

REMUNERATION REPORT

This report has been prepared on behalf of the Board by the Remuneration Committee and is in accordance with the provisions of the Companies Act 2006 (the Act) and schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The report also meets the relevant requirements of the Listing Rules of the FSA. In accordance with the Act, a resolution will be proposed at the forthcoming Annual General Meeting of the Company to approve this report.

The Act requires the independent Auditor to report to the members of the Company on certain information contained in the report and to state whether, in the Auditor's opinion, that information has been properly prepared in accordance with the Act. The report has, therefore, been divided into two sections, showing the audited and unaudited information separately.

Throughout the year, the Remuneration Committee has complied with the UK Corporate Governance Code 2010. This report sets out the policy for the financial year just ended, for the forthcoming year and, subject to ongoing review, for subsequent years.

UNAUDITED INFORMATION

Role

The Remuneration Committee (the Committee) has responsibility for, on behalf of the Board, determining the remuneration policies and practices for the Executive Directors, the Group Operations Committee, the Company Chairman and the Group-wide remuneration policy more broadly. In implementing these policies and practices the Company aims to support the implementation of a business strategy which creates value for shareholders over time.

The Committee's terms of reference are available on the Company's website or you can request a copy from the Company Secretary.

Membership

Patrick De Smedt has been a member and Chairman of the Committee since 19 August 2010. Peter Morgan served as a member of the Committee until he resigned from the Board on 31 March 2011. Other members of the Committee are Charles Gregson and Les Owen. All members of the Committee are considered by the Board to be independent (Charles Gregson being independent on his appointment as Chairman of the Board).

Advisers

New Bridge Street (NBS) has served as independent adviser to the Committee throughout the year (NBS being a brand of Aon Hewitt Limited). In addition to advising the Committee, NBS also provides advice to the Company on implementing decisions made by the Committee. Neither NBS nor any other part of the Aon Corporation Group provide any other services to the Company. The Chief Executive Officer, the Group HR Director and the Group Head of Tax assisted both the Board and the Committee as required, albeit taking no part in discussions directly relating to their own remuneration. The Company Chairman absents himself from discussions with respect to his own pay.

The Committee met six times in the year and is scheduled to meet four times in the forthcoming financial year. Additional meetings may be held should any matters arise that require the consideration of the Committee.

Remuneration policy

The remuneration of Executive Directors comprises both fixed and variable elements. Fixed remuneration is basic salary, pension and flexible benefits, and variable performance-related remuneration is in the form of an annual cash bonus (partly paid in cash and partly deferred in shares) and long term incentive arrangements. Significant weighting is given to the variable element of pay which will be derived from the Company's performance, which is strongly aligned to shareholder value creation.

Both the Board and the Committee recognise the importance of an effective remuneration policy in the achievement of the Group's successful financial performance. The aim of the remuneration policy is to:

- Provide overall remuneration to Executive Directors that is competitive and sufficient to attract, motivate and retain individuals of the quality required to deliver successful performance; and
- Align rewards with the Group's performance.

It is the intention of the Committee to ensure the remuneration policy strongly aligns the interests of the Executive Directors with those of shareholders and the Company. For example, this is demonstrated by the payment of no annual bonus for the 2011 financial year and the absence of any base salary increase for the Executive Directors for the forthcoming year.

It is the Remuneration Committee's view that the current executive remuneration policies are compatible with the Company's risk management policies and systems. In light of issues regarding systems and controls that were raised during the FSA investigation, the Committee has instigated a further risk review in order to ensure the executive remuneration policies remain fully aligned with the Company's risk appetite and with compliance requirements.

In determining executive remuneration, the Committee has regard to pay levels and structures elsewhere in the Group in ensuring that pay is coherent overall. Regular interaction between the Chairman of the Remuneration Committee and the Company's HR function ensures that this is the case.

The Company's approach to non-executive remuneration is set by the Board with account taken of the time and responsibility involved in each role, including where applicable the Chairmanship of Board Committees.

In line with the Association of British Insurers' Guidelines on Responsible Investment Disclosure, the Committee will ensure that the incentive structure for the Executive Directors and senior management will not raise environmental, social or governance (ESG) risks by inadvertently motivating irresponsible behaviour. More generally, with regard to the overall remuneration structure, there is no restriction on the Committee which prevents it from taking account of ESG matters.

Key activities

Key activities of the Committee are to:

- Carry out an annual strategic review of the remuneration framework for Executive Directors and the Group Operations Committee to ensure that the remuneration policy supports the Company's strategic goals as explained in the Group overview section of the Annual Report & Accounts;
- Determine the remuneration and benefits packages of individual Executive Directors and senior executives within the framework of the Group's agreed remuneration policy;

- Determine the remuneration of the Chairman;
- Review remuneration arrangements for the Group;
- Set and review performance targets for Executive Directors and the Group Operations Committee;
- Assess annually the Company's and individuals' performance against targets to determine the level of executive bonus;
- Approve and grant awards under the Company's long term incentive plans;
- Determine and review the contractual terms of Executive Directors; and
- Review the governance arrangements for global remuneration.

Remuneration for Executive Directors

The main components of the remuneration package for Executive Directors are:

Basic salary

Basic salary for each Executive Director is determined by the Committee taking into account the roles, responsibilities, performance and experience of the individual and pay levels elsewhere in the Group. The Committee's policy is to adopt a broadly median base salary positioning vis-à-vis appropriate comparable benchmark companies.

Salaries were reviewed in January 2012. Following the January 2012 review, the Committee decided there should be no increase in Executive Directors' salary (as per the table below) or for senior management. Across the Group as a whole there was an average basic pay increase of 2%.

	Salary to 31 December 2011 £'000	Current salary effective from 1 January 2012 £'000	% increase
E Woolley*	412	412	0%
S Parker	268	268	0%
P Stobart*	113	450	0%

* Eric Woolley resigned as CEO from the Board on 1 October 2011 and his employment ceased on 22 March 2012. Paul Stobart joined the Board as CEO on 1 October 2011.

Eric Woolley signed a compromise agreement on 16 September 2011, which provided for his employment to end on 22 March 2012.

Pension arrangements

An employer contribution of up to 15% of base salary is paid into a private pension scheme of the Executive Director's choice. Where it is not tax efficient to receive a pension payment, the Executive may request a cash payment in lieu. The Committee does not compensate for changes in the tax consequences of the payment.

Benefits

Each Executive Director is a member of the Company's flexible benefits fund. Eric Woolley was entitled to an allowance of £20,000 per annum and Shaun Parker a £15,000 allowance per annum. Paul Stobart is entitled to an allowance of £20,000 per annum. In addition Paul Stobart is entitled to a sum, after the deduction of income tax and employees' National Insurance Contributions, equal to £1,500 per month to cover travel expenses. Each Executive Director is entitled to 30 days' holiday per annum.

Executive Bonus Scheme

The Company's senior executives, including the Executive Directors, participate in the Executive Bonus Scheme. For the 2011 financial year, the maximum bonus award that could be achieved was 100% of basic salary, with the on-target amount 50% of basic salary.

The Executive Bonus Scheme payment was dependent upon the overall Group performance and individual performance measures. For the 2011 financial year, 70% of an executive's bonus was based on Group performance and 30% was based on the achievement of personal objectives and KPIs set for the role.

Group performance, which determined 70% of an Executive Director's maximum bonus, was based upon the Group's underlying operating profit against stretching targets set at the start of the year. This element could also be subject to a quality of earnings adjustment as determined by the Committee.

The criteria used to determine the remaining 30% were based on personal objectives such as customer satisfaction and retention, product development and international expansion.

In light of the Group's financial performance in 2011, no Executive Director, and no member of the Group Executive Committee, received a bonus in relation to the 2011 financial year.

Whilst all Group Operations Committee members contribute to the overall Group performance, the performance of the relevant region is also taken into consideration in this factor for those below Board executives with regional responsibilities. Regional performance is assessed following a review of the regional growth, delivery of regional objectives and a judgement of the financials against a quality of earnings assessment. The exact percentage award is agreed by the Committee and approved by the Board on an individual basis.

The concept of annual bonus clawback applies to bonuses which permits the Company to reclaim or reduce payments if it subsequently comes to light that the performance upon which bonuses were paid was incorrect or is required to be restated.

The Company intends that the senior executives, including the Executive Directors, will participate in an Executive Bonus Scheme for the 2012 financial year. This Scheme will be structured on the same basis as the Scheme for the 2011 financial year in terms of maximum bonus opportunity and the use of financial and personal objectives. The financial targets will be set once the impact of the FSA investigation has been fully assessed. They will be appropriate and challenging in the context of the assessment.

Deferred Share Bonus Plan

The Committee supports the principle that the payment of a proportion of any annual bonuses paid in future periods should be deferred and paid in Company shares as it further aligns executives with shareholders.

Accordingly, annual bonuses awarded under the Executive Bonus Scheme are also subject to the Deferred Share Bonus Plan (DSBP) arrangements. Any bonuses awarded up to 50% of maximum potential (i.e. up to target bonus) will be paid as cash. Where the bonus exceeds 50% of maximum potential (i.e. is above target), half of the additional bonus above target will be paid as cash and half will be deferred into awards over shares under the DSBP. Deferred shares will vest on the third anniversary of grant subject to continued employment at the Company.

As under the Executive Bonus Plan, the concept of clawback applies to DSBP awards.

While awards were made under the DSBP in the 2011 financial year, these were made before the commencement of the FSA investigation and were based on performance against the bonus targets for the 2010 financial year (as reported last year). No DSBP awards will be made to an Executive Director in connection with performance in the 2011 financial year as no bonus was payable for performance in that year.

Long term incentive schemes

For Executive Directors, only one long term incentive plan operates, which can be summarised as follows:

2010 Long Term Incentive Plan (LTIP)

Under this plan, Executive Directors and key individuals may each year be issued awards over ordinary shares in the Company up to a maximum of 200% of salary. However, the Committee's normal policy is to grant LTIP awards not exceeding a face value of 125% of salary and 100% of salary to the Chief Executive Officer and Chief Financial Officer respectively. Lower levels of awards are made to less senior executives.

The normal policy thus far has been for awards to have a three year vesting period and be subject to performance conditions relating to adjusted Earnings Per Share (EPS) and Total Shareholder Return (TSR) as follows:

- 75% of the award has been dependent on the satisfaction of an EPS performance target. EPS is measured over the three years following grant and vesting will occur on the following basis:

EPS growth over the performance period	Vesting percentage of 75% of the total award
Less than 12% p.a.	0%
Equal to 12% p.a.	25%
Equal to or greater than 17% p.a.	100%
Between 12% p.a. and 17% p.a.	On a straight-line basis

- The above EPS targets, at the discretion of the Committee, may be amended if RPI over the performance period is negative or greater than 4% p.a. The Committee notes that RPI is above 4% and is keeping any potential change to targets under review. The EPS calculation is based on a fully diluted basis, adjusted for taxation and other items to reflect underlying financial performance.
- 25% of the award has been dependent upon the Company's TSR performance over a single three year period against the constituents of the FTSE 250 (excluding any Investment Trusts). Vesting for this portion of the award will occur on the following basis:

TSR ranking against the comparator group	Vesting percentage of 25% of the total award
Below median	0%
Median	25%
Upper quintile	100%
Between median and upper quintile	On a straight-line basis

In addition, and notwithstanding the Company's TSR performance, this part of the award subject to the TSR condition will only vest to the extent that the Committee is satisfied that the underlying financial performance over the vesting period warrants the level of vesting under the TSR performance condition.

The Committee considered that this combination of performance conditions was the most appropriate way of rewarding Executive Directors because it took into account both the long term returns to shareholders and the Group's financial growth. The TSR performance condition is monitored on the Committee's behalf by NBS whilst the Group's EPS growth is derived from the audited financial statements.

It is the Committee's intention to make further awards under the LTIP in 2012, but only once the impact of the FSA investigation is known. This will allow the Committee to consider all relevant facts before determining the size, structure and appropriate challenging performance conditions of such awards. Full details of these awards will be disclosed in next year's report.

LTIP Award to Paul Stobart

Paul Stobart commenced employment after the grant date of the March 2011 LTIP awards and after the commencement of the FSA investigation.

The Committee's objectives when structuring Paul Stobart's 2011 LTIP award were as follows:

- To ensure Paul is appropriately incentivised to generate substantial and sustainable long-term returns to shareholders via an entirely performance-linked award;
- That Paul's award should be made under the terms of the existing LTIP, rather than be made under a separate "one-off" recruitment plan;
- To ensure that, where possible, Paul's award not only provides an alignment of his interests with those of shareholders, but also with the forward-looking interests of other LTIP participants; and
- That the award should take account of the circumstances and challenges faced by the Company now, rather than the circumstances that prevailed at the time of the grant of the 2011 LTIP awards to other participants.

Consequently, Paul was granted an initial LTIP award over shares worth 165% of salary (within the 200% of salary LTIP limit), based on a share price of 131 pence (i.e. the share price prevailing on the date the Committee agreed the award). It is intended that this award be subject to the same performance conditions as will be applied to the LTIP award made in 2012 to other participants, thereby providing alignment of interests across the senior management population who receive LTIP awards. However, if no LTIP awards have been made in 2012 by six weeks following the date of the Company's announcement of its 2012 interim results, Paul's 2011 award will be subject to similar EPS and TSR-based performance conditions as have been applied to past LTIP awards (i.e. 75% of the award will be based on a sliding scale of three year EPS growth targets of 12%-17% p.a., albeit with the base year being 2011 from which growth is measured, with the remaining 25% subject to the relative TSR condition, measured from the date of grant).

Other share plans**2010 Restricted Stock Plan (RSP)**

The RSP is a non-performance based share plan aimed to incentivise the second level of management across the Group and Executive Directors are not eligible to participate. Employment is the only performance condition attached to this plan.

UK Save As You Earn Scheme (SAYE)

The Company launched a Save As You Earn scheme (ShareSAVE Plan) in September 2010 and made an additional offer in September 2011. All employees in the UK, including Executive Directors, are eligible to participate in the SAYE scheme. Options were granted under this scheme in September 2011 at an option price of 125 pence representing a discount of 20% to the market value applicable at the time of grant. Consistent with HMRC rules, the scheme is not subject to any performance criteria other than employment.

Dilution limits

In line with the ABI guidelines the rules of the above incentive schemes provide that:

- Commitments to issue new shares or re-issue treasury shares, when aggregated with awards under all of the Company's other schemes, must not exceed 10% of the issued ordinary share capital in any rolling 10 year period commencing on Admission; and

- Commitments to issue new shares or re-issue treasury shares under executive (discretionary) schemes should not exceed 5% of the issued ordinary share capital of the Company in any rolling 10 year period commencing on Admission.

Current headroom under these limits is 7.4% and 3.2% respectively.

Service contracts

The contracts of Eric Woolley and Shaun Parker, who served during the financial year, were subject to a notice period to and from the Company of six months. Eric Woolley was employed under a service agreement with CPP Holdings Limited (formerly named CPP Group Plc prior to its acquisition by CPPGroup Plc) dated 9 May 2008. Shaun Parker is employed under a service agreement with CPP Group Plc dated 1 January 2010. Paul Stobart is employed under a service agreement with CPPGroup Plc dated 16 September 2011 which is subject to a notice period to and from the Company of twelve months.

The Company may terminate the employment of Executive Directors by making a payment in lieu of notice equivalent to basic salary and fixed benefits only.

Currently neither of the Executive Directors holds a non-executive director role elsewhere.

The Articles of Association require a Director to stand for election by shareholders at the first Annual General Meeting following their appointment and by rotation every three years thereafter.

Non-Executive Directors

Non-Executive Directors receive a fixed fee for their services to the Group. These fees are set for each individual Non-Executive Director by the Board on an annual basis. Fee levels for the Chairman and Non-Executive Directors reflect the time commitment in preparing and attending meetings and the responsibility and duties of the positions. The policy is to pay a market rate against other companies of a similar size and complexity. Non-Executive Directors are not entitled to any other benefits, pension arrangements or to participate in the Group's share incentive schemes. Details of annual fees for 2011 are provided in the table below:

		Basic annual fee £'000	Audit & Risk Committee Chairman £'000	Remuneration Committee Chairman £'000
Charles Gregson	Non-Executive Chairman	125		
Duncan McIntyre	Non-Executive Director	40		
Peter Morgan*	Non-Executive Director	40	10	
Hamish Ogston	Non-Executive Director	40		
Les Owen*	Non-Executive Director	40	10	
Patrick De Smedt	Non-Executive Director	40		10

* Peter Morgan was the Chairman of the Audit and Risk Committee until his resignation from the Board on 31 March 2011 at which point Les Owen was appointed as the Chairman of the Audit and Risk Committee.

It has been decided to split the Audit and Risk Committee into two separate committees from 1 January 2012. Duncan McIntyre will chair the new Risk and Compliance Committee, for which he will receive an additional fee of £10,000. Les Owen will chair the Audit Committee.

There are no service agreements for Non-Executive Directors. However, a formal letter of appointment is issued to all Non-Executive Directors to confirm the terms of their appointment. Non-Executive appointments terms provide for an initial period of appointment of three years (which may be extended at the liberty of the Board) normally terminable on one month's notice by either party. Non-Executive Directors are included in the requirement for all Directors to stand for election by the shareholders at the Annual General Meeting following their initial appointment and to stand for re-election on a three year rolling basis thereafter.

With regard to the current Non-Executive Directors, Charles Gregson entered into a Non-Executive appointment letter with CPP Group Plc on 14 January 2010. It had been agreed that from Admission the terms of his engagement be transferred to the Company. Hamish Ogston entered into a Non-Executive appointment letter with the Company which was conditional on and effective from Admission on 24 March 2010 although he was appointed as a Director of the new holding Company at the date of incorporation on 9 February 2010. Patrick De Smedt was appointed on 19 August 2010, Les Owen was appointed on 21 September 2010 and Duncan McIntyre was appointed on 1 January 2011.

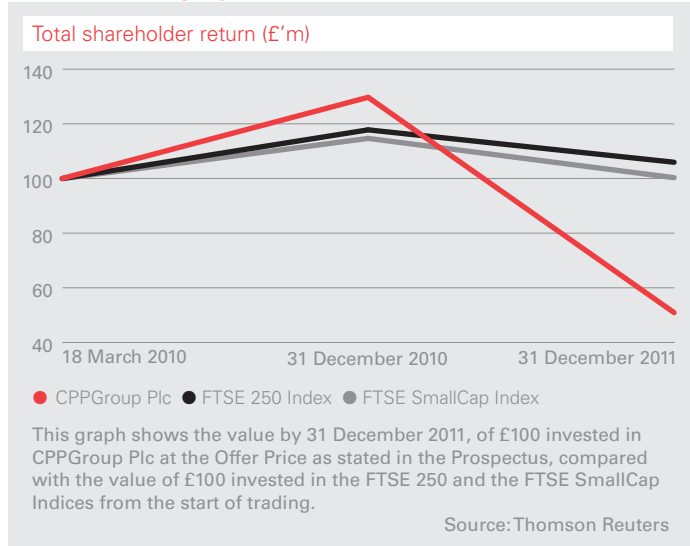
Share ownership guidelines

Pursuant to a letter agreement with Hamish Ogston dated 18 March 2010, Charles Gregson has agreed, from Admission, to apply all of the net fees he receives from his position as Chairman of the Company to making on-market purchases of shares in the Company, until he has committed, in total, at least £250,000 in purchasing shares.

Paul Stobart, the Chief Executive Officer, and Eric Woolley the outgoing Chief Executive Officer agreed to commit 50% of the post tax gain from any vested shares in the form of shares held by them, until the qualifying holding of the equivalent of one and a half year's salary is met. Shaun Parker, the Chief Financial Officer, agreed to commit 50% of the post tax gain from any vested shares in the form of shares held, until the qualifying holding of the equivalent of one year's salary is met. These arrangements only apply to share awards made on or after Admission and not to any awards under the legacy plans

Each Non-Executive Director has agreed to commit to making on-market purchases of shares in the Company, within a two year period from the date of their appointment, until they have committed in total to at least £50,000 in the purchasing of such shares.

Performance graph



The graph illustrates the TSR performance on a cumulative basis with dividends reinvested as at the end of the financial year compared with the FTSE 250 and FTSE SmallCap Index, being the equity market indexes in which CPPGroup Plc has been a member since Admission.

AUDITED INFORMATION

The remuneration and benefits payable to each Director in respect of their services for the year ended 31 December 2011 is set out in the following table.

	2011 Basic annual salary £'000	2011 Annual Benefits £'000	2011 Annual Bonus*** £'000	2011 Annual pension contribution £'000	2011 Total £'000	2010 Total £'000
Executive						
Eric Woolley*	412	20	–	62	494	759
Shaun Parker	268	15	–	40	323	504
Paul Stobart (since 1 October 2011)	113	14	–	17	144	–
Non-Executives						
Charles Gregson	125	–	–	–	125	119
Duncan McIntyre	40	–	–	–	40	–
Peter Morgan**	22	–	–	–	22	63
Hamish Ogston	40	–	–	–	40	45
Les Owen	50	–	–	–	50	11
Patrick De Smedt	50	–	–	–	50	18
Aggregate emoluments	1,120	49	–	119	1,288	1,519

* Eric Woolley resigned from the Board on 1 October 2011.

** Peter Morgan resigned from the Board on 31 March 2011.

*** Annual bonus awards are subject to the provisions of the Deferred Share Bonus Plan.

Share options, long term incentives and potential future awards and entitlements to shares

Long Term Incentive Plans

Details of awards held, granted and exercised in respect of the LTIP's are detailed below.

Director	As at 1 January 2011	Granted in year	Exercised in year	Lapsed in year	As at 31 December 2011
Eric Woolley	212,766	157,933	–	–	370,699
Shaun Parker	110,638	80,340	–	–	190,978
Paul Stobart	–	566,794	–	–	566,794

The 2011 LTIP awards for Eric Woolley and Shaun Parker were granted as nil cost options on 4 March 2011 and vest on 4 March 2014 subject to performance conditions. When awards were granted the market value of shares was £3.00. The 2011 LTIP award for Paul Stobart was granted as a nil cost option on 28 November 2011 and vests on 1 January 2015 subject to performance conditions. When awards were granted the market value of shares was £1.24. Awards vest subject to continued employment and the satisfaction of performance conditions as set out on page 46.

Following the termination of Eric Woolley's employment on 22 March 2012, all 370,699 of his LTIP options granted under the 2010 and 2011 awards lapsed and can no longer be vested.

The market price of ordinary shares of the Company as at 31 December 2011 was £1.12 and the range during the year was £1.12 to £3.29.

Deferred Share Bonus Plan

Director	As at 1 January 2011	Granted in year	Exercised in year	Lapsed in year	As at 31 December 2011
Eric Woolley	–	14,333	–	–	14,333
Shaun Parker	–	9,967	–	–	9,967

Eric Woolley's DSBP options vested on his last day of employment with the Company. These must be exercised within 12 months, i.e before 22 March 2013 or they will lapse.

The market price of ordinary shares of the Company as at 31 December 2011 was £1.12 and the range during the year was £1.12 to £3.29.

SAYE Share Option Plan

Details of options held, granted and exercised in respect of the SAYE scheme are detailed below.

Director	As at 1 January 2011	Granted in year	Exercised in year	Lapsed in year	As at 31 December 2011	Exercise Price £
Shaun Parker	4,545	–	–	–	4,545	1.98

There were no additional grants to Executive Directors under the SAYE scheme during the year.

The market price of ordinary shares of the Company as at 31 December 2011 was £1.12 and the range during the year was £1.12 to £3.29.

Legacy Plans

Prior to Admission, the Company operated the CPP Group Plc Executive Share Option Plan 2005 (the 2005 Plan) and the CPP Group Holdings Limited Exit Plan 2008 (2008 Plan) for which options were outstanding. Conditional upon Admission, all outstanding options under the Legacy Plans (the Old Options) were automatically surrendered in consideration for the grant of an equivalent new option over Ordinary Shares (the New Options). The exchange was determined on the basis that for every one share in CPP Group Plc held under the Old Options immediately prior to the Share for Share Exchange the holder of that Old Option was granted a New Option over 16 Ordinary Shares in CPPGroup Plc. The exercise price per share of the New Options was equal to the exercise price per share of the Old Options reduced by a factor of 16, so that immediately following the surrender and exchange of Old Options for New Options the aggregate exercise cost of the New Option is the same as the aggregate exercise cost of the Old Option. The rules of the Legacy Plans were applied to the New Options save that references in the rules to the "Company" and "Shares" are construed as meaning the Company and Ordinary Shares.

The options in the Legacy Plans were exercisable as follows: 50% on 24 March 2010, 25% on 24 March 2011 and 25% on 24 March 2012. There are no performance conditions attached to these shares other than those relating to employment.

An additional executive option (the Executive Option) was granted to Eric Woolley on 21 April 2009 on substantially the same terms as the 2008 Plan. The parties to the Executive Option and the Company agreed that, in relation to all outstanding options held by Eric Woolley under the Legacy Plans and the Executive Option, on Admission any one or more of his outstanding options may be exercised up to 50% of the aggregate, up to 75% of the aggregate on the first anniversary of Admission and up to 100% of the aggregate on the second anniversary of Admission.

The following options are held by Eric Woolley and Shaun Parker under the 2005 Plan, the CPP Group Holdings Limited 2008 Plan and, in relation to Eric Woolley only, the individual Executive Option, together known as the "Legacy Plans":

Director	Legacy Plan	Option price	As at 1 January 2011	Granted in Year	Exercised in year	Lapsed in year	As at 31 December 2011	Expiry date
Eric Woolley	2005	£2.28	944,784	–	–	–	944,784	21/12/19
	2008	£1.79	1,648,000	–	–	–	1,648,000	19/06/18
	Loan note ¹	n/a	620,673	–	310,336	–	310,337	n/a
Shaun Parker	2005	£2.28	415,648	–	–	–	415,648	21/12/19
	2008	£1.79	352,000	–	–	–	352,000	19/06/18
	Loan note ¹	n/a	235,226	–	117,613	–	117,613	n/a

¹ Certain option holders in the 2005 Plan hold loan notes which have similar vesting conditions to the options under the 2005 Plan. The above table shows the value of these loan notes.

Following the termination of Eric Woolley's employment on 22 March 2012, he retained 944,784 ESOP 2005 options, which must be exercised within ten years of grant (by 20 December 2019) or they will lapse.

Of the 1,648,000 ESOP 2008 options, 1,620,488 vested on 22 March 2012. These must be exercised within six months of termination or they will lapse. Of the remaining 27,512 options which were unvested at termination, 60% i.e. 16,507 options lapsed immediately and the remaining 40% i.e. 11,005 options must be exercised within ten years of grant (by 18 June 2018) or they will lapse.

The remainder of Eric Woolley's loan note vested on 24 March 2012.

The market price of ordinary shares of the Company as at 31 December 2011 was £1.12 and the range during the year was £1.12 to £3.29.

Directors' shareholdings

The Directors of the Company have beneficial interests in the Company's ordinary shares as follows:

	31 December 2011 Beneficial	31 December 2011 Non- beneficial	Total
Interest in ordinary shares of 10 pence each			
Executive			
Paul Stobart	–	–	–
Eric Woolley	–	–	–
Shaun Parker	9,600	–	9,600
Non-Executives			
Charles Gregson	157,873	–	157,873
Duncan McIntyre	13,340	–	13,340
Peter Morgan	51,696	–	51,696
Hamish Ogston	98,021,288	–	98,021,288
Les Owen	22,984	–	22,984
Patrick De Smedt	–	–	–

There have been no purchases of shares by Directors since 31 December 2011 to the date of this report.

Approval of report

The Committee considers that the various components of the Directors' remuneration set out above combined to produce an overall package that achieves an appropriate alignment between the interests of the Directors and those of the Shareholders and the Company.

The Directors' Remuneration Report was approved by the Board on the 26 March 2012 and signed on behalf of the Board by

Patrick De Smedt

Chairman of the Remuneration Committee

26 March 2012