HANSARD
GLOBAL PLC

INTERIM REPORT AND ACCOUNTS

2019

HANSARD
GLOBAL PLC

Hansard is a specialist long–term savings provider that has been providing innovative financial solutions for international clients since 1987.

We focus on helping financial advisors and institutions to provide their clients (individual and corporate investors) with saving and investment products in secure life assurance wrappers to meet long–term savings and investment objectives.

We administer assets in excess of approximately £1 billion for just under 40,000 client accounts in up to 155 countries.

Hansard Global plc Interim Report and Accounts

Contents

" We continue to pursue our strategy of growing our business organically through Independent Financial Advisor ("IFA") relationships and the pursuit of targeted opportunities, either through new licences or via institutional partnerships."

- Gordon S. Marr, Chief Executive Officer

CHAIRMAN'S STATEMENT

PHILIP GREGORY

New business

New business for the first six months of our 2019 financial year ("H1 2019") was £74.1m on a Present Value of New Business Premiums ("PVNBP") basis. This was a decrease of 4% over the comparative period ("H1 2018"), reflecting the different stages that each of our geographical regions are at with respect to their strategic repositioning.

Our locally licenced business partnership in the UAE has assisted our Middle East and Africa region to a strong growth of 51% compared to H1 2018. In the Far East, sales were down 35% as regulatory changes impacted our sales in a number of markets.

Our Rest of World region was affected by some restructurings that took place at two of our larger brokers. We expect this business, and that of our Latin American region, to be supported going forward by our new subsidiary in the Bahamas, Hansard Worldwide Limited, which soft launched on 1 January 2019.

Financial performance

The Group's profit after tax under International Financial Reporting Standards ("IFRS") of £3.0m for the period is £0.5m lower than the comparative period profit of £3.5m. The primary driver of this reduction relates to our Hansard Europe subsidiary which closed to new business in 2013. Hansard Europe's fee income continues to decrease while incurring significant legal costs in defending litigation related to illiquid or failed investment funds.

Dividends

Taking into account the current financial position and future outlook, the Board has resolved to maintain its interim dividend at 1.8p per share (H1 2018: 1.8p per share).

Capitalisation and solvency

The Group continues to be well capitalised to meet the requirements of regulators, contract holders, intermediaries and other stakeholders. Free assets in excess of the Solvency Capital Requirements of our insurance subsidiaries were £86.9m (239% coverage) (30 June 2018: £90.5m and 237%). We have maintained our prudent investment policy for shareholder assets, which minimises market risk and has provided a stable and resilient solvency position over recent years.

Outlook

Our largest commercial priority is to gain regulatory approval for a licence to distribute our products in Japan, a market we feel has significant opportunity. This process has taken longer than hoped, but we expect this to be achieved this year.

We will also be focussing on a cost reduction programme across 2019 and 2020, including replacing our core internal administration systems. This new technology will allow us to remain at the forefront of systems and administration quality, provide enhanced product development flexibility and reduce back-office costs.

Philip Gregory

PPC Gregory

Chairman

6 March 2019

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

GORDON MARR

Strategy implementation and new business distribution

The Group's focus is to provide regular and single premium savings products to expatriate and internationally minded clients around the world. We continue to pursue our strategy of growing our business organically through Independent Financial Advisor ("IFA") relationships and the pursuit of targeted opportunities, either through new licences or via institutional partnerships.

Details of the work being performed by our strategic development team are contained in the Business and Financial Review section.

Results for the period

IFRS profit for the period was £3.0m after tax (H1 2018: £3.5m). The primary driver of this reduction relates to our Hansard Europe dac subsidiary ("Hansard Europe") which closed to new business in 2013. Hansard Europe's fee income continues to decrease while incurring significant legal costs in defending litigation related to illiquid or failed investment funds.

In line with a number of other insurers in the global insurance market, we have elected to rationalise our financial reporting this year and focus on regulatory-basis metrics of the value of our in-force book rather than European Embedded Value. We have determined that the Value of In-Force under both methodologies is relatively similar for our book of business and compare the two methodologies side by side for this first period of adoption in the "Other Information" section following the financial statements. By implementing this action, we will save approximately £130,000 of costs per annum.

The Value of In-Force on a regulatory basis at 31 December 2018 was £134.5m as compared to £141.6m at 30 June 2018. This movement is primarily driven by lower investment return arising from the fall in global equity markets in H1 2019 and margins from newer products being lower than that of older products.

New business margins for H1 2019 were in line with those of the 2018 financial year, broadly in or around a break-even level.

Details of the results for the period are contained in the Business and Financial Review.

Capitalisation and solvency

A key financial objective is to ensure that the Group's solvency is managed safely through the economic cycle to meet the requirements of regulators, contract holders, intermediaries and shareholders. The Group remains well capitalised.

The Group's Solvency Capital Requirements under risk based solvency regulations basis have a coverage ratio of 239%, broadly unchanged from the 30 June 2018 level of 237%. The Group's capital is typically held in a wide range of deposit institutions and in highly-rated money market liquidity funds.

Hansard Europe's capital is considered not available for distribution until there is better clarity over the expected outcome of the litigation against the company.

Hansard Europe dac ("Hansard Europe")

Hansard Europe was closed to new business in 2013 and the Group's objective is to run the business off in an efficient and well managed manner. We continue to meet the requirements of the company's policyholders, regulators and stakeholders while utilising operational efficiencies through the use of Hansard Online. The servicing of policy contracts and other administrative operations are performed at the Group's head office on the Isle of Man. Regulatory control and management of outsourced activities are exercised from the company's offices in Dublin. The company remains strongly capitalised with net assets of £18.4m.

We continue to deal with complaints in circumstances where a policyholder believes that the performance of an asset linked to a particular contract is not satisfactory. We

A summary of the results for H1 2019 are as follows

	H1 2019	H1 2018
IFRS profit after tax	£3.0m	£3.5m
IFRS basic earnings per share	2.2p	2.5p
Interim dividend – to be paid on 23 April 2019	1.8p	1.8p
As at	31 December 2018	30 June 2018
Assets under Administration	£976m	£1,036m
Value of In-Force (regulatory basis)	£134.5m	£141.6m

do not give investment advice and are not party to the selection of the asset and therefore we feel that we are justified in robustly defending each complaint. Sometimes these complaints progress to threatened or actual litigation with the resulting increase in cost and resource to the Group. In many cases the litigation relates to decisions taken by individuals during, or as a result of, the global financial crisis in 2007/2008.

We reported in our annual report for 2018 that Hansard Europe was facing litigation based on writs totalling €20.1m (£17.8m) as a result of these and related complaints. We will continue to defend ourselves from all claims, considering early settlement (without admission of liability) only where there is a clear economic benefit. As at 31 December 2018, total writs had not changed significantly and were €19.9m (£17.9m).

Hansard Online

We continue to develop additional functionality for Hansard Online to allow contract holders and intermediaries to transact with us more efficiently and to meet ever increasing digital expectations.

As is reported in the Business and Financial Review, over 95% of policy investment transactions are processed electronically by intermediaries using Hansard Online and over 90% of all new business applications were submitted via the platform during the period.

Regulation and risk management

As the pace, scale, and complexity of regulatory change continue to increase, it is vital for us to understand and manage the impact of these changes both on our clients and on ourselves as a business. We continue to devote significant resources in this area to meet these challenges.

The Isle of Man Financial Services Authority's "Roadmap For Updating the Isle of Man's Regulatory Framework for Insurance Business" is in the process of being implemented and the final requirements will be in force by 1 July 2019. These include new conduct of business and policyholder disclosure requirements, a more sophisticated risk based capital and solvency regime, a group supervision framework and enhanced governance and enterprise risk management requirements. We have been working hard to make sure we are appropriately positioned to meet these challenges.

Dividend

The Board has resolved to pay an interim dividend of 1.8p per share (H1 2018: 1.8p). This dividend will be paid on 23 April 2019.

Our people

The Group has a dedicated dynamic workforce across a number of locations around the world. We have a commitment to service and quality at the highest level in relation to servicing contract holders and intermediaries. This was recognised in 2018 by achieving an independent five-star rating for customer service by AKG Financial Analytics. I thank all our employees for their continued contribution to Hansard and to the progress achieved across a range of key projects during the period.

Outlook

Our focus remains upon adding to our locally licenced distribution outlets, specifically in Japan. By doing so, we can supplement our existing international markets and attain the scale necessary to deliver greater returns to our shareholders.

We are excited to have recently launched a new subsidiary, Hansard Worldwide Limited. Based in the Bahamas, this entity will allow greater market access and flexibility while still maintaining our central administration hub in the Isle of Man. This business soft-launched on 1 January 2019 and between now and 30 June 2019 we will be switching over the cross-border business currently written through Hansard International Limited.

Lastly, we are very conscious of the need to make sure our cost base is as lean and efficient as possible. To that end, we have identified the most significant action that we can take in a two-year timeframe is to replace and re-engineer our back office systems. We commenced the first stages of this project in H1 2019 and will update on costs and expected future savings in future reports.

Gordon Marr

Chief Executive Officer
6th March 2019.

BUSINESS AND FINANCIAL REVIEW

1. Business Model

Hansard is a specialist long-term savings provider that has been providing innovative financial solutions for international clients since 1987. We focus on helping financial advisors and institutions to provide their clients (individual and corporate investors) with savings and investment products in secure life assurance wrappers to meet long-term savings and investment objectives. We administer assets in excess of $1 billion for approximately 40,000 client accounts around the world.

The Company's head office is in Douglas, Isle of Man, and its principal subsidiaries operate from the Isle of Man and the Republic of Ireland. Hansard International Limited is regulated by the Financial Services Authority of the Isle of Man Government and has a branch in Malaysia, regulated by the Labuan Financial Services Authority, to support business flows from Asian growth economies. Hansard Europe dac ("Hansard Europe") is regulated by the Central Bank of Ireland. Hansard Europe ceased accepting new business with effect from 30 June 2013.

Our products are designed to appeal to affluent international investors, institutions and wealth-management groups. They are distributed exclusively through independent financial advisors ("IFAs") and the retail operations of financial institutions.

Our network of Account Executives provides local language-based support services to financial advisors in key territories around the world, supported by our multi-language online platform, Hansard Online

2. Vision and Strategy

Our vision for the Hansard Group as adopted in 2018 is:

"to provide understandable innovative financial solutions that align our success with that of our clients".

To deliver this vision it is clear that client outcomes will become the central focus within our business and, consequently, we will need to look at all aspects of our products, processes and distribution in order to constantly improve.

Our talented people are the foundation of our business. We have created an empowering culture, which values innovation, quality, integrity and respect.

Our strategy to improve, grow and future-proof our business will be delivered through three key areas of strategic focus:

i. Improve our business: We will improve customer outcomes through the introduction of new disclosures, the provision of new products and services, focusing on the quality of our IFAs with whom we work with and continuing to drive up the engagement of our people within our business.

ii. Grow our business: We have established a new life company in The Bahamas, we will continue to seek the required licences to access the Japanese market and we will leverage our strategic alliance with Union Insurance in the UAE. We are seeking opportunities to replicate this model in other targeted jurisdictions over the coming years.

iii. Future-proof our business: We are actively testing innovative technologies, propositions and business models in order to remain a market leader in the technology space. It remains critical to support the online and digital needs of our clients alongside improving organisational efficiency and scalability.

3. Hansard Online

Hansard Online is the Group's online platform, providing essential functionality and information for our contract holders and intermediaries around the world. Available 24/7, in multiple languages, Hansard Online provides users with the tools needed to better manage their objectives.

Almost all investment transactions are processed electronically by intermediaries, on behalf of their clients, using Hansard Online and over 90% of all new business applications are submitted via the platform.

Meeting contract holders' requirements

We appreciate that our contract holders' savings and investments are important to them, and that they want to monitor the performance of their Hansard contracts when and where it suits them. Through a secure Online Account contract holders can view the key documentation and investment information relating to their policy with content presented in 13 different languages.

Contract holders have access to our Unit Fund Centre which provides all of the information that they need in order to make informed investment decisions. The Unit Fund Centre can be used as a resource to research potential new unit funds, and also as a tool to monitor the performance of existing choices.

Certain contract holders have the functionality to perform their own policy investment transactions, via their Online Accounts, to better meet their objectives.

Over 15,000 Online Accounts are used regularly. It remains a key objective of the Group to increase Online Account take up and we continue to look at new ways to keep contract holders informed of new online developments in order to achieve this.

Supporting intermediaries

Hansard Online allows intermediaries to perform key tasks seamlessly online. Pre-sale illustrations, new business proposals and policy investment transactions are handled electronically and a range of analytical tools such as the Personal Investment Review are available through the Unit Fund Centre.

Placing this functionality online means the intermediaries can access it when they need it, and allows for an improved user-centric experience compared to using paper forms. Data validation happens in real-time to ensure there are no delays to the investment of client funds.

Hansard Online Lite provides prospective IFAs with easy access to a subset of the online system. Its purpose is to showcase our online proposition to prospective and new IFAs and to allow easy access to non-sensitive documents and functionality. Users can access our online document library, the Unit Fund Centre, company news and submit new business online.

Reducing operational risk

The straight-through processing of contract holder instructions (whether received directly or through their appointed agents) reduces the Group's operational risk exposures, as does the ability of the Group to communicate electronically with contract holders and intermediaries, irrespective of geographical boundaries.

Cyber security

As cyber crime continues to increase and target commercial and public enterprises alike, Hansard has continued to invest in its cyber security. This includes continuous upgrades to our firewall protection, encryption of data, tokenisation of sensitive data and annual external review and testing.

4. New Business

Proposition

The Group's proposition is to develop and enhance relationships with contract holders and intermediaries through the use of our people, products and technology in a way that meets shared objectives.

The Group continues to invest in its distribution resources, Hansard Online, and other infrastructure to support its strategic plans. We continue to pursue our longer term plans to establish additional locally-licenced distribution in a small number of target markets.

The results of activities in each region in H1 2019 are reported in the table below.

NEW BUSINESS PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

We experienced a 4% decrease in new business for H1 2019 compared to the comparative period, reflecting the different stages that each of our regions are at in terms of their development and re-positioning.

Our locally licenced business partnership in the UAE has assisted our Middle East and Africa region to a strong growth of 51% compared to H1 2018. In the Far East, sales were down 35% as we pivot away from a number of markets to focus on current and prospective locally licenced markets.

Our Rest of World region was affected by some restructurings that took place at two of our larger brokers. We expect this business, and that of our Latin American region, to be supported going forward by our new subsidiary in the Bahamas, Hansard Worldwide Limited, which soft launched on 1 January 2019.

New business flows for Hansard International for H1 2019 are summarised as follows. Comparisons against the corresponding periods are on an actual currency basis.

	Six months ended 31 December		Year ended 30 June
	2018	2011	2018
	£m	£m	£m
Present value of New Business Premiums	74.1	77.0	146.6
Annualised Premium Equivalent	11.8	12.1	22.4

The following tables show the breakdown of new business flows calculated on the basis of PVNBP.

By type of contract	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Regular premium	**37.4**	37.9	70.2
Single premium	**36.7**	39.1	76.4
	74.1	77.0	146.6

By geographical area	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Rest of World	**26.1**	31.0	55.8
Middle East and Africa	**24.7**	16.3	40.5
Latin America	**13.1**	14.0	25.8
Far East	**10.2**	15.7	24.5
Total	**74.1**	77.0	146.6

We continue to receive new business from a diverse range of financial advisors around the world. The majority of new business premiums are denominated in US dollars (approximately 66%), with approximately one quarter denominated in sterling, and the remainder in euro or other currencies

5. IFRS Results for the six months ended 31 December 2018

The Group administers, and earns fees from, a portfolio of unit-linked investment contracts distributed to contract holders around the world.

The nature of the Group's products means that new business flows have a limited immediate impact on current earnings reported under IFRS, as initial fees and acquisition costs from the contracts sold are mostly deferred and amortised over the life of the contract. The benefit of sales to fee income levels are felt in future financial periods, noting also that our newer products have a longer earning period than our older products.

The Group also continues to invest strategically for the future, particularly in relation to new markets and new licensing opportunities

Results under IFRS

Fee and commission income received underpins the expenditure necessary to support the Group's longer-term objectives and ultimately to pay dividends over the long term.

The Group continues to invest for future growth in the business through targeted expenditure, particularly in connection with licence and similar business development initiatives. Projects to enhance our administrative processes and reduce operational risk have continued in the period, while professional fees continue to be incurred in order to protect the Group's position in relation to actual and potential litigation against Hansard Europe.

Consolidated profit after taxation for the period was £3.0m (H1 2018: £3.5m). The key driver of the reduced profit is the run-off of Hansard Europe where fee income continues to decrease while incurring significant legal costs in defending litigation related to illiquid or failed investment funds.

The following is a summary of key items to allow readers to better understand the results of the period.

Abridged Income Statement

The IFRS condensed consolidated statement of comprehensive income which is presented within these half-year results reflects the financial results of the Group's activities during the period under IFRS. This statement however, as a result of its method of presentation, incorporates a number of features that might affect a clearer understanding of the results of the Group's underlying transactions. This relates principally to:

- Investment losses attributable to contract holder assets were £59.5m (H1 2018: gains of £58.0m). These assets are selected by the contract holder or an authorised intermediary and the contract holder bears the investment risk and are also reflected within 'Change in provisions for investment contract liabilities'.
- Third party fund management fees collected and paid onwards by the Group to third parties having a relationship with the underlying contract. In H1 2019 these were £2.3m (H1 2018: £2.5m). These are reflected on a gross basis in both income and expenses under IFRS.

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

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Fees and commissions	**22.7**	23.2	47.2
Investment and other income	**1.4**	0.5	1.5
	24.1	23.7	48.7
Origination costs	**(8.4)**	(9.1)	(18.0)
Administrative and other expenses attributable to the Group	**(11.2)**	(10.7)	(22.1)
Operating profit for the period before litigation and non-recurring expense items	**4.5**	3.9	8.6
Litigation and non-recurring expense items	**(1.5)**	(0.4)	(1.7)
Profit for the period before taxation	**3.0**	3.5	6.9
Taxation	**-**	-	(0.1)
Profit for the period after taxation	**3.0**	3.5	6.8

Fees and commissions

Fees and commissions attributable to Group operations for the half-year are £22.7m, a decrease of approximately 2.2% compared with £23.2m in H1 2018. A summary of fees and commissions attributable to Group activities is set out below:

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Contract fee income	**16.1**	16.2	33.3
Fund management fees	**4.3**	4.5	9.0
Commissions receivable	**2.3**	2.5	4.9
Total	**22.7**	23.2	47.2

Included in income is £8.4m (H1 2018: £9.0m) representing the amounts prepaid in previous years and amortised to the income statement, as can be seen in section 7 in the reconciliation of deferred income.

The reduction in contract fee income for the period, when compared with H1 2018, is as a result of a £0.4m reduction in servicing income received by Hansard Europe (which closed to new business in 2013).

Net fund management fees, together with commissions receivable, totalling £6.6m (H1 2018: £7.0m), are related to the value of contract holder Assets under Administration ("AuA") but also have elements amortised from previous periods. This income has fallen in line with global stock market declines during the period.

Investment and other income

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Bank interest and other income receivable	**1.3**	0.6	1.5
Foreign exchange gains / (losses) on revaluation of net operating assets	**0.1**	(0.1)	-
Total	**1.4**	0.5	1.5

The Group's own liquid assets are held predominantly in sterling and invested in highly rated money market funds and bank deposits.

Further information about the Group's foreign currency exposures is disclosed in note 4.1 to these condensed consolidated financial statements.

Origination costs

Under IFRS, new business commissions paid, together with the directly attributable incremental costs incurred on the issue of a contract, are deferred and amortised over the life of that contract to match the longer-term income streams expected to accrue from it. Typical terms range between 6 and 16 years, depending on the nature of the product. Other elements of the Group's new business costs, which reflect investment in distribution resources in line with our strategy, are expensed as incurred.

This accounting policy reflects that the Group will continue to earn income over the long-term from contracts issued in a given financial year. The impact on current year fee income of contracts issued in H1 2019 is minimal.

Origination costs in the period were:

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Origination costs - deferred to match future income streams	**8.7**	9.3	17.0
Origination costs - expensed as incurred	**1.3**	1.5	3.2
Investment in new business in period	**10.0**	10.8	20.2
Net amortisation of deferred origination costs	**(1.6)**	(1.7)	(2.2)
Total	**8.4**	9.1	18.0

Reflecting the long-term nature of the Group's income streams, amounts totalling £7.1m (H1 2018: £7.6m) have been expensed to match contract fee income of £9.0m (H1 2018: £9.0m) earned in H1 2019 from contracts issued in previous financial years. This reflects the profitability of the existing book.

Summarised origination costs for the period were:

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Amortisation of deferred origination costs	**7.1**	7.6	14.8
Other origination costs incurred during the period	**1.3**	1.5	3.2
	8.4	9.1	18.0

Administrative and other expenses

The Group continues to invest for future growth in the business through planned expenditure in systems infrastructure and targeted licence applications.

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

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Salaries and other employment costs	**5.2**	5.0	10.0
Other administrative expenses	**3.8**	3.3	6.8
Professional fees, including audit	**1.4**	1.5	3.3
Recurring administrative and other expenses	**10.4**	9.8	20.1
Growth investment spend	**0.8**	0.9	2.0
Administrative and other expenses, excl. litigation and non-recurring expense items	**11.2**	10.7	22.1
Litigation defence and settlement costs	**1.1**	0.4	1.2
Provision for doubtful debts	**0.4**	-	0.3
Provision for branch closures	**-**	-	0.2
Total administrative and other expenses	**12.7**	11.1	23.8

Salaries and other employment costs have increased by £0.2m over the comparative period to £5.2m, reflecting general inflation plus long term incentive plan costs less some headcount savings. The average Group headcount for the period was 190 compared to 196 for the full 2018 financial year. Headcount at 31 December 2018 was 189 compared to 192 at 30 June 2018.

Other administrative expenses have increased by £0.5m over the comparative period to £3.8m, primarily as a result of an increase in credit card related premium collection costs and contract holder reimbursement costs.

Professional fees including audit (excluding litigation defence costs) have decreased by £0.1m from the comparative period to £1.4m as a result of a savings programme which included ceasing to report embedded value figures.

Growth investment spend represents internal and external costs to generate opportunities for growth. For the current period, these include costs associated with pursuing new licensing opportunities and other strategic and regulatory projects.

Litigation costs of £1.1m for the period were significantly higher than prior periods as a number of larger cases were prepared for court hearings, particularly in Italy. These costs are necessary in order to defend against substantially larger claims as outlined in our Contingent Liabilities note in our financial statements (note 17).

Provision for doubtful debts of £0.4m for the period relate primarily to potentially irrecoverable fee income from contract holders invested in illiquid assets subject to litigation.

6. Cash Flow Analysis

The sale of the Group's products typically produce an initial cash strain as a result of the commission and other costs incurred at inception of a contract. As previously highlighted, our newer suite of products has a longer cash payback period than our older products and this will be reflected in the analysis of future cash flows. This strain is shown within "net cash investment in new business" below and has reduced 6.6% in line with lower new business for the period.

During the period, £0.8m was spent as part of a project to upgrade the Group's IT infrastructure.

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

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Net cash surplus from operating activities	**9.5**	8.3	25.0
Interest received	**0.6**	0.5	1.3
Net cash inflow from operations	**10.1**	8.8	26.3
Net cash investment in new business	**(8.7)**	(9.1)	(18.5)
Purchase of computer equipment and property	**(0.8)**	(0.4)	(0.9)
Corporation tax received/(paid)	**-**	-	-
Net cash inflow/(outflow) before dividends	**0.6**	(0.7)	6.9
Dividends paid	**(3.6)**	(7.2)	(9.8)
Net cash outflow after dividends	**(3.0)**	(7.9)	(2.9)

The factors described above, together with the payment of our final dividend for 2018, led to a net cash outflow of £3.0m (H1 2018: £7.9m outflow) in the Group's own cash resources since 1 July 2018. The Group continues to maintain significant cash reserves to cover any short term outflows.

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Net cash outflow after dividends	**(3.0)**	(7.9)	(2.9)
(Decrease) / increase in amounts due to contract holders	**(2.2)**	3.0	0.9
Net Group cash movements	**(5.2)**	(4.9)	(2.0)
Group cash - opening position	**69.4**	71.6	71.6
Effect of exchange rate movements	**(0.7)**	(0.5)	(0.2)
Group cash - closing position	**63.5**	66.2	69.4

Bank deposits and money market funds

The Group's liquid assets at the balance sheet date are held in highly-rated money market liquidity funds and with a wide range of deposit institutions, predominantly in sterling. This approach protects the Group's capital base from stock market falls.

Deposits totalling £23.4m (H1 2018: £9.6m) have original maturity dates greater than 3 months and are therefore excluded from the definition of "cash and cash equivalents" under IFRS. The placing out of deposits on slightly longer terms has allowed the Group to achieve higher yields on its deposits.

The longer-term term deposits have maturity dates of between 1 month and 7 months from the balance sheet. Substantial money market and short term cash exist to cover liquidity needs.

The following table summarises the total shareholder cash and deposits at the balance sheet date.

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Money market funds	**36.1**	43.7	48.9
Short-term deposits with credit institutions	**4.0**	12.9	4.7
Cash and cash equivalents under IFRS	**40.1**	56.6	53.6
Longer-term deposits with credit institutions	**23.4**	9.6	15.8
Group cash and deposits	**63.5**	66.2	69.4

7. Abridged Consolidated Balance Sheet

The condensed consolidated balance sheet presented under IFRS reflects the financial position of the Group at 31 December 2018. As a result of its method of presentation, the consolidated balance sheet incorporates the financial assets held to back the Group's liability to contract holders, and also incorporates the net liability to those contract holders of £976m (H1 2018: £1,087m). Additionally, that portion of the Group's capital that is held in bank deposits is disclosed in "cash and cash equivalents" based on original maturity terms, as noted above.

The abridged consolidated balance sheet presented below, adjusted for those differences in disclosure, allows a better understanding of the Group's own capital position. Additional factors impacting upon the Group's capital position at the balance sheet date are summarised in section 8 of this Review.

As at	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Assets			
Deferred origination costs	**115.4**	113.3	113.8
Other assets	**11.3**	10.5	8.0
Bank deposits and money market funds	**63.5**	66.2	69.4
	190.2	190.0	191.2
Liabilities			
Deferred income	**131.9**	129.3	130.3
Other payables	**30.4**	32.7	32.4
	162.3	162.0	162.7
Net Assets	**27.9**	28.0	28.5
Shareholders' equity			
Share capital and reserves	**27.9**	28.0	28.5

Deferred origination costs

The deferral of origination costs ("DOC") reflects that the Group will earn fees over the long-term from contracts issued in a given financial year. These costs are recoverable out of future net income from the relevant contract and are charged to the consolidated statement of comprehensive income on a straight-line basis over the life of each contract.

The tables below shows a small increase in total deferred origination costs since the comparative periods. While H1 2019 new business was slightly lower than H1 2018, resulting in lower origination costs deferred during the period, the amortisation of costs from prior periods was lower than the comparative period.

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
At beginning of financial year	**113.8**	111.6	111.6
Origination costs deferred during the period	**8.7**	9.3	17.0
Origination costs amortised during the period	**(7.1)**	(7.6)	(14.8)
	115.4	113.3	113.8

Deferred income

The treatment of deferred income ensures that initial fees are taken to the consolidated statement of comprehensive income in equal instalments over the longer-term, reflecting the services to be provided over the period of the contract. This is consistent with the treatment of deferred origination costs. Deferred income at the balance sheet date is the unamortised balance of accumulated initial amounts received on new business.

The proportion of income deferred in any one year is dependent upon the mix and volume of new business flows in previous years. The Group's focus on regular premium business means that these fees are received over the initial period of the contract, rather than being received up front, as is often the case with single premium contracts.

The majority of initial fees collected during the period relate to charges taken from contracts issued in prior financial years demonstrating the cash generative nature of the business. Regular premium contracts issued in this financial year will generate the majority of their initial fees over the next 18 months on average.

The movement in value of deferred income over the period is summarised below.

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
At beginning of financial year	**130.3**	129.2	129.2
Initial fees collected in the period and deferred	**10.0**	9.1	18.4
Income amortised during the period to fee income	**(8.4)**	(9.0)	(17.3)
	131.9	129.3	130.3

8. Assets Under Administration

In the following paragraphs, assets under administration ("AuA") refers to net assets held to cover financial liabilities as analysed in note 12 to the condensed consolidated financial statements presented under IFRS.

The Group enjoys a stream of cash flows from its regular premium contracts administered on behalf of clients around the world. The majority of premium contributions are designated in currencies other than sterling, reflecting the wide geographical spread of those contract holders.

These flows are offset by charges and withdrawals, by premium holidays affecting regular premium policies and by market valuation movements. Certain collective investment schemes linked to customers' contracts can from time to time become illiquid, suspended or be put into liquidation. In such cases, the directors are required to exercise their judgement in relation to the fair value of these assets. The cumulative impact on the balance sheet is not material.

The following table summarises Group AuA performance for H1 2019:

	Six months ended 31 December		Year ended 30 June
	2018	**2017**	**2018**
	£m	**£m**	**£m**
Deposits to investment contracts – regular premiums	**39.7**	42.5	73.9
Deposits to investment contracts – single premiums	**37.0**	35.1	78.1
Withdrawals from contracts and charges	**(77.7)**	(97.8)	(186.1)
Effect of market and currency movements	**(59.5)**	57.9	20.4
Movement in period	**(60.5)**	37.7	(13.7)
Opening balance	**1,036.0**	1,049.7	1,049.7
Closing balance	**975.5**	1,087.4	1,036.0

Group AuA decreased to £975.5m during H1 2019, a decrease of £60.5m or 6% from the position at 30 June 2018. The primary driver of this decrease has been the £59.5m reduction due to market and currency movements, reflecting substantial declines in global stock markets during the period.

The value of AuA is based upon the assets selected by or on behalf of contract holders to meet their needs from time to time. Reflecting the wide geographical spread of the Group's contract holders, the majority of AuA are designated in currencies other than sterling. The currency denomination of AuA is similar to that of H1 2018. At the balance sheet date approximately 63% of AuA is denominated in US Dollars, with a further 21% in sterling and 14% denominated in euro, as reflected in note 4 to the condensed consolidated financial statements.

Since it closed to new business in 2013, Hansard Europe's AuA has been declining broadly in line with expectations as contracts are surrendered or mature.

	Six months ended 31 December		Year ended 30 June
	2018	**2017**	**2018**
	£m	**£m**	**£m**
Hansard International	**865.8**	972.2	913.6
Hansard Europe	**109.7**	160.2	122.4
	975.5	1,087.4	1,036.0

9. Capitalisation and Solvency

The Group's authorised life insurance subsidiaries continue to be well capitalised with free assets well in excess of the regulatory requirements in each relevant jurisdiction. There has been no material change in the Group's management of capital during the period.

Solvency capital is a combination of future margins, where permitted by regulation, and capital. Where future margins are denominated in non-sterling currencies, it is vulnerable to the weakening of those currencies relative to sterling. All of the Group's excess capital is invested in a wide range of deposit institutions and highly-rated money market liquidity funds, predominantly in sterling. This approach immunises the Group's capital base from stock market falls.

The in-force portfolio has no material investment options or guarantees that could cause capital strain and retains very little of the mortality risk that it has accepted (the balance being re-insured with premium re-insurers). There is no longevity risk exposure.

Policy on capital maintenance

It is the Group's policy to maintain a strong capital base in order to:

- satisfy the requirements of its contract holders, creditors and regulators;
- maintain financial strength to support new business growth and create shareholder value;
- match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- generate operating cash flows; and
- fund dividend requirements.

Within the Group each subsidiary company manages its own capital. Capital generated in excess of planned requirements is returned to the Company by way of dividends. Group capital requirements are monitored by the Board. The capital held within Hansard Europe is considered not to be available for dividend to Hansard Global plc until such time as the legal cases referred to in note 17 to the condensed consolidated financial statements are substantially resolved.

10. Dividends

A final dividend of 2.65p per share in relation to the previous financial year was paid in November 2018. This amounted to £3.6m.

The Board has considered the results for H1 2019, the Group's continued cash flow generation and its future expectations and has resolved to pay an interim dividend of 1.8p per share (H1 2018: 1.8p). This dividend will be paid on 23 April 2019.

11. Complaints and potential litigation

The Group continues to deal with policyholder complaints, principally in relation to asset performance issues arising from policyholders resident in Europe. Even though the Group does not give any investment advice, as this is left to the contract holder directly or through an agent, advisor or an entity appointed at their request or preference, the Group has been subject to a number of complaints in relation to the performance of assets linked to contracts.

Some of these complaints escalate into litigation. As at the report date of the 2018 Annual Report and Accounts, the Group faced litigation based on writs totalling €20.1m or £17.8m. The corresponding figure as at 31 December 2018 had not changed significantly at €19.9m or £17.9m (31 December 2017: €16.4m or £14.6m). Between 31 December 2018 and the date of this report, there have been no material changes.

While it is not possible to forecast or determine the final results of such litigation, based on the pleadings and advice received from the Group's legal representatives and experience with cases previously successfully defended, we believe we have a strong chance of success in defending these claims. The writs have therefore been treated as contingent liabilities and are disclosed in note 17 to the condensed consolidated financial statements.

12. Net asset value per share

The net asset value per share on an IFRS basis at 31 December 2018 is 20.3p (H1 2018: 20.4p) based on the net assets in the Consolidated Balance Sheet divided by the number of shares in issue, being 137,557,079 ordinary shares (31 December 2017: 137,449,611).

13. Risk management

As with all businesses, the Group is exposed to risk in pursuit of its objectives. The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness. The schedule of powers reserved to the Board ensures that the Directors are responsible for determining, evaluating and controlling the nature and extent of the principal risks which the Board is willing to take in achieving its strategic objectives and the Board oversees the strategies for principal risks that have been identified.

The Executive Management Team works within the risk appetite established by the Board and the governance, risk management and internal control arrangements which constitute the Group Enterprise Risk Management (ERM) Programme and which direct the Group, including setting the cultural tone and expectations from the top, delegating authorities and monitoring compliance.

Having regard to the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', the ERM Programme encompasses the policies, processes, tasks, behaviours and other aspects of the Group's environment, which cumulatively:

- Facilitate the effective and efficient operation of the Group and its subsidiaries by enabling appropriate responses to be made to significant business, operational, financial, compliance and other risks to business objectives, so safeguarding the assets of the Group;
- Help to ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the Group;
- Seek to ensure compliance with applicable laws and regulations and also with internal policies with respect to the conduct of business.

Risk management processes are undertaken on both a bottom-up and top-down basis. The top-down aspect involves the Board assessing, analysing and evaluating what it believes to be the principal risks facing the Group. The bottom-up approach involves the identification, review and monitoring of current and forward-looking risks on a continuous basis at functional and divisional levels, with analysis and formal reporting to the Executive Risk Committee, established by the Board, on a quarterly basis and onward analytical reporting to the Board. The terms of reference of the Committee are published on the Company's website.

The system of internal control 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.

Risks relating to the Group's financial and other exposures

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

The Group's exposure on this unit-linked business is limited to the extent that income arising from asset management charges and commissions is generally based on the value of assets in the funds, and any sustained falls in value will reduce earnings. In addition, there are certain financial risks (credit, market and liquidity risks) in relation to the investment of shareholders' funds. The Group's exposure to financial risks is explained in note 4 to the condensed consolidated financial statements.

A comprehensive review of the principal risks and uncertainties facing the business, and the Group's approach to managing these risks and uncertainties, is outlined on pages 26 to 31 of the 2018 Annual Report. These principal risks and uncertainties have not changed materially since the 2018 Annual Report was published.

The Board believes that the principal risks facing the Group's earnings and financial position are those risks which are inherent to the Group's business model and to the environment within which the Group operates. Whilst the Group's business model has historically served to minimise the principal risks facing the Group, the regulatory environment continues to evolve at both a local and international level and the risk management and internal control frameworks of the Group will need to remain responsive to a number of developments. This includes the Isle of Man Financial Services Authority's 'Roadmap for Updating the Regulatory Framework for Insurance Business' which has come or is coming into force over the course of 2018-19. The Roadmap includes new conduct of business and policyholder disclosure requirements, a more sophisticated risk based capital and solvency regime, a group supervision framework and enhanced governance and enterprise risk management requirements.

Principal Risks

The following table sets out the principal inherent risks that may impact on the Group's strategic objectives, profitability or capital and how such risks are managed or mitigated. The Board robustly reviews and considers its principal risks on at least an annual basis.

Risk	Risk factors and management
Legal and regulatory risk attaching to the Group's business model	The scale and pace of change in regulatory and supervisory standards at an international level continue to drive developments at a jurisdictional level. The interpretation or application of regulation over time may impact market accessibility, broker relationships and / or competitive viability. If the Group fails to monitor the regulatory environment or adequately integrate the management of associated obligations within strategic, business model or business planning processes there may be material risk to the achievement of strategic objectives both in the short and longer term. **How we manage the risk** • Robust strategic planning processes informed by analytical review of the external environment and consideration of associated risk in the short and longer term. • Continuous monitoring and review of developments in local and international law and regulation. • Engagement with regulatory authorities and industry bodies, including active engagement in and responding to regulatory consultation exercises.
Production and intermediary risk arising from market changes, technological advancement, or competitor activity	The business environment in which the international insurance industry operates is subject to continuous change as new market and competitor forces come into effect and as technology continues to evolve. Hansard may fail to sufficiently differentiate itself from its competitors and global brands and as a result be unable to build and sustain successful distribution relationships. **How we manage the risk** • Close monitoring of marketplaces and competitor activity for signs of threats to forecast new business levels. • Revised strategies designed to add additional scale to the business, on a more diversified basis, through organic growth at acceptable levels of risk and profitability. • Continuous development of technology.
Conduct risk arising from any failure of the Group's governance, risk management and internal control arrangements	Any failure to adequately assess, monitor, manage and mitigate risks to the delivery of fair customer outcomes, or to market integrity, can be expected to result in material detriment to the achievement of strategic objectives and could incur regulatory censure, financial penalty, contract holder litigation and / or reputational damage. **How we manage the risk** • Developments in the Group's ERM framework will continue to drive and deliver the integration of conduct risk management at both a cultural and practical level. • Business activities designed to manage the volume and velocity of regulatory change are fundamentally concerned with ensuring compliance with conduct risk obligations, managing conflicts of interest, preventing market abuse and building robust governance arrangements around new product development and product suitability processes. • The Group maintains regular dialogue with its regulatory authorities and with its advisors in relation to developments in the regulatory environment in which we operate.

Information Systems and cyber risk arising from the increased digitalisation of business activities and reliance upon technology	The increasing digitalisation of business activities incurs an inherent exposure to the risk of cybercrime together with the risk of significant, costly interruptions, customer dissatisfaction and regulatory censure in the event of any material failure in our core business systems, or business processes. If the Group fails to take adequate and appropriate measures to protect its systems and data from the inherent risk of attack, disruption and/or unauthorised access by internal or external parties could arise, resulting in confidential data being exposed and/or systems interruption. A significant cybercrime event could result in reputational damage, regulatory censure and financial loss. **How we manage the risk** • Continuous focus on the maintenance of a robust, secure and resilient IT environment that protects customer and corporate data. • Control techniques deployed to evaluate the security of systems and proactively address emerging threats both internally within the organisation and externally, through regular engagement with internet and technology providers and through industry forums. • Maintenance of detailed and robust Business Continuity Plans, including full data replication at an independent recovery centre, which can be invoked when required. • Frequent and robust testing of business continuity and disaster recovery arrangements.
Employee engagement and cultural risk arising from any failure to drive the right corporate culture and attract, develop, engage and retain key personnel	Delivery of the Group's strategy is dependent on attracting and retaining experienced and high-performing management and staff. The knowledge, skills, attitudes and behaviours of our employees are central to our success. We must attract, integrate, engage and retain the talent required to deliver our strategy and have the appropriate processes and culture in place. The inability to retain key people, and adequately plan for succession can be expected to negatively impact the performance of the Group. **How we manage the risk** • Significant resources focussed on communicating strategy and desired cultural behaviours to all employees. • Forums established for employees to provide feedback for continuous improvement. • Employee engagement monitored and measured through periodic employee surveys. • Group performance management system in place, which measures both hard and soft skills. • Training and development strategy in place to manage talent, provide development opportunities and address any skill gaps. • Remuneration models and trends monitored closely by the Group's Human Resources Department and the Remuneration Committee. • Succession planning strategy in place, to manage and mitigate 'key person' risk.

Other Key Risks

In addition to the principal risks identified above, there are other key risks that the Group is subject to that derive from the nature of the business it operates. These are outlined below, together with how they are managed.

Risk	Risk factors and management
Market risk	While the Group does not invest shareholder funds in assets subject to any significant market risk, the Group's earnings and profitability are influenced by the performance of contract holder assets and the fees derived from their value. Significant changes in equity markets and interest rates can adversely affect fee income earned. Extreme market conditions can influence the purchase of financial services products and the period over which business is retained. **How we manage the risk** --- These risks are inherent in the provision of investment-linked products. We model our business plans across a broad range of market and economic scenarios and take account of alternative economic outlooks within our overall business strategy.
Credit risk	In dealing with financial institutions, banking, money market and settlement, custody and other counterparties the Group is exposed to the risk of financial loss and operational disruption of our business processes. **How we manage the risk** --- The Group seeks to limit exposure to loss from counterparty and third party failure through selection criteria, minimum rating agency limits, pre-defined risk based limits on concentrations of exposures and monitoring positions.
Liquidity risk	If the Group does not have sufficient liquid assets available to pay its creditors, the Group may fail to honour its obligations as they fall due, or may have to incur significant loss or cost to do so. **How we manage the risk** --- The Group maintains highly prudent positions in accordance with its risk appetite and investment policies which ensures a high level of liquidity is available in the short term at all times. Generally, shareholder assets are invested in cash or money market instruments with highly rated counterparties.
Currency risk	The Group operates internationally and earns income in a range of different currencies. The vast majority of its operational cost base is denominated in Sterling. The strengthening of Sterling against US Dollars is the most significant exposure to reported income levels. **How we manage the risk** --- We seek to match currency assets and liabilities to mitigate against currency movements to the extent possible. As the Group's products are long term products, over time currency movements tend to even out, reducing the need for active hedging policies. Long term trends are monitored however and considered in pricing models.

Further detail around financial risks is outlined in note 4 (Financial Risk Management) to the condensed consolidated financial statements.

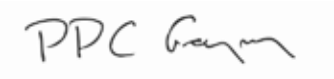
Statement of Directors' responsibilities

The Directors, whose names are reflected on the Company's website, www.hansard.com, confirm that, to the best of their knowledge, this condensed set of consolidated half-yearly financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year and;
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

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



P P C Gregory
Non-executive Chairman

G S Marr
Chief Executive Officer

6th March 2019

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Fees and commissions	6	**25.0**	25.7	52.6
Investment and other income		**(58.1)**	58.6	22.1
		(33.1)	84.3	74.7
Change in provisions for investment contract liabilities		**59.5**	(58.0)	(20.4)
Origination costs		**(8.4)**	(9.1)	(18.0)
Administrative and other expenses	7	**(15.0)**	(13.7)	(29.4)
		36.1	(80.8)	(67.8)
Profit on ordinary activities before taxation		**3.0**	3.5	6.9
Taxation on profit on ordinary activities	8	**-**	-	(0.1)
Profit and total comprehensive income for the period after taxation		**3.0**	**3.5**	**6.8**

Earnings Per Share

	Notes	Six months ended 31 December 2018 (p)	Six months ended 31 December 2017 (p)	Year ended 30 June 2018 (p)
Basic	9	**2.2**	2.5	4.9
Diluted	9	**2.2**	2.5	4.9

The notes on pages 26 to 36 form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

	Note	Share Capital £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity at 1 July 2017		68.7	(48.3)	11.3	31.7
Profit and total comprehensive income for the period after taxation		-	-	3.5	3.5
Transactions with owners					
Dividends	**10**	-	-	(7.2)	(7.2)
Shareholders' equity at 31 December 2017		**68.7**	**(48.3)**	**7.6**	**28.0**

	Note	Share Capital £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity at 1 July 2018		68.8	(48.6)	8.3	28.5
Profit and total comprehensive income for the period after taxation		-	-	3.0	3.0
Transactions with owners					
Dividends	**10**	-	-	(3.6)	(3.6)
Shareholders' equity at 31 December 2018		**68.8**	**(48.6)**	**7.7**	**27.9**

The notes on pages 26 to 36 form an integral part of these financial statements.

Condensed Consolidated Balance Sheet

	Notes	31 December 2018 £m	31 December 2017 £m	30 June 2018 £m
Assets				
Property, plant and equipment		**2.6**	1.2	1.5
Deferred origination costs	**11**	**115.4**	113.3	113.8
Financial investments				
Equity securities		**25.8**	25.4	25.3
Collective investment schemes		**835.7**	969.6	905.8
Fixed income securities		**27.6**	21.3	24.8
Deposits and money market funds		**111.7**	82.2	97.6
Other receivables		**6.9**	7.8	4.8
Cash and cash equivalents		**40.1**	56.6	53.6
Total assets		**1,165.8**	1,277.4	1,227.2
Liabilities				
Financial liabilities under investment contracts	**12**	**975.5**	1,087.4	1,036.0
Deferred income	**13**	**131.9**	129.3	130.3
Amounts due to investment contract holders		**21.7**	23.8	23.7
Other payables	**14**	**8.8**	8.9	8.7
Total liabilities		**1,137.9**	1,249.4	1,198.7
Net assets		**27.9**	28.0	28.5
Shareholders' equity				
Called up share capital	**15**	**68.8**	68.7	68.8
Other reserves		**(48.6)**	(48.3)	(48.6)
Retained earnings		**7.7**	7.6	8.3
Total shareholders' equity		**27.9**	28.0	28.5

The notes on pages 26 to 36 form an integral part of these financial statements.
The condensed financial statements on pages 21 to 36 were approved by the Board on 6th March 2019 and signed on its behalf by:

P. P. C. Gregory
Director

G. S. Marr
Director

Condensed Consolidated Cash Flow Statement

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Cash flow from operating activities			
Profit before tax for the period	**3.0**	3.5	6.9
Adjustments for:			
Depreciation	**0.2**	0.2	0.4
Dividends receivable	**(2.1)**	(2.5)	(4.3)
Interest receivable	**(0.7)**	(0.5)	(1.0)
Foreign exchange gain	**0.7**	0.5	0.2
Changes in operating assets and liabilities			
Increase in other receivables	**(2.1)**	(2.3)	0.4
Dividends received	**2.1**	2.5	4.3
Interest received	**0.7**	0.5	0.9
Increase in deferred origination costs	**(1.6)**	(1.7)	(2.2)
Increase/(decrease) in deferred income	**1.6**	(0.1)	1.1
(Decrease)/increase in creditors	**(2.0)**	1.7	1.5
Decrease/(increase) in financial investments	**52.6**	(32.0)	13.0
(Decrease)/increase in financial liabilities	**(60.5)**	37.7	(13.7)
Cash flow from operations	**(8.1)**	7.5	7.5
Corporation tax paid	**-**	-	-
Net cash from operations after taxation	**(8.1)**	7.5	7.5
Cash flows from investing activities			
Issue of share capital	-	-	0.1
Investment in property, plant and equipment	**(1.2)**	(0.4)	(0.9)
Proceeds from sale of investments	**0.2**	-	0.2
Purchase of investments	**(0.1)**	-	(0.1)
Purchase of own shares	**-**	-	(0.4)
Cash flows used in investing activities	**(1.1)**	(0.4)	(1.1)
Cash flows from financing activities			
Dividends paid	**(3.6)**	(7.2)	(9.8)
Cash flows used in financing activities	**(3.6)**	(7.2)	(9.8)
Net decrease in cash and cash equivalents	**(12.8)**	(0.1)	(3.4)
Cash and cash equivalents at beginning of period	**53.6**	57.2	57.2
Effect of exchange rate changes	**(0.7)**	(0.5)	(0.2)
Cash and cash equivalents at period end	**40.1**	56.6	53.6

The notes on pages 26 to 36 form an integral part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

1 General information

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

The Company has its primary listing on the London Stock Exchange.

These condensed consolidated half-yearly financial statements are unaudited and do not comprise statutory financial statements. The condensed consolidated half-yearly financial statements were approved by the Board of Directors on 6 March 2019.

The Board of Directors approved the Group's statutory financial statements for the year ended 30 June 2018 on 26 September 2018. The report of the independent auditor on those financial statements was unqualified and did not contain an emphasis of matter paragraph.

2 Basis of presentation

These condensed consolidated half-yearly financial statements for the half-year ended 31 December 2018 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority ("DTR") and with IAS 34 "Interim Financial Reporting" as adopted by the European Union ("EU"). The condensed consolidated half-yearly financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2018, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The condensed consolidated half-yearly financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investments and financial liabilities at fair value through profit or loss.

Except where otherwise stated, all figures included in the condensed consolidated half-yearly financial statements are stated in pounds sterling, which is also the functional currency of the Company, rounded to the nearest hundred thousand pounds.

The following amended standards, which the Group has adopted as of 1 July 2018, have not had any material impact on the Group's reported results:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to IAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The adoption of IFRS 15 has not had any impact on the Group as the way the Group's revenue from contracts with customers was recognised under the previous accounting standard, IAS 18, satisfies the requirements of IFRS 15 without modification.

Going Concern

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

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 condensed consolidated financial statements on that basis.

3 Principal accounting policies

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, this condensed set of consolidated financial statements has been prepared applying the accounting policies and standards that were applied, and the critical accounting estimates and judgements in applying them, in the preparation of the Group's published consolidated financial statements for the year ended 30 June 2018, except for the policies which were amended following the adoption of IFRS 9 on 1 July 2018 and as noted below. The published consolidated financial statements for the year ended 30 June 2018 can be accessed on the Company's website: www.hansard.com.

IFRS 9 'Financial Instruments' incorporates:

- new classification and measurements requirements for financial assets and liabilities;
- the introduction of an expected credit loss impairment model;
- new hedge accounting requirements; and
- enhanced disclosures in the financial statements.

There have been no reclassification effects on the adoption of IFRS 9. The Group does not use hedge accounting.

The provisioning methodology for financial assets not held at fair value through profit and loss has changed from an incurred loss to an expected loss basis. Moving from an incurred loss to an expected loss impairment model impacts the assessment of any impairment provision which may be required in the statement of financial position, such as amounts due from funds and brokers. The expected loss model for these amounts has been built based on the levels of loss experienced, with due consideration given to forward looking information. Upon transition to IFRS 9, the provision determined under the expected credit loss model was not materially different to the provision previously recognised under IAS 32/39 and as such, no adjustment was made to the opening statement of financial position. The impact to the statement of financial position and the statement of comprehensive income for the period ended 31 December 2018 was also not materially different to the previous accounting policy.

The new accounting policy to reflect this requirement of IFRS 9 is outlined below.

Impairment of Financial Assets

Financial assets held at amortised cost are impaired using an expected credit loss model. The model splits financial assets into those which are performing, underperforming and non-performing based on changes in credit quality since initial recognition. At initial recognition financial assets are considered to be performing. They become underperforming where there has been a significant increase in credit risk since initial recognition, and non-performing when there is objective evidence of impairment. Twelve months of expected credit losses are recognised in the statement of comprehensive income and netted against the financial asset in the statement of financial position for all performing financial assets, with lifetime expected credit losses recognised for underperforming and non-performing financial assets.

Expected credit losses are based on the historic levels of loss experienced for the relevant financial assets, with due consideration given to forward looking information.

Trade receivables are designated as having no significant financing component. The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables by using a lifetime expected loss allowance.

4 Financial risk management

Risk management objectives and risk policies

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 Group seeks to manage risk through the operation of unit-linked business whereby the contract holder bears the financial risk. The Group's exposure is limited to the extent that certain fees and commission income are based on the value of assets in the unit-linked funds. In addition, shareholder assets are invested in highly rated investments.

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 risk management ("ERM") framework is in place comprising risk identification, risk assessment, control and reporting processes. Information concerning the operation of the Enterprise Risk Management framework to manage financial and other risks is contained within the Report and Accounts for the year ended 30 June 2018, and particularly in note 3 thereto, "Financial risk management".

The more significant financial risks to which the Group is exposed, and an estimate of the potential financial impact of each on the Group's IFRS earnings, are set out below. For each category of risk, the Group determines its risk appetite and sets its investment, treasury and associated policies accordingly.

4.1 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. The Group adopts a risk averse approach to market risk, with a stated policy of not actively pursuing or accepting market risk except where necessary to support other objectives. However, the Group accepts the risk that the fall in equity or other asset values, whether as a result of price falls or strengthening of sterling against the currencies in which contract holder assets are denominated, will reduce the level of annual management charge income derived from such contract holder assets and the risk of lower future profits.

Sensitivity analysis to market risk

The Group's business is unit-linked and the direct associated market risk is therefore borne by contract holders (although there is a secondary impact as shareholder income is dependent upon the markets, as mentioned above). Financial assets and liabilities to support Group capital resources held outside unitised funds primarily consist of units in money market funds, cash and cash equivalents, and other assets and liabilities. Cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

As a result of these combined factors, the Group's financial assets and liabilities held outside unitised funds are not materially subject to market risk, and movements at the reporting date in interest rates and equity values have an immaterial impact on the Group's profit after tax and equity. Future revenues from annual management charges may be affected by movements in interest rates, foreign currencies and equity values.

(a) Price risk

An overall change in the market value of the unit-linked funds would affect the annual management charges accruing to the Group since these charges, which are typically 1% p.a., are based on the market value of assets under administration. Similarly, due to the fact that some of these charges are deducted from policies in contract currency, a change in foreign exchange rates relative to sterling can result in fluctuations in fee income and expenses. The approximate impact on the Group's profits and equity of a 10% change in unit-linked fund values, either as a result of price or currency fluctuations, is £1.5m (H1 2018: £1.6m) in a financial year.

(b) Interest rate risk

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

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

Taking into account the proportion of Group funds held on longer-term, fixed-rate deposits, a change of 1% p.a. in interest rates will result in an increase or decrease of approximately £0.5m (H1 2018: £0.4m) in the Group's annual investment income and equity.

A summary of the Group's liquid assets at the balance sheet date is set out in note 4.2.

(c) Currency risk

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

(c) (i) Group foreign currency exposures

The Group is exposed to currency risk on the foreign currency denominated bank balances, contract fees receivable and other liquid assets that it holds to the extent that they do not match liabilities in those currencies. The impact of currency risk is minimised by frequent repatriation of excess foreign currency funds to sterling. The Group does not hedge foreign currency cash flows.

At the balance sheet date the Group had exposures in the following currencies:

	31 December					
	2018 US$m	**2018 €m**	**2018 ¥m**	**2017 US$m**	**2017 €m**	**2017 ¥m**
Gross assets	**13.1**	**3.1**	**140.2**	14.7	5.3	202.9
Matching currency liabilities	**(9.4)**	**(3.7)**	**(167.2)**	(11.8)	(4.6)	(132.4)
Uncovered currency exposures	**3.7**	**(0.6)**	**(27.0)**	2.9	0.7	70.5
Sterling equivalent of exposures (£)	**2.9**	**(0.5)**	**(0.2)**	2.1	0.6	0.5

The approximate effect of a 5% change in the value of US dollars to sterling is £0.1m (H1 2018: £0.1m); in the value of the euro to sterling is less than £0.1m (H1 2018: less than £0.1m); and in the value of the yen to sterling is less than £0.1m (H1 2018: less than £0.1m).

(c) (ii) Financial investments by currency

Certain fees and commissions are earned in currencies other than sterling, based on the value of financial investments held in those currencies from time to time. The sensitivity of the Group to the currency risk inherent in investments held to cover financial liabilities under investment contracts is incorporated within the analysis set out in (a) above.

At the balance sheet date the analysis of financial investments by currency denomination is as follows; US dollars: 63% (H1 2018: 61%); sterling: 21% (H1 2018: 19%); euro: 14% (H1 2018: 17%); other: 2% (H1 2018: 3%).

4.2 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 has adopted a risk averse approach to such risk and has a stated policy of not actively pursuing or accepting credit risk except when necessary to support other objectives.

The clearing and custody operations for the Group's security transactions are mainly concentrated with one broker, namely Capital International Limited, a member of the London Stock Exchange. At the balance sheet date, substantially all contract holder cash and cash equivalents, balances due from broker and financial investments are placed in custody with Capital International Limited. These operations are detailed in a formal contract that incorporates notice periods and a full exit management plan. Delivery of services under the contract is monitored by a dedicated relationship manager against a documented Service Level Agreement and Key Performance Indicators.

The Group has an exposure to credit risk in relation to its deposits with credit institutions and its investments in unitised money market funds. To manage these risks; 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 respectively. Investments in unitised money market funds are made only where such fund is AAA rated. Additionally maximum counterparty exposure limits are set both at an individual subsidiary company level and on a Group-wide basis.

At the balance sheet date, an analysis of the Group's own cash and cash equivalent balances and liquid investments was as follows.

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Deposits with credit institutions	**27.4**	22.4	20.5
Money market funds	**36.1**	43.8	48.9
	63.5	66.2	69.4

Maximum counterparty exposure limits are set both at an individual subsidiary company level and on a Group wide basis.

4.3 Liquidity risk

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

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

Liquidity risk is principally managed in the following ways:

- Assets of a suitable marketability are held to meet contract holder 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 and estimates of new business investment requirements.

4.4 Fair value of financial assets and liabilities

The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where the Directors determine that there is no active market for a particular financial instrument, for example where a particular collective investment scheme is suspended from trading, fair value is assessed using valuation techniques based on available, relevant, information and an appraisal of all associated risks. When a collective investment scheme recommences regular trading, the value would be transferred back to Level 1. This process requires the exercise of significant judgement on the part of Directors.

Due to the linked nature of the contracts administered by the Group's insurance undertakings, any change in the value of financial assets held to cover financial liabilities under those contracts will result in an equal and opposite change in the value of contract liabilities. The separate effect on financial assets and financial liabilities is included in investment income and investment contract benefits, respectively, in the condensed consolidated statement of comprehensive income.

IFRS 13 requires the Group to classify fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring that fair value. The hierarchy is as follows:

- Level 1: fair value is determined as the unadjusted quoted price for an identical instrument in an active market.
- Level 2: fair value is determined using observable inputs other than unadjusted quoted prices for an identical instrument and that does not use significant unobservable inputs.
- Level 3: fair value is determined using significant unobservable inputs.

The following tables analyse the Group's financial assets and liabilities at fair value through profit or loss, at 31 December 2018:

Financial assets at fair value through profit or loss	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equity securities	25.8	-	-	25.8
Collective investment schemes	807.5	-	28.2	835.7
Fixed income securities	27.6	-	-	27.6
Deposits and money market funds	111.7	-	-	111.7
	972.6		28.2	1,000.8

During the period under review no assets were transferred from Level 1 to Level 2. Assets with a value of £2.6m were transferred from Level 1 to Level 3 as the directors believe that valuations can no longer be obtained for these assets from an observable market price due to suspension in trading or the asset becoming illiquid. There were no other reclassifications of assets between the different Levels in the fair value hierarchy in the period. No assets were transferred from Level 3 to Level 1 or Level 2 during the financial year.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	-	975.5	-	975.5

The following tables analyse the Group's financial assets and liabilities at fair value through profit or loss, at 31 December 2017:

Financial assets at fair value through profit or loss	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equity securities	25.4	-	-	25.4
Collective investment schemes	906.7	-	62.9	969.6
Fixed income securities	21.3	-	-	21.3
Deposits and money market funds	82.2	-	-	82.2
	1,035.6	-	62.9	1,098.5

During the period-ended 31 December 2017, no assets were transferred from Level 1 to Level 2. Assets with a value of £2.9m were transferred from Level 1 to Level 3 as the directors believed that valuations could no longer be obtained for those assets from an observable market price due to suspension in trading or the asset becoming illiquid. There were no other reclassifications of assets between the different Levels in the fair value hierarchy in the period. No assets were transferred from Level 3 to Level 1 or Level 2 during the financial year.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	-	1,087.4	-	1,087.4

5 Segmental information

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

In the opinion of the CODM, the Group operates in a single reportable segment, that of the distribution and servicing of long-term investment products. New business development, distribution and associated activities in relation to the Republic of Ireland ceased with effect from 30 June 2013. All other activities of the Group are continuing.

The Group's Executive Committee uses two principal measures when appraising the performance of the business: net issued compensation credit ("NICC") (weighted where appropriate by product line) and expenses. NICC is a measure of the value of new in-force business and top-ups on existing single premium contracts. NICC is the total amount of basic initial commission payable by Hansard International Limited to intermediaries for business sold in a period and is calculated on each piece of new business. It excludes override commission paid to intermediaries over and above the basic level of commission.

The following table analyses NICC geographically and reconciles NICC to direct origination costs during the period as set out in section 5 of the Business and Financial Review.

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Middle East and Africa	**1.9**	1.7	3.5
Rest of World	**1.6**	1.9	3.5
Far East	**0.9**	1.2	1.7
Latin America	**1.3**	1.2	2.3
Net issued compensation credit	**5.7**	6.0	11.0
Other commission costs paid to third parties	**2.5**	2.6	4.8
Enhanced unit allocations	**0.5**	0.7	1.2
Direct origination costs during the period	**8.7**	9.3	17.0

Revenues and expenses allocated to geographical locations contained in sections 5.1 to 5.4 below, reflect the revenues and expenses generated in or incurred by the legal entities in those locations.

5.1 Geographical analysis of fees and commissions by origin

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Isle of Man	**23.0**	23.3	47.8
Republic of Ireland	**2.0**	2.4	4.8
	25.0	25.7	52.6

5.2 Geographical analysis of profit before taxation

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Isle of Man	**3.3**	3.7	7.2
Republic of Ireland	**(0.3)**	(0.2)	(0.3)
	3.0	3.5	6.9

5.3 Geographical analysis of gross assets

	Six months ended 31 December 2018 £m	Six months ended 31 December 2017 £m	Year ended 30 June 2018 £m
Isle of Man	**1,028.3**	1,087.7	1,077.3
Republic of Ireland	**137.5**	189.7	149.9
	1,165.8	1,277.4	1,227.2

5.4 Geographical analysis of gross liabilities

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Isle of Man	**1,018.9**	1,078.6	1,067.7
Republic of Ireland	**119.0**	170.8	131.0
	1,137.9	1,249.4	1,198.7

6 Fees and commissions

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Contract fee income	**16.1**	16.2	33.3
Fund management fees	**6.6**	7.0	14.4
Commission receivable	**2.3**	2.5	4.9
	25.0	25.7	52.6

7 Administrative and other expenses

Included in Administrative and other expenses are the following:

	Six months ended 31 December		Year ended 30 June
	2018	2017	2018
	£m	£m	£m
Auditors' remuneration			
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	**-**	-	0.1
- Fees payable for the audit of the Company's subsidiaries pursuant to legislation	**0.2**	0.2	0.4
- Other services provided to the Group	**0.1**	-	0.1
Employee costs	**5.7**	5.8	11.1
Directors' fees	**0.1**	0.1	0.3
Fund management fees	**2.3**	2.3	4.2
Renewal and other commission	**0.6**	0.4	1.2
Professional and other fees	**1.4**	1.5	3.3
Provision for doubtful debts	**0.4**	-	0.3
Litigation defence and settlement costs	**1.1**	0.4	1.2
Operating lease rentals	**0.4**	0.4	0.7
Licences and maintenance fees	**0.7**	0.6	1.1
Insurance costs	**0.7**	0.6	1.2
Depreciation of property, plant and equipment	**0.2**	0.2	0.4
Communications	**0.2**	0.2	0.5

8 Taxation

The corporation tax expense for the Group for H1 2019 was nil. Corporation tax is charged on any profits arising at the following rates depending on location of the company or branch:

Isle of Man	0% (2018: 0%)
Republic of Ireland	12.5% (2018: 12.5%)
Japan branch	23.4% (2018: 23.4%)
Labuan	3% or MYR 20,000 (2018: 3% or MYR 20,000)

No deferred tax asset is currently being recorded in relation to losses arising in Hansard Europe.

9 Earnings per share

	Six months ended 31 December		Year ended 30 June
	2018	**2017**	**2018**
Profit after tax (£m)	**3.0**	3.5	6.8
Weighted average number of shares in issue (millions)	**137.6**	137.4	137.6
Earnings per share in pence	**2.2p**	2.5p	4.9p

The Directors believe that there is no material difference between the weighted average number of shares in issue for the purposes of calculating either basic or diluted earnings per share. Earnings under either measure is 2.2p pence per share.

10 Dividends

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.

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

	Six months ended 31 December				Year ended 30 June 2018	
	2018		2017			
	Pence Per Share	Total £m	Pence Per Share	Total £m	Pence Per Share	Total £m
Final dividend paid	**2.65**	**3.6**	5.3	7.2	5.3	7.3
Interim dividend paid	-	-	-	-	1.8	2.5
	2.65	**3.6**	5.3	7.2	7.1	9.8

The Board have resolved to pay an interim dividend of 1.8p per share. This amounts to £2.5m and will be paid on 23 April 2019 to shareholders on the register at 15 March 2019.

11 Deferred origination costs

	31 December		30 June
	2018	**2017**	**2018**
	£m	**£m**	**£m**
At beginning of financial year	**113.8**	111.6	111.6
Origination costs incurred during the year	**8.7**	9.3	17.0
Origination costs amortised during the year	**(7.1)**	(7.6)	(14.8)
	115.4	113.3	113.8

	31 December		30 June
	2018	**2017**	**2018**
Carrying value	**£m**	**£m**	**£m**
Expected to be amortised within one year	**11.3**	11.1	11.2
Expected to be amortised after one year	**104.1**	102.2	102.6
	115.4	113.3	113.8

12 Financial investments held to cover liabilities under investment contracts

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

	31 December		30 June
	2018	2017	2018
	£m	£m	£m
Equity securities	**25.8**	25.4	25.3
Investment in collective investment schemes	**835.1**	969.2	905.4
Fixed income securities	**27.6**	21.3	24.8
Deposits and money market funds	**88.3**	72.7	81.7
Total assets	**976.8**	1,088.6	1,037.2
Other payables	**(1.3)**	(1.2)	(1.2)
Financial investments held to cover liabilities	**975.5**	1,087.4	1,036.0

The other receivables and other payables fair value approximates amortised cost.

13 Deferred income

	31 December		30 June
	2018	2017	2018
	£m	£m	£m
At beginning of financial year	**130.3**	129.2	129.2
Income received and deferred in period	**9.9**	9.1	18.4
Income recognised in contract fees in the period	**(8.3)**	(9.0)	(17.3)
	131.9	129.3	130.3

	31 December		30 June
	2018	2017	2018
Carrying value	£m	£m	£m
Expected to be amortised within one year	**13.0**	12.9	12.9
Expected to be amortised after one year	**118.9**	116.4	117.4
	131.9	129.3	130.3

14 Other payables

	31 December		30 June
	2018	2017	2018
	£m	£m	£m
Commission payable	**1.3**	1.0	1.4
Other creditors and accruals	**7.5**	7.9	7.3
	8.8	8.9	8.7

15 Called up share capital

	31 December		30 June
	2018	2017	2018
	£m	£m	£m
Authorised:			
200,000,000 ordinary shares of 50p	**100.0**	100.0	100.0
Issued and fully paid:			
137,557,079 ordinary shares of 50p (30 June 2018: 137,557,079 ordinary shares)	**68.8**	68.7	68.8

16 Related party transactions

Intra-group transactions are eliminated on consolidation and are not disclosed separately here.

There have been no significant related party transactions in the period other than noted in 16.1 below, nor changes to related parties. Related party transactions affecting the results of previous periods and an understanding of the Group's financial position at previous balance sheet dates are as disclosed in the Annual Report & Accounts for the year ended 30 June 2018.

There have been no significant awards during the period under the Save As You Earn (SAYE) share-save programme for employees. The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements

16.1 Transactions with controlling shareholder

Dr L S Polonsky is regarded as the controlling shareholder of the Group, as defined by the Listing Rules of the Financial Conduct Authority.

- Up until his retirement from the Company's Board on 26 September 2018, Dr Polonsky received fees for services provided to the Group under the terms of his service agreement. Such fees (£50,000 per annum) represent the standard arm's length fee paid to each of the Group's non-executive directors.
- Dr Polonsky has an investment contract issued by the Group on terms available to employees in general. As at 31 December 2018 Dr Polonsky's contract had a fair value of £1.9m (30 June 2018: £2.4m).
- The Employee Benefit Trust (EBT), established in November 2011 by way of a number of share contributions from Dr Polonsky, was dissolved on 28 September 2018 with the 860,820 shares reverting to a trust beneficially owned by Dr Polonsky. The EBT was originally established to reward long serving employees but has since been replaced by alternative reward schemes.

17 Contingent liabilities

The Group does not give any investment advice. Investment decisions are taken either by the contract holder directly or more typically through a professional intermediary appointed by the contract holder. Contract holders bear the financial risk relating to the investments underpinning their contracts, as the contract benefits are linked to the value of the assets. Notwithstanding the above, financial services institutions are frequently drawn into disputes in cases where the value and performance of assets selected by or on behalf of contract holders fails to meet their expectations. At the balance sheet date a number of those fund structures remain affected by liquidity or other issues that hinder their sales or redemptions on normal terms with a consequent adverse impact on transactions.

As reported previously, the Group has been subject to a number of complaints in relation to the selection and performance of assets linked to contracts. Hansard Europe has been served with a number of writs arising from such complaints and other asset-related issues.

As at the report date of the 2018 Annual Report and Accounts, the Group faced litigation based on writs totalling €20.1m or £17.8m. The corresponding figure as at 31 December 2018 had not changed significantly at €19.9m or £17.9m (31 December 2017: €16.4m or £14.6m). Between 31 December 2018 and the date of this report, there have been no material developments.

While it is not possible to forecast or determine the final results of pending or threatened legal proceedings, based on the pleadings and advice received from the Group's legal representatives, the Directors believe that the Group has strong defences to such claims. Notwithstanding this, there may be circumstances where in order to avoid the expense and distraction of extended litigation, the Group may consider it to be in the best interests of the Group and its shareholders to reach a resolution with regard to certain of these claims. There were no such settlements made or provided for during the period (H1 2018: nil). It is not possible at this time to make any further estimates of liability.

18 Foreign exchange rates

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

	31 December		30 June
	2018	**2017**	**2018**
US Dollar	**1.27**	1.35	1.32
Japanese Yen	**140**	152	146
Euro	**1.11**	1.12	1.13

Independent review report to Hansard Global plc

Report on the consolidated financial statements

Our conclusion

We have reviewed Hansard Global plc's condensed consolidated financial statements (the "interim financial statements") in the half-yearly report of Hansard Global plc for the 6 month period ended 31 December 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 31 December 2018;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man

6th March 2019

Other Information

Risk Based Solvency Capital

A) Risk Based Solvency capital position at 31 December 2018

The Group shareholder Risk Based Solvency surplus at 31 December 2018 was £86.9m (30 June 2018: £90.5m), before allowing for payment of the 2019 interim ordinary dividend. All Risk Based Solvency and related data presented in this section is subject to change prior to submission to regulatory authorities.

Group Risk Based Solvency capital position	31 December 2018 Life subsidiaries £m	Other subsidiaries £m	Total £m	30 June 2018 Total £m
Own Funds	**136.5**	**13.1**	**149.6**	156.6
Solvency Capital Requirement	**62.7**	**-**	**62.7**	66.1
Surplus	**73.8**	**-**	**86.9**	90.5
Solvency ratio (%)	**218%**	**-**	**238%**	237%

All Own Funds are considered Tier 1 capital.

Own Funds include Value of In-Force ("VIF") of £134.5m at 31 December 2018.

VIF calculated under this regulatory basis is similar to the VIF calculated under the previously disclosed European Embedded Value ("EEV") methodology.

Total Own Funds contain a number of significant differences to EEV however, namely:

- A reduction to Net Worth for litigation risk. This is assessed based on probabilistic outcomes with input from external legal counsel.
- A reduction to Net Worth for required statutory reserves.
- A higher cost of capital within the Risk Margin. Solvency II mandates a cost of capital of 6% (5% under the Isle of Man regime) as compared to 2.5% previously used in our EEV calculation.

The following compares Own Funds as at 31 December 2018 and 30 June 2018 to the EEV disclosed within our 30 June 2018 Annual Report & Accounts:

	31 Dec 2018 Own Funds £m	30 June 2018 Own Funds £m	30 June 2018 EEV £m
Value of In-Force	**134.5**	141.6	143.9
Risk Margin	**(21.0)**	(20.6)	(8.6)
Net Worth	**36.1**	35.6	44.5
Total	**149.6**	156.6	179.8

B) Analysis of movement in Group capital position

A summary of the movement in Group Risk Based Solvency surplus from £90.5m at 30 June 2018 to £86.9m at 31 December 2018 is set out in the table below.

Analysis of movement in Group shareholder surplus	**£m**
Risk Based Solvency surplus at 30 June 2018	**90.5**
Operating experience	3.2
Investment performance	(5.8)
Changes in assumptions	(0.1)
Dividends paid	(3.6)
Foreign exchange	2.7
Risk Based Solvency surplus at 31 December 2018	86.9

The movement in Group Risk Based Solvency surplus in 2019 was reduced by lower investment markets and dividends paid, offset by positive operating experience.

New business written added £2.7m to Own Funds for the period.

C) Analysis of Group Solvency Capital Requirements

The analysis of the Group's Solvency Capital Requirement by risk type is as follows:

Split of the Group's Solvency Capital Requirements Risks	**31 Dec 2018 % of SCR***	30 June 2018 % of SCR*
Market		
Equity	48%	48%
Currency	19%	27%
Insurance		
Lapse	49%	46%
Expense	12%	11%
Default	2%	3%
Operational	14%	13%

* Figures are the capital requirements prior to diversification benefits expressed as a percentage of the final diversified SCR.

D) Reconciliation of IFRS equity to Group Risk Based Solvency Shareholder Own Funds

	31 Dec 2018 £m	30 June 2018 £m
IFRS shareholders' equity	**27.9**	28.5
Elimination of DOC	**(115.4)**	(113.8)
Elimination of DIR	**131.9**	130.3
Value of In-Force	**134.5**	141.6
Liability valuation differences	**(7.6)**	(8.4)
Impact of risk margin	**(21.0)**	(20.6)
Other	**(0.7)**	(1.0)
Risk Based Solvency Shareholder Own Funds	**149.6**	156.6

Liability valuation differences relate to additional provisions made for risk based capital purposes, notably for contingent liabilities and non-linked reserves.

E) Sensitivity analysis

The sensitivity of the Own Funds related to the Group's life insurance subsidiaries to significant changes in market conditions is as follows:

Impact of market sensitivities	**31 Dec 2018 £m**	30 June 2018 £m
Life subsidiary Own Funds	**136.5**	149.3
Impact of:		
10% instantaneous fall in equity markets	**(6.5)**	(7.4)
100 basis points increase in interest rates	**(1.0)**	(1.1)
10% increase in expenses	**(4.6)**	(4.6)
1% increase in expense inflation	**(3.0)**	(2.8)

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Financial Calendar	
Ex-dividend date for interim dividend	14 March 2019
Record date for interim dividend	15 March 2019
Payment date for interim dividend	23 April 2019
Third quarter trading update	9 May 2019
Announcement of fourth quarter new business results	25 July 2019
Announcement of full year results	26 September 2019

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