordon Marr will retire by rotation at the next Annual General Meeting and seek re-election. As an executive director, Gordon Marr has a rolling contract subject to 12 months' notice by either party. Harvey Krueger's appointment as a non-executive director is for a 3-year term from 24 November 2006.

Frequency of meetings
The Board meets at least quarterly, with additional meetings arranged as required. During the year two additional meetings were arranged to deal with a single agenda item at each. Certain executive directors attended these meetings. Minutes of the meetings were provided to the full Board

Name	Board	Audit Committee	Nominations Committee	Remuneration Committee
Dr Leonard Polonsky	6/7			
Bernard Asher*	5/7	5/5	3/3	3/3
Maurice Dyson†	5/7	5/5	3/3	2/3
Uwe Eymer	5/7	4/5	3/3	2/3
Robert Hall	7/7			
Harvey Krueger	5/7		3/3	3/3
Gordon Marr	7/7			

A schedule of the directors' attendance at Board meetings and Committee meetings during the year is set out below.
* Chairman of Remuneration and Nominations Committees.
† Chairman of Audit Committee.

Risk Management and Internal Control

Management responsibility

The Group has designed and implemented an Enterprise-wide Risk Management (ERM) programme, developed according to the principle that a robust system of internal control is crucial to the ability of the Group to meet its targets and maintain its financial viability. The ERM programme recognises the value to be achieved from ensuring that risk management and internal control are embedded as continuous and developing processes within strategy-setting, programme level functions and day-to-day operating activities. The ERM programme also acknowledges the significance of the Group's operating culture and underlying values in relation to risk management and their impact on the overall effectiveness of the control framework in its ultimate goal of achieving sustained benefit across the entire span of organisational activities.

The ERM programme recognises the nature of risk to the business being conducted and that year-on-year profit growth and continuing success are, in large part, the reward of successful managed risk taking. The overarching performance, information and compliance objectives of the ERM programme combine five interrelated elements, which enable the management of risk at strategic, programme and operational levels to be integrated. These five elements are as follows:

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

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

The Board of each operating subsidiary considers a quarterly risk report, takes appropriate action where necessary, and provides a formal report to the board of the Company. The Board acknowledges that the system in place is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Audit Review

A review of the effectiveness of internal controls was undertaken by the Internal Audit function during the year. This was considered by the Audit Committee at its meeting in May 2008, and the Committee were content that the internal controls were effective. This review, with the ERM programme, accords with the 2005 Turnbull Guidance.

Audit Committee Report

Audit Committee

Purpose and terms of reference

The Audit Committee provides the Board with independent assurance on the Group's financial reporting processes, internal controls and adherence to policies and procedures. The role, responsibilities and work of the Committee can best be understood by reference to the terms of reference adopted on 24 November 2006. These are published on the Company's website.

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,
- 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 Chairman of the Audit Committee reports to the Board at each meeting on the Audit Committee's work.

Membership

The members of the Committee are three non-executive directors, namely Maurice Dyson (Chairman), Bernard Asher and Uwe Eymer. All of the Committee members held office throughout the year, and at the date of this report. Harvey Krueger (non-executive director) has a standing invitation to attend the meeting. There were five meetings during the year.

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

Activities of the Committee during the year

The Committee, having taken 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 final and half-yearly report and accounts and of the quarterly new business results and other relevant Stock Market reporting.

Additionally, throughout the financial year the Committee has:

- monitored compliance with the relevant part of the Combined Code, the effectiveness of internal controls and reporting procedures for risk management processes,
- agreed the annual audit plan with the external auditor and has considered the auditor's report and has monitored and followed up management actions in response to the issues raised,
- monitored compliance with the policy on the use of the auditor for non-audit related work,
- worked closely with Internal Audit and agreed an internal audit plan and reviewed the resourcing of Internal Audit,
- supported the implementation of a Group-wide internal audit charter,
- continued to monitor the application of the Group-wide policy on whistle blowing,
- made a recommendation to the Board on the reappointment of the external auditor.

In July 2008 the Committee considered the results of a review of the Committee's effectiveness that had been conducted by the members using a detailed questionnaire provided by the external auditor. There were no significant issues identified.

For the Board

Maurice Dyson
Chairman of the Audit Committee
23 September 2008

Nominations Committee Report

Nominations Committee

Purpose and terms of reference

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

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

Membership

The members of the Committee are four non-executive directors, namely Bernard Asher (Chairman), Maurice Dyson, Uwe Eymer and Harvey Krueger. All of the Committee members held office throughout the year and at the date of this report. During the year there were three meetings of the Committee.

Activities of the Committee during the year

During the year an assessment of the Board's performance was carried out. The Board will keep the process under review to ensure that analysis of the data obtained from this and future evaluations is utilised by the Board, the Executive Chairman and the Committee to continue to fulfil the requirements of the Combined Code.

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

In addition, as required by Section 1 A.1.3 of the Combined Code, a formal meeting took place during the year between the Executive Chairman and the non-executive directors, which included an appraisal of the Executive Chairman.

For the Board

Bernard Asher
Chairman of the Nominations Committee
23 September 2008

Directors' Remuneration Report

Remuneration Committee

Purpose and terms of reference

The main purpose of the Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Chairman, the executive directors, the Company Secretary and such other members of the executive management as it considers appropriate. The remuneration of non-executive directors is 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 role, responsibilities and work of the Committee can best be understood by reference to its terms of reference that were adopted on 24 November 2006. These are published on the Company's website.

Membership

The members of the Committee are four non-executive directors, namely Bernard Asher (Chairman), Maurice Dyson, Uwe Eymer and Harvey Krueger. All of the Committee members held office throughout the year and at the date of this report. During the year there were three meetings of the Committee.

Activities of the Committee during the year

During the year, the Committee continued to review remuneration policy to ensure remuneration continues to support the delivery of strong performance for shareholders and that incentive arrangements are reviewed. Additional incentive plans are being considered.

Share-Save programme

The Committee supported the introduction of a Save As You Earn (SAYE) share-save programme, which enables employees to acquire an equity interest in the Company. The programme was approved at the Annual General Meeting held on 19 November 2007. The programme is approved by the Revenue Authorities in the Isle of Man and the Republic of Ireland, and is available to all eligible employees in those locations. Under its terms, employees can invest up to £250 or €320 per month respectively for a three- or five-year period to purchase shares at a price not less than 80% of the market price on the date of the invitation to participate. Non-executive directors do not participate.

The option price of £1.53p (€2.03) reflects a discount of 20% on the share price of the company on 22 February 2008, the effective date of implementation.

Options under this scheme have been granted to 115 employees for a total of 504,682 shares. At the date of this report a total of 484,106 options remain outstanding.

Directors' employment terms and conditions

Executive directors

Each executive director has a service agreement dated 24 November 2006 setting out the terms of his appointment with the company. The key terms are as follows:

Name	Date of appointment	Last re-elected	Notice period (either party)
Dr Leonard Polonsky	27 April 2005	19 November 2007	12 months
Robert Hall	27 April 2005	19 November 2007	12 months
Gordon Marr	27 April 2005	19 November 2007	12 months

Directors' Remuneration Report
CONTINUED

Dr Leonard Polonsky's service agreement contains undertakings to use all reasonable endeavours to ensure that transactions between the Company and the Group companies and himself will be on an arm's length basis. He has also undertaken to use his voting rights in the Company and his influence to ensure that the requisite number of non-executive directors are appointed and retained. Where proposals have been made by the Board in relation to its composition, he will consult with the non-executive directors at that time as to his voting intentions on such proposals and will only vote in respect of his shares in accordance with such intentions to the extent that such intentions have been approved in advance by the non-executive directors. Alternatively, he will abstain from voting in respect of his shares to the extent that the non-executive directors have rejected such intentions.

Dr Polonsky is entitled to full pay sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period. If Dr Polonsky's employment is terminated on the grounds that he cannot perform his duties for a period of 180 days (whether or not consecutive), he is entitled to six months' notice.

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

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

Non-executive directors

Each of the four non-executive directors signed a letter of appointment dated 24 November 2006 the main terms of which are (i) an annual fee of £45,000, (ii) a term of three years expiring on 23 November 2009 that may be renewed by mutual agreement and (iii) a notice period of one month.

Directors' interests in share capital

At 30 June 2008 and at the date of this report Dr Polonsky held 57,701,073 shares in the Company's share capital, or 42.03% (2007: 43.2%). The Polonsky Foundation (a UK Registered Charity of which Dr Polonsky is a trustee) has a beneficial interest in 7,186,888 shares in the Company's share capital, or 5.23% (2007: 9.9%).

Other directors and their families had the following beneficial interests in the Company's share capital at 30 June 2008 and at 30 June 2007.

	2008			2007		
	Direct	**Indirect**	**Total**	Direct	Indirect	Total
Executive						
Robert Hall	**1,740,000**	**113,745***	**1,853,745**	1,853,745	-	1,853,745
Gordon Marr	**455,315**	**75,000***	**530,315**	530,315	-	530,315
Non-executive						
Bernard Asher	**15,000**	**-**	**15,000**	10,000	-	10,000
Maurice Dyson	**20,000**	**-**	**20,000**	9,000	-	9,000
Uwe Eymer	**5,000**	**-**	**5,000**	5,000	-	5,000
Harvey Krueger	**29,500**	**-**	**29,500**	7,500	-	7,500

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

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

Interests in Share-Save programme

Directors, their families, and senior management have been granted the following options under the Save As You Earn (SAYE) share-save programme, which commenced during the year. The vesting period for the options allocated to directors expires in March 2011.

	Number of options
Robert Hall	2,509
Gordon Marr	6,274
Senior management	52,574

Directors' remuneration and other benefits in the financial year ended 30 June 2008

The following table, which has been prepared in accordance with regulatory requirements, sets out the elements of aggregate emoluments for the year ended 30 June 2008 for each director who served during that year:

	Salary and fees	**Pension**	**Other**	**Aggregate**	Aggregate - prior year
	£	**£**	**£**	**£**	£
Executive					
Dr Leonard Polonsky*	1	-	-	1	31,500
Robert Hall	190,000	22,800	1,831	214,631	5,030,201
Gordon Marr	166,375	23,293	2,659	192,327	2,016,577
Non-executive					
Bernard Asher**	45,000	-	-	45,000	27,125
Maurice Dyson**	56,358	-	-	56,358	30,741
Uwe Eymer**	45,000	-	-	45,000	27,125
Harvey Krueger**	45,000	-	-	45,000	27,125
Former Directors					
Joseph Kanarek***	-	-	-	-	105,070
Vince Watkins***	-	-	-	-	1,207,955

* Dr Polonsky waived his entitlement to his salary during the year and the previous financial year.
** Prior year disclosures cover the period 24 November 2006 to 30 June 2007.
*** For the period 1 July 2006 to 30 November 2006.

During the year ended 30 June 2007, Robert Hall, Gordon Marr and Vince Watkins had the benefit of an incentive programme established in 1999 by and settled by the then 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 Limited, the then holding company of the Group, at the time of disposal of such shares by Dr 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. Included in the "aggregate-prior year" disclosure above are amounts paid by Dr Polonsky in December 2006 in settlement of his obligations to those individuals.

For the Board

Bernard Asher
Chairman of the Remuneration Committee
23 September 2008

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

Report on the financial statements

We have audited the accompanying consolidated and parent company financial statements ("the financial statements") of Hansard Global plc which comprise the consolidated and parent company balance sheets as at 30 June 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with applicable Isle of Man law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as set out in the Statement of Directors' Responsibilities.

This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

We review whether the Corporate Governance Report reflects the Company's and Group's compliance with the nine provisions of the Combined Code (2006) 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 Company's or 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.

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements give a true and fair view of the financial position of the parent company as at 30 June 2008 in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the consolidated and parent company financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931-2004.

PricewaterhouseCoopers
Chartered Accountants
Isle of Man

23 September 2008

Consolidated Income Statement

for the year ended 30 June 2008

	Notes	**2008** **£m**	2007 £m
Fees and commissions	6	**53.3**	49.2
Investment income	7	**9.9**	130.8
Other operating income	8	**0.5**	2.2
		63.7	182.2
Investment contract benefits	19	**(2.5)**	(128.2)
Origination costs	9	**(18.1)**	(18.2)
Administrative and other expenses	10	**(19.5)**	(16.1)
		(40.1)	(162.5)
Profit before taxation		**23.6**	19.7
Taxation	12	**(0.3)**	-
Profit for the year after taxation		**23.3**	19.7

Earnings per share

	Notes	**2008** **(p)**	2007 (p)
Basic	13	**17.0**	14.4
Diluted	13	**17.0**	14.4

The notes on pages 39 to 55 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2008

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity at 30 June 2006		68.6	(48.5)	16.8	**36.9**
Profit for the financial year, being total recognised income for the year		-	-	19.7	**19.7**
Dividends	14	-	-	(5.5)	**(5.5)**
Shareholders' equity at 30 June 2007		**68.6**	**(48.5)**	**31.0**	**51.1**

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity at 30 June 2007		68.6	(48.5)	31.0	**51.1**
Profit for the financial year, being total recognised income for the year		-	-	23.3	**23.3**
Dividends	14	-	-	(22.0)	**(22.0)**
Shareholders' equity at 30 June 2008		**68.6**	**(48.5)**	**32.3**	**52.4**

The notes on pages 39 to 55 form an integral part of these financial statements.

Consolidated Balance Sheet

	Notes	30 June 2008 £m	30 June 2007 £m
Assets			
Plant and equipment	15	**0.9**	0.8
Deferred origination costs	16	**102.5**	94.6
Financial investments			
Equity securities		**50.6**	73.8
Investments in collective investment schemes		**920.2**	947.2
Fixed income securities		**63.3**	32.0
		1,034.1	1,053.0
Other receivables	17	**21.7**	20.9
Cash and cash equivalents	18	**166.2**	140.9
Total assets		**1,325.4**	1,310.2
Liabilities			
Financial liabilities under investment contracts	19	**1,137.4**	1,130.2
Deferred income reserve		**116.5**	109.9
Amounts due to investment contract holders		**11.0**	12.4
Other payables	20	**8.1**	6.6
Total liabilities		**1,273.0**	1,259.1
Net assets		**52.4**	51.1
Shareholders' equity			
Called up share capital	21	**68.6**	68.6
Other reserves	23	**(48.5)**	(48.5)
Retained earnings		**32.3**	31.0
Total shareholders' equity		**52.4**	51.1

The notes on pages 39 to 55 form an integral part of these financial statements.

The financial statements on pages 35 to 55 were approved by the Board on 23 September 2008 and signed on its behalf by:

R E G Hall
Director

G S Marr
Director

Consolidated Cash Flow Statement

for the year ended 30 June 2008

	2008	2007
	£m	£m
Cash flow from operating activities		
Profit before tax for the year	**23.6**	19.7
Adjustments for:		
Depreciation	**0.5**	0.4
Dividends receivable	**(3.1)**	(4.8)
Interest receivable	**(7.2)**	(5.3)
Foreign exchange (gains) / losses	**(2.5)**	1.3
Unrealised loss on shareholder investments	**0.2**	-
Changes in operating assets and liabilities		
Decrease in debtors	**0.7**	5.5
Dividends received	**3.1**	4.8
Interest received	**6.9**	5.2
Increase in deferred origination costs	**(7.9)**	(8.0)
Increase in deferred income reserve	**6.6**	6.9
(Decrease) / increase in creditors	**(0.1)**	0.7
Decrease / (increase) in financial investments	**31.7**	(180.4)
(Decrease) / increase in financial liabilities	**(0.1)**	183.6
Cash generated from operations	**52.4**	29.6
Cash flows from investing activities		
Purchase of plant and equipment	**(0.6)**	(0.6)
Purchase of investments	**(13.2)**	(0.1)
Net cash flows from investing activities	**(13.8)**	(0.7)
Cash flows from financing activities		
Dividends paid	**(22.0)**	(5.5)
Net increase in cash and cash equivalents	**16.6**	23.4
Cash and cash equivalents at beginning of year	**140.9**	119.9
Effect of exchange rate changes	**8.7**	(2.4)
Cash and cash equivalents at year end	**166.2**	140.9

The notes on pages 39 to 55 form an integral part of these financial statements.

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Notes to the Financial Statements

1 First-time adoption of International Financial Reporting Standards

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

The Group has applied International Financial Reporting Standards as adopted by the European Union ("IFRS") in the preparation of these consolidated financial statements. The date of transition is 1 July 2006.

The Group has adopted all standards, interpretations and amendments to existing standards published and effective at the balance sheet date.

Generally, companies or groups applying IFRS for the first time are required to apply their revised accounting policies to the balance sheet as at the transition date and to the comparative figures. IFRS 1, 'First-time adoption of International Financial Reporting Standards', however, provides a number of exemptions from this principle. The Group has availed itself of the following exemption in preparing these IFRS financial statements:

Business combinations that took place before 1 July 2006 (date of transition) have not been restated. Therefore, the acquisition of subsidiary companies by Hansard Global plc on 1 July 2005 is represented in these consolidated financial statements as a uniting of interests.

Where estimates had been made previously under United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), consistent estimates have been made under IFRS at the date of transition.

As stated in the Group's interim report and accounts, published on 26 February 2008, there is no impact on the Group's reported financial position, or performance, as a result of adopting IFRS. However, under IFRS, certain assets and liabilities accounted for as financial investments under UK GAAP, such as policyholder cash and cash equivalents and unsettled trades, are now classified on the consolidated balance sheet according to the nature of those assets and liabilities. The UK GAAP consolidated balance sheets as at 30 June 2006 and 30 June 2007 previously published have been restated to comply with IFRS classification, and are set out in note 4 to these consolidated financial statements. In addition, the consolidated cash flow statement has been restated to reflect the above mentioned reclassification of certain assets and liabilities in the balance sheet comparatives.

2 Principal accounting policies

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

2.1 Basis of preparation

These consolidated financial statements have been prepared under IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union. The financial statements have been prepared under the historical cost convention with the exception of financial investments and liabilities designated at fair value through profit or loss.

The Group has not early adopted any new standards, interpretations and amendments to existing standards published, but not mandatory, at the balance sheet date. The effect of these changes will not be material to the results of the Group, once implemented.

These are:

- Amendments to IFRS 2 Share-based payments: Vesting conditions and cancellations - effective 1 January 2009. The amendment provides clarity on the definition of vesting conditions and the accounting treatment for cancellations of granted equity instruments. This has not been adopted by the EU.
- IFRS 8 Operating Segments - effective 1 January 2009. IFRS 8 requires the Group to disclose such information to enable the user of the financial statements to understand the nature and financial effects of the business activities in which it engages and, where appropriate, the economic environments.

These are the Group's first set of annual consolidated financial statements prepared in accordance with IFRS. The comparative figures, for the year ended 30 June 2007, have been restated to comply with IFRS.

Note 4 reflects the principal effects arising out of the adoption of IFRS. As previously disclosed, these effects are presentational only, and there are no changes to Shareholders' equity or retained earnings arising out of the adoption of IFRS.

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

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of

Notes to the Financial Statements
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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 3.

The separate financial statements of the Company are prepared under UK GAAP and under the historical cost convention.

2.2 Basis of consolidation

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

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

As disclosed in note 1 above, the Group has availed itself of the exemption in IFRS 1 relating to the restatement of business combinations in these financial statements. The acquisition of subsidiary companies by Hansard Global plc on 1 July 2005 is represented in these consolidated financial statements as a uniting of interests.

2.3 Product classification

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

2.4 Investment contracts

2.4.1 Investment contract liabilities

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

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

2.4.2 Investment contract premiums

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

2.4.3 Fees from investment contracts

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

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

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2.4.4 Benefits paid

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

2.4.5 Origination costs

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

2.5 Revenue

Revenue consists principally of fees from the administration of investment contracts (see 2.4.3 above), commission income and investment income.

2.5.1 Commissions

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

2.5.2 Investment income

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

2.6 Employee benefits

2.6.1 Pension costs

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

2.6.2 Share-based payments

The Company has established an equity-based Save As You Earn (SAYE) share-save programme for eligible employees. The fair value of expected equity-settled share-based payments under this scheme is calculated at date of grant using a standard option-pricing model and is amortised over the vesting period on a straight-line basis through the income statement. A corresponding amount is credited to equity over the same period.

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

2.7 Operating leases

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

2.8 Dividends payable

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

2.9 Financial assets and fair value of financial assets

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

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

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

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

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

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables consist primarily of contract fees receivable and cash and cash equivalents. An analysis of current and non-current contract fees receivable is provided in the notes to the consolidated financial statements.

2.10 Plant and equipment

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

Computer equipment and software	3 years
Fixtures and fittings	4 years

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

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

2.11 Impairment policy

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

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

At each reporting date, the DOC asset not covered by deferred income ("DIR") is subject to a maximum of the present value of future profits expected to arise from the contract, based on the contract liability held and determined on a market consistent basis. Losses recognised as a result of the recoverability test result in a reduction in the DOC asset, and are included in origination costs in the consolidated income statement.

2.12 Other receivables

Other receivables are initially recognised at fair value and subsequently measured at amortised cost less any impairment. This is considered to be fair value.

2.13 Cash and cash equivalents

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

2.14 Provisions

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

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

2.15 Other payables

Other payables are initially recognised at fair value and are recognised at the point where service is received but payment is due after the balance sheet date. They are stated at amortised cost, which is considered to be fair value.

Notes to the Financial Statements
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2.16 Foreign currencies

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

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

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

2.17 Segmental reporting

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.

2.18 Taxation

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

3 Critical accounting estimates and judgements in applying accounting policies

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

3.1 Accounting estimates and assumptions

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

3.1.1 Origination costs

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

3.1.2 Amortisation of DOC and DIR

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

3.1.3 Recoverability of DOC

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

3.2 Judgements

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 financial investments at fair value through profit or loss.

4 Reconciliation of UK GAAP to IFRS consolidated balance sheet

There is no impact on the Group's reported financial position or performance as a result of adopting IFRS on 1 July 2006.

However, under IFRS, certain assets and liabilities accounted for as financial investments under UK GAAP, such as investment contractholder cash and cash equivalents and unsettled trades, are now classified according to the nature of those assets and liabilities. The consolidated balance sheets as at 30 June 2006 and 30 June 2007 prepared under UK GAAP have been restated to comply with IFRS classifications and are set out overleaf.

Notes to the Financial Statements
CONTINUED

As at 30 June 2007

	UK GAAP £m	Reclassification £m	IFRS £m
Assets			
Plant and equipment	0.8	-	0.8
Deferred origination costs	94.6	-	94.6
Financial investments	1,130.4	(77.4)	1,053.0
Other receivables	11.9	9.0	20.9
Cash and cash equivalents	70.8	70.1	140.9
Total assets	**1,308.5**	**1.7**	**1,310.2**
Liabilities			
Financial liabilities under investment contracts	1,130.2	-	1,130.2
Other liabilities and reserves	127.2	1.7	128.9
Total liabilities	**1,257.4**	**1.7**	**1,259.1**
Net assets	**51.1**	**-**	**51.1**
Shareholders' equity			
Called up share capital	68.6	-	68.6
Other reserves	(48.5)	-	(48.5)
Retained earnings	31.0	-	31.0
Total shareholders' equity	**51.1**	**-**	**51.1**

As at 30 June 2006

Assets			
Plant and equipment	0.6	-	0.6
Deferred origination costs	86.6	-	86.6
Financial investments	947.3	(75.0)	872.3
Other receivables	11.7	14.2	25.9
Cash and cash equivalents	57.9	62.0	119.9
Total assets	**1,104.1**	**1.2**	**1,105.3**
Liabilities			
Financial liabilities under investment contracts	947.2	-	947.2
Other liabilities and reserves	120.0	1.2	121.2
Total liabilities	**1,067.2**	**1.2**	**1,068.4**
Net assets	**36.9**	**-**	**36.9**
Shareholders' equity			
Called up share capital	68.6	-	68.6
Other reserves	(48.5)	-	(48.5)
Retained earnings	16.8	-	16.8
Total shareholders' equity	**36.9**	**-**	**36.9**

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Notes to the Financial Statements
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5 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 situated in the Isle of Man and the Republic of Ireland.

A summary of APE by region is contained in the Business Review. Other segmental information is provided below. Revenues and expenses allocated to those locations reflect the revenues and expenses generated in or incurred by the legal entities in those locations.

i) Geographical analysis of fees and commissions by origin

Year ended 30 June	2008 £m	2007 £m
Isle of Man	**41.8**	39.9
Republic of Ireland	**11.5**	9.3
	53.3	49.2

ii) Geographical analysis of profit before taxation

Year ended 30 June	2008 £m	2007 £m
Isle of Man	**18.3**	18.1
Republic of Ireland	**5.3**	1.6
	23.6	19.7

Included in profit before taxation in the Republic of Ireland is a gain on foreign exchange of £1.7m (2007: loss £0.3m) primarily relating to the translation of euro deposits held to back regulatory capital requirements.

iii) Geographical analysis of gross assets

At 30 June	2008 £m	2007 £m
Isle of Man	**873.0**	911.9
Republic of Ireland	**452.4**	398.3
	1,325.4	1,310.2

iv) Geographical analysis of gross liabilities

At 30 June	2008 £m	2007 £m
Isle of Man	**833.5**	870.6
Republic of Ireland	**439.5**	388.5
	1,273.0	1,259.1

6 Fees and commissions

Year ended 30 June	2008 £m	2007 £m
Contract fee income	**35.4**	34.5
Fund management fees	**13.0**	10.5
Commissions receivable	**4.9**	4.2
	53.3	49.2

Notes to the Financial Statements
CONTINUED

7 Investment income

Year ended 30 June	2008 £m	2007 £m
Interest income	**7.2**	5.3
Dividend income	**3.1**	4.8
Gains on realisation of investments	**34.4**	54.2
Movement in unrealised (losses)/gains	**(34.8)**	66.5
	9.9	130.8

8 Other operating income

Included within other operating income in the year ended 30 June 2007 are amounts totalling £1.57m received from Polar Cap Limited (the former parent of the Company) for services rendered by the Group. No income was received from Polar Cap Limited in the current financial year.

9 Origination costs

Year ended 30 June	2008 £m	2007 £m
Amortisation of deferred origination costs	**15.1**	15.6
Other origination costs	**3.0**	2.6
	18.1	18.2

Total origination costs for the year ended 30 June 2007 have been restated to include new business related costs of £1.9m expensed as incurred in that year and previously disclosed under administration and other expenses.

10 Administrative and other expenses

Included in administrative and other expenses is the following:

Year ended 30 June	2008 £m	2007 £m
Auditors' remuneration:		
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.2**	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**	0.2
- Other services provided to the Company's subsidiaries	**0.2**	0.1
Share-based payments	**-**	-
Employee costs	**8.6**	6.8
Directors' fees	**0.2**	0.2
Renewal and other commission	**1.5**	1.4
Depreciation of plant and equipment	**0.5**	0.4
Investment management fees	**3.7**	3.1
Licences and maintenance fees	**0.5**	0.6
Insurance costs	**0.6**	0.5
Communications	**0.7**	0.6
Operating lease rentals	**0.6**	0.6
Professional and other fees	**1.1**	0.6

Administrative and other expenses for the year ended 30 June 2007 have been restated to exclude new business related costs of £1.9m expensed as incurred in that year and previously disclosed under administrative and other expenses.

Notes to the Financial Statements
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11 Employee costs

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

Year ended 30 June	2008 £m	2007 £m
Wages and salaries	**9.3**	7.2
Social security costs	**0.8**	0.7
Pension costs	**0.6**	0.5
	10.7	8.4

Details of directors' remuneration, including share options, pension entitlements and interest in shares, are disclosed in the report of the Remuneration Committee.

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.

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

Year ended 30 June	2008 No.	2007 No.
Administration	**169**	140
Distribution and marketing	**28**	22
IT development	**13**	13
	210	175

11.3 Share-based payments

Details of the share-based payments programme implemented by the Company during the year can be found in note 22.

11.4 Other benefits

Certain employees of the Group are party to an incentive scheme ("the Scheme") established in 1999 by and to be settled by the then 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 Limited, the holding company of the Group, at time of disposal of such shares by Dr 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 £13.1m (2007: £11.7m) have been made by, or on behalf of, Dr 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 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 Polonsky in the settlement of his liabilities under the Scheme. At the balance sheet date the Company had received £1.7m that is not included in these accounts to settle those future amounts. The final payments under the Scheme will be paid in December 2008.

12 Taxation

The Group's profits arising from its Isle of Man-based operations are taxable at zero percent. Tax losses incurred in the Republic of Ireland have now been fully utilised against taxable income (30 June 2007: unrelieved losses - £0.9m), resulting in a corporation tax charge for the year for this subsidiary. There were no corporation tax liabilities for the Republic of Ireland-based operations in previous years due to accumulated tax losses.

Other 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
CONTINUED

13 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.

Year ended 30 June	**2008**	2007
Profit after tax (£m)	**23.3**	19.7
Weighted average number of shares in issue	**137,281,202**	137,281,202
Basic earnings per share in pence	**17.0**	14.4
Weighted average number of shares in issue	**137,281,202**	137,281,202
Dilution of shares due to Save As You Earn (SAYE) share-save programme	**4,133**	-
Weighted average number of shares	**137,285,335**	137,281,202
Diluted earnings per share in pence	**17.0**	14.4

14 Dividends paid

Year ended 30 June	**2008** **£m**	2007 £m
Final dividend paid 23 November 2007 (6p per share)	**8.2**	-
Special dividend paid 23 November 2007 (5p per share)	**6.9**	-
Interim dividend paid 4 April 2008 (5p per share) (2007: 4p per share)	**6.9**	5.5
	22.0	5.5

15 Plant and equipment

The historical cost of plant and equipment at 30 June 2008 is £5.3m (2007: £4.7m; 2006: £4.1m), following the purchase of assets totalling £0.6m in the year (2007: £0.6m; 2006: £0.2m). Accumulated depreciation at 30 June 2008 is £4.4m (2007: £3.9m; 2006: £3.5m), leaving plant and equipment with a net book value of £0.9m at the balance sheet date (2007: £0.8m; 2006: £0.6m). There have been no plant and equipment disposals since 1 July 2006.

16 Deferred origination costs

Carrying value	**2008** **£m**	2007 £m
At 1 July	**94.6**	86.6
Origination costs deferred during the year	**23.0**	23.6
Origination costs amortized during the year	**(15.1)**	(15.6)
At 30 June	**102.5**	94.6

Notes to the Financial Statements
CONTINUED

17 Other receivables

	2008 **£m**	2007 £m
Contract fees receivable	**9.4**	9.3
Outstanding investment trades	**8.8**	9.0
Commission receivable	**1.5**	1.6
Other debtors	**2.0**	1.0
	21.7	20.9

At the balance sheet date none of these receivables are overdue but not impaired (2007: £nil), or impaired (2007: £nil).

Expected to be settled within 12 months	**16.4**	17.2
Expected to be settled after 12 months	**5.3**	3.7
	21.7	20.9

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

18 Cash and cash equivalents

	2008 **£m**	2007 £m
Deposits with institutions	**14.9**	41.1
Money market funds	**41.7**	29.7
Shareholders' cash and cash equivalents	**56.6**	70.8
Investment contractholder cash and cash equivalents	**109.6**	70.1
	166.2	140.9

19 Financial liabilities under investment contracts

	2008 **£m**	2007 £m
At 1 July	**1,130.2**	947.2
Deposits to investment contracts	**170.6**	185.4
Benefits paid	**(165.9)**	(130.6)
Investment contract benefits	**2.5**	128.2
At 30 June	**1,137.4**	1,130.2

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

The expected maturity of the financial liabilities is as follows:		
Expected to be settled within 12 months	**14.3**	16.4
Expected to be settled after 12 months	**1,123.1**	1,113.8
	1,137.4	1,130.2

The financial liabilities are contractually due for payment on demand.

Notes to the Financial Statements
CONTINUED

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

	2008 £m	2007 £m
Equity securities	**50.6**	73.8
Investment in collective investment schemes	**920.1**	946.9
Fixed income securities	**50.4**	32.0
Cash and cash equivalents	**109.6**	70.1
Other receivables	**8.8**	9.0
Total assets	**1,139.5**	1,131.8
Other payables	**(2.1)**	(1.6)
Net assets	**1,137.4**	1,130.2

20 Other payables

	2008 £m	2007 £m
Commission payable	**2.7**	1.7
Corporation tax payable	**0.3**	-
Taxation and social security	**0.2**	1.0
Other creditors and accruals	**4.9**	3.9
	8.1	6.6

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

21 Called up share capital

	2008 £m	2007 £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

As can be seen in note 22 below, the shareholders approved a Save As You Earn (SAYE) share-save programme for eligible employees at the Annual General Meeting held on 19 November 2007.

The Group has received clearance from the London Stock Exchange to list a maximum of 500,000 shares necessary to meet its obligations to employees under the terms of the scheme. The vesting period under the three-year scheme will end in March 2011 and the five-year scheme in 2013. The necessary shares will be issued at the appropriate dates to meet these obligations.

22 Equity settled share-based payments

Shareholders approved a Save As You Earn (SAYE) share-save programme for employees at the Annual General Meeting held on 19 November 2007. The scheme is a standard SAYE plan, approved by the Revenue Authorities in the Isle of Man and the Republic of Ireland and is available to eligible employees. Under the terms of the scheme, individuals can invest up to £250 or €320 per month respectively for a three- or five-year period to purchase shares at a price not less than 80% of the market price on the date of the invitation to participate.

The following table summarises the awards during the year.

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Notes to the Financial Statements
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2007/8 award	
Date of grant	22 February 2008
No. of shares awarded	504,682
Vesting conditions	3- or 5-year savings term
Exercise period - 3-year	1 May 2011 - 31 October 2011
Exercise period - 5-year	1 May 2013 - 31 October 2013

A total of 495,398 options remain outstanding, at the balance sheet date.

The fair value expense has been based on the fair value of the options granted, as calculated using the Black Scholes pricing model. Expected volatility is based on an analysis of the Group's share price volatility since listing on the London Stock Exchange on 18 December 2006.

Assumptions underlying the calculation of the fair value of the options are:

	3-year	**5-year**
2007/8 award		
Date of grant	22 February 2008	22 February 2008
Fair value (pence)	36	35
Exercise price (pence)	153	153
Share price (pence)	191	191
Expected volatility	24%	24%
Expected dividend yield	6.1%	6.1%
Risk-free rate	3.4%	3.4%

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

23 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 Limited, compared to the par value of the share capital and the share premium of those companies at the date of acquisition.

24 Capital position statement

The capital position statement sets out the financial strength of the businesses of the Group, measured on the basis of the presentation within the financial statements of the Company's life assurance subsidiaries. These are located in the Isle of Man and the Republic of Ireland. As both entities provide unit-linked contracts only, the majority of surplus can be distributed to shareholders subject to meeting the 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, defined as total shareholders' equity, is available to meet the regulatory capital requirements without any restrictions.

	2008 £m	2007 £m
Consolidated shareholders' equity	**52.4**	51.1
Adjustment arising from change in GAAP basis*	**19.5**	20.9
	71.9	72.0
Comprising shareholders' equity of:		
Non-life assurance subsidiary companies	**15.3**	21.1
Life assurance subsidiary companies	**56.6**	50.9
Total capital available to meet regulatory capital requirements	**71.9**	72.0

Notes to the Financial Statements
CONTINUED

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

Regulatory Minimum Solvency Margin

For both the Isle of Man and the Irish 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 aggregate minimum margins of the regulated entities at each balance sheet date were as set out below.

	2008 £m	2007 £m
Aggregate minimum margin	**4.4**	4.1

As the financial liabilities of the 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.

The Group's other assets are largely cash, cash equivalents and short-dated UK Treasury Stock.

Capital management

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

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

25 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, except when necessary to support other objectives. The principal method by which the Group seeks to manage risk is through the operation of unit-linked businesses, whereby the policyholder bears the financial risk relating to the financial assets and liabilities arising from such contracts.

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. The framework provides assurance that risks are being appropriately identified and managed. Additionally, the Board and the Boards of subsidiary companies have established a number of Committees with defined terms of reference. These are the Audit, Actuarial Review, Credit Control, Executive, and Investment Committees. Additional information concerning the operation of the Company's Committees is contained in the Corporate Governance section of this Report & Accounts.

Under the unit-linked investment contracts that are written by the Group, policyholders bear the financial risks. Such risks are therefore excluded from this assessment of risks affecting the Group's business.

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

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Notes to the Financial Statements
CONTINUED

25.1 Market risk

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

(a) Price risk

An overall change in the market value of the unit-linked funds would affect the annual management charges accruing to the Group since these charges, which are typically 1% pa, are based on the market value of funds under management. Similarly, due to the fact that these charges are deducted from policies in policy currency, a change in foreign exchange rates relative to sterling can result in fluctuations in management fee income and expenses reflected in these financial statements. The approximate impact on shareholder profits and equity of a 10% change in fund values, either as a result of price or currency fluctuations, is £1.6m (2007: £1.4m).

During the financial year, a subsidiary company purchased UK Treasury Stock with a nominal value of £13.25m, due to mature in March 2011. The Group is exposed to fluctuations in the market price of this investment, primarily as a result of anticipated fluctuations in market interest rates. At the balance sheet date, the value of the UK Treasury Stock had reduced by £0.2m as a result of price changes.

(b) Interest rate risk

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

The Group is primarily exposed to interest rate risk on the balances that it holds with credit institutions and in Money market funds. The Group controls its exposure to interest rate risk by managing its treasury balances on a short-term basis.

A change of 1% p.a. in interest rates will result in an increase or decrease of approximately £0.5m (2007: £0.7m) in the Group's investment income and equity.

A summary of the Group's liquid assets at the balance sheet date is set out in note 25.3 below.

(c) Currency risk

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

The sensitivity of the Group to currency risk is incorporated within the sensitivity analysis set out in (a) above.

(c) (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 on the Group's currency risk is minimized by frequent repatriation of excess foreign currency funds to sterling. At the balance sheet date the Group had exposures in the following currencies:

	2008 US$m	**2008 €m**	2007 US$m	2007 €m
Gross assets	**12.6**	**25.5**	11.7	24.0
Matching currency liabilities	**(8.5)**	**(3.8)**	(9.4)	(4.7)
	4.1	**21.7**	2.3	19.3

Amounts totalling €13.2m held at the balance sheet date (2007: €18.5m) represent the share capital of Hansard Europe Limited, held to meet regulatory commitments. Since that date approximately €6.3m has been converted into sterling to further minimize currency exposures for the Group.

(c)(ii)

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

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

Currency	**2008 %**	2007 %
US Dollars	**38.0**	37.0
Euro	**33.0**	30.0
Sterling	**18.0**	20.0
Others	**11.0**	13.0
	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

25.2 Credit risk

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

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

During the year, the directors of a principal subsidiary company decided to further diversify that company's credit risk exposure through the purchase of UK Treasury Stock as reflected within 25.1(a) above.

At the balance sheet date, an analysis of the Shareholders' cash and cash equivalent balances and liquid investments is as follows:

	2008 £m	2007 £m
Deposits with institutions	**14.9**	41.1
Money market funds	**41.7**	29.7
	56.6	70.8
UK Treasury Stock	**12.9**	-
	69.5	70.8

Maximum counterparty exposure limits are set both at an individual subsidiary company level and on a Group wide basis. There have been no changes to fair value as a result of credit risk.

25.3 Liquidity risk

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

The Group's objective is to ensure that 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:

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

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

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

	2008 £m	2007 £m
Maturity within one year		
Deposits and Money market funds	**56.6**	70.8
Other assets	**4.1**	5.6
	60.7	76.4
Maturity from one to five years		
UK Treasury Stock	**12.9**	-
Other assets	**5.3**	3.7
	18.2	3.7
Shareholder assets with maturity values	**78.9**	80.1
Other shareholder assets	**107.0**	98.3
Gross assets held to cover financial liabilities under investment contracts	**1,139.5**	1,131.8
Total assets	**1,325.4**	1,310.2

Maturity analyses of financial and other liabilities are included in the relevant notes to the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

26 Financial commitments

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

	2008 £m	2007 £m
Operating leases which expire:		
Within one year	**0.1**	0.1
Between one and five years	**1.3**	-
After five years	**2.5**	4.3
	3.9	4.4

27 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.

ii) Key management personnel compensation

Key management consists of executive directors of the Company, executive directors of subsidiary companies, the appointed actuary of the Group's regulated insurance entities and the Company solicitor. The aggregate remuneration paid to key management is as follows:

	2008 No.	**2008 £m**	2007 £m
Salaries and wages	**12**	**1.9**	1.9
Other benefits	**2**	**-**	-
Charged to the income statement		**1.9**	1.9
Other payments		**0.6**	0.7
Total related party payments		**2.5**	2.6

Other payments relate to the incentive scheme established in 1999 by and to be settled by Dr Polonsky as detailed in note 11.

	2008 No.	**2008 £m**	2007 £m
Payments during the year by key management in respect of policies issued by the Group	**2**	**8.5**	5.0
Payments during the year to key management in respect of policies issued by the Group	**2**	**3.7**	-
The sum assured or fund balance of those policies at 30 June	**4**	**13.8**	9.1

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

iii) Other

Further information relating to transactions between the Group, its employees, Dr Leonard Polonsky and Polar Cap Limited is provided in note 11.

28 Foreign exchange rates

The closing exchange rates used by the Group for the translation of balance sheet items from US$ and € to sterling were as follows:

	2008	2007
US Dollar	**2.00**	2.01
Euro	**1.26**	1.48

Parent Company Balance Sheet

	Notes	2008 £m	2007 £m
Assets			
Investments in subsidiary companies	2	**72.1**	72.1
Cash and cash equivalents	3	**11.7**	18.0
Amounts due from subsidiary companies	4	**1.4**	1.2
Other debtors		**0.3**	0.2
Tangible assets		**0.2**	0.1
Total assets		**85.7**	91.6
Liabilities			
Amounts due to subsidiary companies	4	-	0.8
Other creditors		**0.6**	0.3
Total liabilities		**0.6**	1.1
Net assets		**85.1**	90.5
Shareholders' equity			
Called up share capital	5	**68.6**	68.6
Retained earnings	6	**16.5**	21.9
Total shareholders' equity	6	**85.1**	90.5

The financial statements on pages 56 to 59 were approved by the Board on 23 September 2008 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 United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and under the historical cost convention as modified by the revaluation of investments.

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 percent.

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, being the currency of the primary economic environment in which the Company operates.

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

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.

1.2.6 Tangible assets

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

The principal rates used for this purpose are:

Computer equipment and software	33⅓% p.a
Fixtures and fittings	25% p.a

Notes to the Parent Company Financial Statements continued

2 Investments in subsidiary companies

	2008 £m	2007 £m
Subsidiary companies acquired 1 July 2005	**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.

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

	2008 £m	2007 £m
Money market funds	**10.8**	17.7
Deposits with credit institutions	**0.9**	0.3
	11.7	18.0

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

	2008 £m	2007 £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

As can be seen in note 8 below, the shareholders approved a Save As You Earn (SAYE) share-save programme for eligible employees at the Annual General Meeting held on 19 November 2007.

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

Notes to the Parent Company Financial Statements continued

6 Movement in shareholders' equity

	2008 £m	2007 £m
Profit for the financial year	**16.6**	15.2
Dividends paid	**22.0**	5.5
Net (decrease) / increase in shareholders' equity	**(5.4)**	9.7
Shareholders' equity at 1 July	**90.5**	80.8
Shareholders' equity at 30 June	**85.1**	90.5

7 Related party transactions

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

8 Equity settled share-based payments

Shareholders approved a Save As You Earn (SAYE) share-save programme for employees at the Annual General Meeting held on 19 November 2007. This is a standard SAYE plan, approved by the revenue authorities in the Isle of Man and is available to eligible employees. Under its terms, individuals can invest up to £250 per month for a three- or five-year period to purchase shares at a price not less than 80% of the market price on the date of the invitation to participate, 22 February 2008.

The table below summarises the awards during the year:

2007/8 award	
Date of grant	22 February 2008
No. of shares awarded	403,395
Vesting conditions	3- or 5-year savings term
Exercise period - 3-year	1 May 2011 - 31 October 2011
Exercise period - 5-year	1 May 2013 - 31 October 2013

A total of 394,111 options remain outstanding at the balance sheet date.

The fair value expense has been based on the fair value of the options granted, as calculated using the Black Scholes pricing model. Expected volatility is based on an analysis of the Group's share price volatility since listing on the London Stock Exchange on 18 December 2006.

Assumptions underlying the calculation of the fair value of the options are:

	3-year	5-year
2007/8 award		
Date of grant	22 February 2008	22 February 2008
Fair value (pence)	36	35
Exercise price (pence)	153	153
Share price (pence)	191	191
Expected volatility	24%	24%
Expected dividend yield	6.1%	6.1%
Risk-free rate	3.4%	3.4%

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

European Embedded Value Information

for the year ended 30 June 2008

1 Components of EEV profit

Year ended 30 June	2008 £m	2008 Return	2007 £m	2007 Return
New business contribution	**20.3**		22.9	
Expected return on existing business	**9.4**		7.1	
Experience variances	**(3.1)**		(0.8)	
Operating assumption changes	**2.8**		9.7	
Expected return on Net Worth	**2.8**		2.1	
Model changes	**15.7**		(3.0)	
EEV operating profit after tax	**47.9**	**22.0%**	38.0	21.3%
Investment return variances	**(0.2)**		6.9	
Economic assumption changes	**(0.6)**		0.0	
EEV profit after tax	**47.1**	**21.6%**	44.9	25.1%

2 Detailed analysis of EEV profit

The EEV comprises the value of in-force business ("VIF"), Net Worth, Non-Market Risk and Frictional Costs of the Group as at the valuation date, and is calculated net of corporation tax. The analysis set out below shows the sources of change in each of these components and, in particular, helps to illustrate the emergence of expected cash-flows into cash during the year and provides a link between EEV and IFRS accounts. As in prior years, the major source of EEV profit is the contribution from new business. In addition, this year there have been significant impacts from modelling advances, investment performance of policyholder funds and foreign exchange movements.

Year ended 30 June	2008	2008 Movement In				2007	2007 Movement In			
	EEV £m	**VIF £m**	**Net Worth £m**	**Non-Market Risk £m**	**Frictional Costs £m**	EEV £m	VIF £m	Net Worth £m	Non-Market Risk £m	Frictional Costs £m
New business contribution	**20.3**	**20.3**	**0.0**	**0.0**	**0.0**	22.9	22.9	0.0	0.0	0.0
Expected return on existing business	**9.4**	**(15.6)**	**25.3**	**(0.3)**	**0.0**	7.1	(11.3)	18.4	0.0	0.0
Experience variances	**(3.1)**	**4.9**	**(8.0)**	**0.0**	**0.0**	(0.8)	1.7	(2.5)	0.0	0.0
Operating assumption changes	**2.8**	**2.8**	**0.0**	**0.0**	**0.0**	9.7	9.7	0.0	0.0	0.0
Expected return on Net Worth	**2.8**	**0.0**	**2.8**	**0.0**	**0.0**	2.1	0.0	2.1	0.0	0.0
Model changes	**15.7**	**15.9**	**0.0**	**0.0**	**(0.2)**	(3.0)	(3.0)	0.0	0.0	0.0
EEV operating after tax	**47.9**	**28.3**	**20.1**	**(0.3)**	**(0.2)**	38.0	20.0	18.0	0.0	0.0
Investment return variances	**(0.2)**	**(2.5)**	**2.3**	**0.0**	**0.0**	6.9	6.2	0.7	0.0	0.0
Economic assumption changes	**(0.6)**	**(0.6)**	**0.0**	**0.0**	**0.0**	0.0	0.0	0.0	0.0	0.0
EEV profit after tax	**47.1**	**25.2**	**22.4**	**(0.3)**	**(0.2)**	44.9	26.2	18.7	0.0	0.0

European Embedded Value Information

3 Reconciliation of EEV

	2008 £m	2007 £m
Opening EEV	**218.0**	178.6
EEV profit after tax	**47.1**	44.9
	265.1	223.5
Dividends paid	**22.0**	5.5
Closing EEV	**243.1**	218.0

4 EEV balance sheet

At 30 June	2008 £m	Restated 2007 £m	2007 £m
Free Surplus	**45.6**	45.8*	51.2
Required Capital	**11.3**	10.7*	5.3
Net Worth	**56.9**	56.5	56.5
VIF	**192.0**	166.8	166.8
Frictional Costs	**(0.5)**	(0.3)	(0.3)
Reduction for Non-Market Risk	**(5.3)**	(5.0)	(5.0)
Value of future profits	**186.2**	161.5	161.5
EEV	**243.1**	218.0	218.0

* Required Capital now includes prudential non-unit reserves calculated on a statutory valuation basis. This presentational change does not affect the overall Net Worth amount, but rather the analysis of Net Worth between the two components of Free Surplus and Required Capital. Last year's analysis has been restated for comparative purposes.

5 New business profitability and margin

New business margin is defined as New Business Contribution (NBC) divided by Present Value of New Business Premiums (PVNBP).

Year ended 30 June	2008 £m	2007 £m
PVNBP	**261.8**	277.1
NBC (net of corporation tax)	**20.3**	22.9
New business margin	**7.8%**	8.3%

Notes to the European Embedded Value Information

1 Basis of presentation

The basis of the European Embedded Value (EEV) Information is the set of 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 market consistent economic assumptions.

Additional disclosures have been provided in certain areas to reflect developing market practice. Comparative figures have been restated where appropriate. The Group expects to fully adopt the CFO Forum Principles and guidance on Market Consistent Embedded Value (MCEV) issued in June 2008 in its EEV calculations for the year ending 30 June 2009. The implementation is not expected to materially impact the Group's EEV results in that year.

2 Methodology

The methodology used to derive the EEV as at 30 June 2008 is consistent with the methodology used in relation to the consolidated audited financial statements in respect of the prior year, except where indicated.

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 IFRS basis of reporting, but the timing of recognition is different.

(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 an IFRS basis, adjusted to exclude certain assets such as the deferred origination costs and liabilities such as the deferred income reserve. 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. In order to recognise the frictional cost of the statutory requirement to hold prudential non-unit reserves within those companies, the definition of Required Capital has been extended to include such reserves. Prior year figures have been restated where appropriate.

(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. Future shareholder cash flows from the Group's life assurance subsidiaries are deemed to arise when they are released from policyholder funds, following an actuarial valuation by the Reporting Actuary.

(f) Frictional Costs (previously called "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 Frictional Costs 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. Allowance for Non-Market Risk has been made in choosing best estimate assumptions of these factors. 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. These risks are continually re-assessed after considering past experience, the operational characteristics of the business and market information.

As a result of these considerations, a reduction to the EEV of £5.3m (2007: £5.0m) has been made to account for Non-Market Risk. This adjustment is equivalent to an increase of 0.60% (2007: 0.69%) per annum 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 an 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 in the EEV calculations are based on interest rate swaps 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 discount rate used in the valuation is based on a weighted average of the interest rate swaps pertaining to each relevant currency.

The use of interest rate swaps of comparable term in the calculation of the risk discount rate represents a change in the basis of calculation in line with developing market practice. Previous EEV valuations were based on the risk-free rate on government fixed interest securities of comparable term to the policy cash flows. The impact of this change is an increase to the risk discount rate of 0.7%. Underlying interest rates fell by a similar amount in the year and hence the overall risk discount rate remained unchanged at 5.0%.

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.

The principal economic assumptions used are set out below:

Year ended 30 June	**2008**	2007
Weighted average pre-tax investment return on government fixed interest securities	**4.3% p.a.**	5.0% p.a.
Weighted average pre-tax investment return on interest rate swaps	**5.0% p.a.**	5.4% p.a
Risk discount rate	**5.0% p.a.**	5.0% p.a.
Future expense inflation	**5.0% p.a.**	5.0% p.a.

Notes to the European Embedded Value Information continued

Risk discount rate

The risk discount rate used to value future expected shareholder cash flows is assumed to be the investment return on interest rate swaps, 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 £5.3m, the risk margin is nil.

Investment return

All investments are assumed to provide a return equal to the investment return on interest rate swaps, less charges.

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.

4 EEV sensitivity analysis

Sensitivities provide an indication of the impact of changes in particular assumptions on the EEV at 30 June 2008 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 2008	**243.1**	**20.3**
100bp decrease in risk discount rate	9.8	2.0
100bp increase in investment return	7.4	1.1
10% increase in the value of equities and property	10.8	0.0
10% decrease in sterling exchange rates	16.5	2.1
10% decrease in expenses	4.5	1.0
10% decrease in lapse rates	4.3	0.7
10% decrease in mortality rates	0.4	0.1
10% increase in commissions receivable	3.0	0.4
10% increase in Required Capital	0.1	0.0

Report of the Reviewing Actuaries

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

23 September 2008

Dear Sirs

Review of the European Embedded Value ("EEV") of Hansard Global plc for the year ended 30 June 2008.

Our role

Deloitte & Touche LLP has been engaged by Hansard Global plc ("the Group") to act as Reviewing Actuaries in connection with results on an EEV basis published on pages 13 to 15 and 60 to 64.

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

Reliances and limitations

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

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

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

Yours faithfully
Deloitte & Touche LLP

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Financial Calendar

Ex-dividend date for final dividend	**29 October 2008**
Record date for final dividend	**31 October 2008**
Publication of interim management statement	**19 November 2008**
Annual General Meeting	**19 November 2008**
Payment date for final dividend	**27 November 2008**
Announcement of 2nd quarter new business figures	**29 January 2009**
Publication of half-yearly results	**26 February 2009**
Declaration of interim dividend	**26 February 2009**
Ex-dividend date for interim dividend	**3 March 2009**
Record date for interim dividend	**5 March 2009**
Payment of interim dividend	**1 April 2009**
Publication of interim management statement	**15 May 2009**
Financial year end	**30 June 2009**

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