



# SSP Holdings plc

Annual Report  
for the year ended 31 March 2008

31 March 2008

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SSP is the international expert with the broadest spectrum of knowledge, talent & technology for insurance & financial services, dedicated to long-term business advantage through complete solutions.

**International Expert** – offices in all the key commercial continents supporting over 40,000 insurance & financial services professionals in over 50 countries.

**Agile** – offering brokers, insurers & financial advisers of all sizes the benefits & security of a global business with the flexibility of a local provider.

**Broadest Spectrum of Knowledge, Talent & Technology** – with over 24 years experience of insurance & financial services & 830+ of the most talented IT professionals, SSP is placed perfectly to offer the widest choice of solutions across multiple IT platforms from IBM, Microsoft or Oracle.

**Long-term Business Advantage** – SSP works closely with its clients to build long-lasting relationships; many have remained loyal to SSP for 15 years or more with over 60% having been with SSP for over eight years.

**Complete Solutions** – offering more than just technology, SSP has a proven track record & a commitment to delivery, giving customers peace-of-mind. 20 of the top 50 global insurers, 30 of the top 50 UK brokers & 4 of the top 10 UK financial advisers trust SSP to look after their businesses.



I am pleased to report on another successful year for SSP, in which we achieved strong results in the UK and internationally, in both broking and insurance company systems. The acquisition of Sirius has been very successful, positioning SSP even more strongly in the UK and international markets. We are now one of the largest specialist providers of general insurance software worldwide, with over 830 staff experienced in the sector.

David Rasche, Executive Chairman

## Overview

I am pleased to report on another successful year for SSP, in which we achieved strong results in the UK and internationally, in both broking and insurance company systems.

The acquisition of the Sirius business, announced this time last year, has been very successful. Its integration into the enlarged group has been well managed, with further benefits expected, positioning SSP even more strongly in the UK and international markets. At the financial year end and since we have enhanced our international footprint, adding more customers, staff and products with our Australian/Asia Pacific acquisitions.

Our financial results were ahead of the Board's expectations, with revenues of £64.4 million being 66.8% above last year and an adjusted EBITA (as per the highlights section) 52.7% ahead at £15.3 million. We have maintained good margins and the high quality of our visible revenue streams, both of which are ahead of expectations set at the time of the Sirius acquisition. With continued double digit organic growth in the original SSP business, the Group is significantly larger than last year; our annualised run rate of revenues are now £70.7 million per annum.

During the year we further developed our already strong product base. In particular, it now includes very competitive UK broker offerings and, through Insure<sup>1</sup>, one of the very best new technology insurance company products available worldwide. While we do not expect Insure<sup>1</sup> to generate substantial short-term revenues, we believe it will be a significant revenue generator in future years.

The Board believes that the business is positioned extremely well for growth in the UK and international markets in both the broking and insurance company sectors.

## Business Scale and Employees

We are now one of the largest specialist providers of general insurance software worldwide, with over 830 staff experienced in the sector. This scale enables us to bid for and manage larger projects than most competitors, outside the major international consultancies. We believe that it also makes our services more attractive than those of our smaller competitors to large UK brokers.

Our people are highly knowledgeable in general insurance systems with expertise across the whole consumer to carrier spectrum. They have specialist skills in design, implementation and project management of solutions, from internet point of sale, through broking, to underwriting systems for large and small customers. We have many highly talented individuals who work very well together in multi-disciplined teams to deliver excellent modern technology solutions to our customers in over 50 countries.

They work hard to deliver for the business and our customers and the Board is very appreciative of their efforts.

## Recommended Cash Acquisition

The board of directors of H&F Sensor Bidco Limited, a company formed at the direction of funds managed and advised by H&F, and the Independent Directors have separately announced today that they have reached agreement on the terms of a recommended cash acquisition to be made by H&F Sensor Bidco Limited of SSP Holdings plc.

Under the terms of the proposed acquisition, shareholders of the Company will receive 190 pence in cash for each of their shares in the Company valuing the issued and to be issued ordinary share capital of the Company at approximately £157 million. This offer represents a premium of approximately 47.3% to the price of 129 pence, being the average closing price for the six month period ending 17 June 2008, the day before the announcement by the Company that it was in discussions regarding the Acquisition.

The acquisition is being unanimously recommended by the Independent Directors, who consider the terms of the Acquisition to be fair and reasonable, having been so advised by KBC Peel Hunt Ltd.

## Outlook

Continued structural changes to our core UK broking market are creating additional opportunities for us to win new customers and help our existing customers grow their businesses.

The general insurance industry is expanding worldwide. Our experience and analysts surveys indicate that the general insurance sector is reasonably well insulated from the direct effects of the credit crunch, as most players appear to have minimal exposure to impaired investments. At present the UK commercial lines market is seeing more pressure on rates, but overall insurers remain confident. At the same time, the large Bancassurers are likely to seek greater returns from general insurance as their profits are hit elsewhere and are therefore likely to invest in this sector.

In most markets there are structural dynamics which demand new technology to cope with improved speed to market, changes in distribution patterns and much greater eBusiness between business partners and customers. These developments play to our expertise and strengths, gleaned over many years in the world's most sophisticated general insurance markets.

The Board of SSP believe the outlook for the business is positive, both in the UK and overseas and current trading is as expected. With the SSP Group's strong recurring and visible revenues from a large, secure and increasingly international customer base, the Board of SSP expects to continue to grow organically and maintain good operating margins in the coming year and beyond.

David A Rasche  
Executive Chairman

22 July 2008



I am pleased to report another strong performance, with an operating profit before interest, amortisation of goodwill, reorganisation, tax and share option costs of £15.3m on revenues of £64.4m which are up 52.7% and 66.8% respectively compared to prior year. Our capability led re-branding has delivered a higher market profile, as well as aligning our 830 staff around the core business values and vision.

Laurence Walker, Chief Executive

## Financial Performance

I am pleased to report another strong performance, with an operating profit before interest, amortisation of goodwill, reorganisation, tax and share option costs of £15.3 million on revenues of £64.4 million which are up 52.7% and 66.8% respectively compared to prior year. Our operating divisions delivered a gross profit of over 40%. Profit before tax for the year increased from £6.4 million to £8.8 million.

The Group's balance sheet reflects the substantial investment in acquisitions during the year, with Net Assets increasing from £37.3 million to £58.4 million.

Our Intermediary Division, which services the small to medium sized UK broker market, delivered a 31.7% increase in revenues to £23.9 million. Our Corporate Division, which services larger UK brokers, grew revenues by 43.3% to £21.4 million. Our combined broker transaction and e-commerce revenues grew by 26.1% to £13.1 million.

The Insurer Division, responsible for the supply of software and services to UK insurance companies, showed strong growth of 141.2% to £11.3 million, reflecting an increased demand for core administration systems and e-commerce solutions within the UK insurer market and the acquisition of Sirius. Important customer wins in all channels – intermediated, direct, internet, reflect the strength of our customer proposition and capability.

In our International Division a strong performance in emerging markets has driven an over eightfold growth in revenue to £7.8 million. This primarily reflects the acquisition of Sirius and new customer wins. Our international business now has over 80 insurance company customers in more than 50 countries and a number of opportunities exist for our insurance company solutions moving forward.

## Products and Services

Increases in transaction volumes and our ability to e-enable the broker channel have continued to deliver strong growth and reflect the efficiencies that SSP can deliver to its customers at both ends of the insurance value chain. Penetration of our Managed Service proposition will continue to deliver efficiencies throughout the channel, as well as to our own operational activities. Deployment of one core trading platform

in personal and commercial lines throughout the SSP broker product set adds further value to our insurance company customers by rationalising their e-trading channel.

The success of our sales effort with Sirius for Insurance (S4I) has further developed our insurance company systems capability and is delivering significant additional functionality and value to customers.

Our Insure' product is attracting significant interest from insurance companies, both foreign and domestic, and we are building delivery capability that can be deployed globally from a core team.

## Operating Structure

Following the acquisition of Sirius we have reviewed our operating structure in order to deliver efficiencies throughout the group. The enlarged business has delivered better than anticipated synergies in our core operating functions and has strengthened our sales and marketing proposition. Rationalisation of our product offerings will allow us to deliver further synergies moving forward.

Subsequent to this reporting period we combined the two broker divisions, Intermediary and Corporate, in order to enhance the service proposition to both customer segments and to capitalise on rationalising our insurance distribution channel.

The structure of three market facing divisions, Insurer, Broker and International, serviced by central functions within Group Operations, has allowed us to focus on our strategic objectives in our core markets. At the same time, it has allowed us to deliver economies of scale throughout the business.

The acquisition of the Australasian I90 business from Computer Sciences Corporation has strengthened our international business and the acquisition of Koukia from Wesfarmers has enhanced our insurer product offering by gaining the global rights to the Insure' product.

## Customers

Continued rationalisation of the broker market in the UK is driving growth in professional services, as brokers use technology to increase efficiency and achieve competitive advantage. The penetration of personal lines e-trading into the broker channel is high and is delivering high margin revenues within the Broker Division. The development of commercial lines e-trading has some way to go to reach the maturity of personal lines, but we anticipate that it will provide the next phase of growth in our transaction based revenue streams.

Insurance companies have started to look at replacing their core administration systems after many years of focusing on peripheral systems. These peripheral systems, used to deliver such facilities as e-commerce channel management, are now becoming too costly and are a constraint to agility. Solutions, such as our Insure' product, provide these facilities as part of the core administration system and opportunities in this area will fuel long-term growth in our Insurer and International divisions.

## Culture and Communication

Our capability led re-branding has delivered a higher market profile, as well as aligning our 830 staff around the core business values, and the vision, set out as part of the Sirius acquisition process. This new brand better reflects a technology provider of our scale and reach.

We have rolled out the new brand internally and we have started to change our marketing messages externally to reflect the new brand essence of Knowledge, Talent, Technology.

I look forward to leading the business into the coming year and to capitalising on the opportunities that exist against a backdrop of continued and positive market development.

Laurence J B Walker  
Chief Executive

22 July 2008

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>REVENUE</b>	64,405	38,621
Cost of sales	(37,674)	(23,026)
<b>GROSS PROFIT</b>	26,731	15,595
Operating expenses		
– distribution costs	(2,589)	(2,108)
– administration expenses	(8,824)	(3,459)
– intangible amortisation	(1,219)	(287)
– reorganisation costs	(1,331)	-
– share option expense	(105)	(236)
<b>TOTAL OPERATING EXPENSES</b>	(14,068)	(6,090)
<b>OPERATING PROFIT</b>	12,663	9,505
Investment revenue	98	140
Other gains and losses	(1,094)	-
Finance costs	(2,832)	(3,262)
<b>PROFIT BEFORE TAXATION</b>	8,835	6,383
Taxation	(2,871)	1,106
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	5,964	7,489
<b>EARNINGS PER SHARE</b>		
– Basic and Diluted	7.50p	13.55p
– Pre-tax adjusted Basic and Diluted	15.82p	12.49p

All of the above results arose from continuing operations.

# Consolidated Statement of Recognised Income and Expense

## Year ended 31 March 2008

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Exchange differences on translation of foreign operations	(49)	-
Equity settled share based payments recognised in equity	105	236
Deferred tax on items recognised directly in equity	29	-
	85	236
Profit for the period	5,964	7,489
Total recognised income and expense for the period	6,049	7,725

# Consolidated Balance Sheet

## As at 31 March 2008



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	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>NON-CURRENT ASSETS</b>		
Goodwill	76,880	42,996
Other intangible assets	15,723	1,033
Property, plant & equipment	3,988	1,731
	96,591	45,760
<b>CURRENT ASSETS</b>		
Inventories	169	94
Trade and other receivables	25,281	11,655
Corporation tax	-	841
Cash and cash equivalents	-	6,089
<b>TOTAL CURRENT ASSETS</b>	<b>25,450</b>	<b>18,679</b>
<b>CURRENT LIABILITIES</b>		
Bank overdraft	1,597	-
Trade and other payables	16,637	7,150
Corporation tax	1,549	-
Obligations under finance leases	140	-
Deferred consideration	89	4,177
Bank loans	6,735	1,500
Provisions	133	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>26,880</b>	<b>12,827</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(1,430)</b>	<b>5,852</b>
<b>NON-CURRENT LIABILITIES</b>		
Bank loans	31,368	13,927
Obligations under finance leases	40	-
Provisions	822	-
Derivative financial instruments	1,094	-
Deferred tax liability	3,399	386
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>36,723</b>	<b>14,313</b>
<b>NET ASSETS</b>	<b>58,438</b>	<b>37,299</b>
<b>EQUITY</b>		
Share capital	83	72
Share premium account	29,372	14,293
Merger reserve	15,143	15,143
Capital redemption reserve	50	50
Translation reserve	(49)	-
Retained earnings	13,839	7,741
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>58,438</b>	<b>37,299</b>

# Consolidated Cash Flow Statement

## Year ended 31 March 2008

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	5,767	7,368
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(1,178)	(1,119)
Purchase of intangible assets	(321)	(362)
Expenditure on product development	(1,942)	(304)
Acquisition of subsidiary undertakings and businesses	(32,966)	357
Payment of deferred consideration	(4,177)	(2,285)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(40,584)	(3,713)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	-	(8)
Repayment of loans	(20,677)	(29,758)
Repayment of obligations under finance leases	(158)	(18)
Proceeds on issue of shares	4,802	14,083
New loans	43,353	15,427
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	27,320	(274)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(7,497)	3,381
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	6,089	2,708
Effect of foreign exchange rate changes	(189)	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	(1,597)	6,089

These financial statements were approved by the Board of Directors and authorised for issue on 22 July 2008. They were signed on its behalf by:

N J Bate  
Director

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 March 2008 or 2007, but is derived from those accounts. Statutory accounts have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The financial statements have also been prepared in accordance with IFRSs as adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost convention as modified by the revaluation of certain financial instruments at fair value through profit or loss.

# Officers and Professional Advisers

## Year ended 31 March 2008

### DIRECTORS

D A Rasche – Executive Chairman  
L J B Walker – Chief Executive  
N J Bate – Finance Director  
S Verrall – Deputy Chairman  
G Folwell – Senior Non-executive Director  
B Quinn – Non-executive Director  
S Broughton – Non-executive Director

### SECRETARY

N J Bate

### REGISTERED OFFICE

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### BANKER

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### AUDITOR

Deloitte & Touche LLP  
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NOTES



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