CPPGROUP PLC

24 APRIL 2014

FULL YEAR REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

CPPGroup Plc – Full year report for the year ended 31 December 2013

CPPGroup Plc (CPP or the Group) is an international assistance business operating in the UK and overseas within the financial services, telecommunications and travel sectors. CPP primarily operates a business-to-business-to-consumer (B2B2C) business model providing services and retail, wholesale and packaged products to customers through Business Partners and direct to consumer. The Group's core assistance and travel service products help to provide security and enhance the experience of travel for customers worldwide, designed to make everyday life easier to manage.

Overview

- Progress made to provide a more stable foundation for the Group
  - Disposal of the North American business
  - Successfully refinanced the Group for the medium term
  - Formalised the Scheme of Arrangement (Scheme)
  - Appointed a new Executive Management team
  - Process to restructure the Group commenced
  - Strategic review of activities resulting in the planned exit from France and Singapore and sale of shareholding in Home3
  - Cost reduction programme continued, expected to result in £15.0 million year-on-year benefit
  - Developed a clear short term plan and business objectives

- As expected, challenging trading conditions continue
  - Group revenue from continuing operations of £178.0 million (2012: £269.9 million)
  - Underlying operating loss from continuing operations of £1.8 million (2012 (restated): £26.7 million profit)
  - Loss for the year from continuing and discontinued operations is £32.9 million (2012: £17.2 million loss)
  - Renewal rates 4.1% lower at 69.4%, reflecting a reduction in Card Protection and Identity Protection renewal rates in the UK
  - Live policy base 2.0 million lower at 7.1 million, principally due to contract losses and reduced renewals in the UK

- Net funds position of £44.3 million (2012: £13.6 million); this will reduce significantly in 2014 as a result of funding the Scheme – see footnote 5 to highlights table for analysis of net funds

- Scheme commenced February 2014 and concludes August 2014. Scheme claims are tracking broadly within our expectations and we have further increased the provision for customer redress and associated costs by £4.0 million since 20 December 2013, resulting in the total cost provided to date of £69.8 million. Redress payments have been made to date totalling £16.5 million.

- Outlook: The Group is moving forward with a clear short term plan and objectives, although material uncertainties remain, particularly in relation to the Scheme and levels of redress, liquidity, the execution and delivery of the business and operational plans. As a result, the outlook continues to reflect the significant challenges and risks ahead and performance in 2014 will continue to be constrained.

Brent Escott, Chief Executive Officer, commented:

"Much work took place during 2013 and we have made considerable progress in a short time. Since my appointment in September, there has been a clear focus on the actions required to strengthen the Group and move forward with a stable foundation. CPP is on a journey to rebuild, improve, modernise, and evolve. As we move forward in 2014, we are focused on concluding the Scheme and continuing to make the improvements and changes required to rebuild CPP as a trusted, customer-focused business."

A video recording and Q&A with the Chief Executive Officer are available on the Group's website at www.cppgroupplc.com.

Highlights – Continuing operations **Year ended**	31 December 2013	31 December 2012
Revenue (£ millions)	**178.0**	269.9
Operating (loss)/profit (£ millions)		
– Reported	**(39.3)**	(17.3)
– Underlying[1]	**(1.8)**	26.7
(Loss)/profit before tax (£ millions)		
– Reported	**(43.2)**	(19.5)
– Underlying[1]	**(5.7)**	24.5
(Loss)/profit after tax (£ millions)		
– Reported	**(45.3)**	(20.9)
– Underlying[2]	**(8.0)**	17.4
(Loss)/profit for the year (£ millions) [3]	**(32.9)**	(17.2)
Reported loss per share (pence)		
– Basic and diluted	**(26.43)**	(12.13)
Cash generated by operations (£ millions) [4]	**23.0**	17.4
Net funds (£ millions) [5]	**44.3**	13.6

1. Underlying operating (loss)/profit and underlying (loss)/profit before tax exclude exceptional items of £37.5 million (2012: £43.9 million). Further detail is provided in note 5 to the condensed financial statements.
2. Underlying (loss)/profit after tax excludes exceptional items net of tax of £37.3 million (2012: £38.3 million). The tax effect of the exceptional items is £0.2 million (2012: £5.7 million). Further detail is provided in note 5 to the condensed financial statements.
3. (Loss)/profit for the year includes (loss)/profit after tax from continuing and discontinued operations.
4. Includes cash flows from continuing and discontinued operations.
5. Net funds comprise cash and cash equivalents of £66.9 million (2012: £57.0 million) partially offset by bank loans of £22.6 million (2012: £43.4 million). Cash and cash equivalents includes cash held for regulatory purposes of £27.8 million (2012: £22.9 million) and cash restricted by the terms of the VVOP within the UK's regulated entities of £32.7 million (2012: £20.4 million). Whilst not available to the wider Group, the restricted cash is available to the regulated entity in which it exists including for operational and customer redress purposes.

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CHAIRMAN'S STATEMENT

Progress, challenge and change

I joined CPP in January 2011 as a Non-Executive Director, shortly before the onset of what has been a turbulent period for the Group. We have faced three years of immense challenge and uncertainty and the impact on the business has been profound.

The Board has clearly recognised the seriousness of past failings identified by the Financial Conduct Authority (FCA) investigation that began in 2011 into sales practices in the UK business. The investigation concluded in late 2012 and the Group, as agreed with the FCA, has operated with restrictions to the regulatory permissions of the regulated entities under a Voluntary Variation of Permissions (VVOP). The vehicle for providing redress – the Scheme of Arrangement (Scheme) – was formalised in August 2013, through which CPP and certain of its Business Partners can review claims and, where appropriate, pay redress. The Scheme was approved in early 2014 and will conclude on 30 August 2014. I am therefore pleased that redress is now being paid to customers who were mis-sold our products.

We acknowledge that, as a result of the period of uncertainty and challenges we have faced, concerns of our stakeholders have been heightened. Therefore, with the Scheme underway and due to conclude in August, we hope that as we begin to rebuild the business we can collectively start to look forward together. It will be a substantial task to rebuild the Group and it will take time before our performance improves and our credibility is restored. Our challenges will continue and further change is required as we move forward to a more stable position. Nonetheless, we are pleased that we are now in a stronger position and have the opportunity to take the Group forward, for the next phase of its development.

Turning to 2013, encouraging progress was made in a challenging year and we achieved a number of milestones. We disposed of the North American business; began restructuring the Group; continued to reduce our costs substantially; successfully refinanced the Group through our existing lenders and certain Business Partners; formalised the Scheme; and strengthened our Executive Management team. We also continued to place particular emphasis on our operating and IT capabilities and the improvements required to our governance.

In late 2013, we began developing a new business plan to return the Group to a position of stability and strength. We also identified our key priorities, with particular focus on cost reduction, our operational and IT environment, reviewing the strategic fit of certain markets and our joint venture in Home3. We have a short term business plan which is evolving as the future of the Group becomes more certain. In addition to completing the Scheme, our objectives are to continue to improve our operational capability, controls and governance, implement a new IT infrastructure and modernise the business.

Our aim is to progress towards improved performance and ensure we operate as a customer-led business. Importantly, we need to be confident that we are rebuilding the business on solid foundations which ultimately will allow us to apply to remove the restrictions on our regulatory permissions. Once the Scheme is concluded, we can start to embed our longer term plans. We are currently in consultation with our key stakeholders regarding a possible requirement for future funding.

In view of the challenges we have faced, the Board continues to believe it is not appropriate to pay a dividend.

Risk management

In 2013, we continued to develop our risk management and internal control framework, focusing on the principal risks that the Group faces. Effective risk management and robust internal control is central to the achievement of our business plans and strategic objectives as we move forward and develop the Group for the future.

Governance

We continue to make improvements which are required to strengthen the governance and control environment. During 2013, these included enhancements to our Business Incident Management system, risk register and the introduction of minimum standards across the Group. The Board is committed to implementing a strong governance framework throughout the business, supported by our Committees.

Remuneration

Our objective is to ensure that our remuneration policies clearly reflect our business objectives and performance and that the interests of the management team and shareholders are aligned. During the year, the Remuneration Committee reviewed the remuneration policies to ensure that they remained appropriate.

The Board

In December 2013, Charles Gregson announced his intention to step down as Non-Executive Chairman and in January 2014, I was appointed as Non-Executive Chairman with the support of the Group's largest shareholders. On behalf of the Board I would like to thank Charles for his significant contribution during his tenure.

During the year, the Group made a number of changes to the Board. With effect from 1 September 2013, Brent Escott and Craig Parsons became Chief Executive Officer and Chief Financial Officer respectively to lead the Group forward. They succeeded Paul Stobart and Shaun Parker who stepped down from their respective roles at the end of August 2013. I would like to thank both Paul and Shaun for their hard work and commitment to the Group during a period of immense challenge.

A number of Non-Executive Director changes took place during the year. Mr Hamish Ogston, who founded CPP in 1980, stepped down from his role as Non-Executive Director in June 2013. In September and October 2013 respectively, we announced the appointments of Shaun Astley-Stone and Ruth Evans to the Non-Executive team, broadening the skillset and experience of the Board. Furthermore, Les Owen has indicated his intention to retire from the Board once a successor has been identified.

Looking ahead

As I said in my opening comments, we have made encouraging progress; however our journey is in its infancy and our performance in 2014 will continue to be constrained as we concentrate our efforts to rebuild the business.

Until the Scheme draws to a close on 30 August 2014, material uncertainty remains. It is evident that the financial impact will be significant and the Group's financial resources will be reduced.

The Board is taking what it collectively believes to be an appropriate course of action to improve our performance within a realistic timeframe. Much work will continue to take place during 2014 to complete the improvements and changes required to reposition the Group whilst we also resolve the challenges that remain and complete the Scheme. The Board is actively assessing the options for value creation going forward and building on our strengths and progress made, our key objective is to create a sustainable business proposition for the long term.

I would like to thank our people for their continued commitment and loyalty and the Board is grateful for the on-going support of our stakeholders.

Duncan McIntyre

Non-Executive Chairman

23 April 2014

CHIEF EXECUTIVE OFFICER'S STATEMENT

Our progress

In my first review as Chief Executive Officer of CPP I am encouraged by the progress that the Group has made, despite the challenges it has faced. I joined CPP in June 2013 as Interim Deputy CEO before being appointed Group CEO in September 2013. It is clear to me that the journey for CPP has been difficult and that the milestones achieved would not have been possible without the hard work of our people. I give great credit to them for their continued dedication to both CPP and our customers.

Much work took place during 2013 and we have made considerable progress in a short time; evident in the sale of the US business, the successful refinancing, repositioning the Group and streamlining our cost base. Since my appointment in September, there has been a clear focus on reducing cost, assessing the capability of the operational and IT environment and undertaking a thorough assessment of the future potential of the existing business model. At the same time, we have successfully commenced the Scheme and we are encouraged that those who voted were overwhelmingly in support of the Scheme.

We have refocused our international business development and sales efforts, minimum standards have been introduced across the Group and we are finalising plans to embed a cost-effective IT platform and a more efficient operational environment. The review of our existing activities has resulted in the planned exit from France and Singapore and we also completed the sale of our shareholding in Home3, a joint venture with Mapfre. Most importantly, we identified further operational cost savings, expected to be £15 million year-on-year.

There is more work ahead as we modernise, reposition the business and complete the required changes to our operating and IT environment. Nevertheless, the progress made has provided CPP with a more stable platform from which to move forward and build the foundations that will support our future growth.

Our performance

As expected, our financial performance during 2013 reflects the challenges of the Group's environment, particularly in the UK, and has been compounded by the loss of key business contracts. Revenue reduced to £178.0 million (2012: £269.9 million) and underlying operating performance which excludes exceptional items reduced from a profit in 2012 to a loss of £1.8 million (2012: £26.7 million profit). The Group has recognised significant exceptional items in the period of £37.5 million (2012: £43.9 million), mainly comprising customer redress and associated costs, restructuring costs and IT asset impairments that reflect the write-down of historical capital expenditure on the balance sheet. This has resulted in a reported operating loss of £39.3 million (2012: £17.3 million). At a Group level, renewal rates for the year were 69.4% (2012: 73.5%) and live policies totalled 7.1 million (2012: 9.1 million).

In the face of these challenges and the significant risks and uncertainties the Group has endured, it has been difficult to grow the business in recent years.

Scheme letters were issued from 12 February 2014 and Scheme claims are tracking broadly within our expectations. We have further increased the provision for customer redress and associated costs by £4.0 million since 20 December 2013, resulting in the total cost provided to date of £69.8 million. This increase reflects the current best estimate of customer responses and associated costs and is based on the latest information available to the Board. We have also been granted an amendment to our loan facilities with our existing lenders to increase the covenant default limit regarding customer response rates leading to a successful claim under the Scheme from 32 per cent to 40 per cent. This increase provides the Group further headroom and additional comfort as the Scheme progresses. The Group has worked hard to ensure it has sufficient financial resources to complete the Scheme and whilst there continues to be risk in this area, the Group continues to make positive progress regarding its financial stability. It is however anticipated that the Group total cash balance will reduce significantly in 2014 as a result of redress payments.

Change for the better

Since 2011, a review of our business has been undertaken in the light of legitimate concerns raised by the UK regulator, the FCA. Recognising and understanding where CPP went wrong is a pivotal step in the journey to rebuilding a responsible, modern, customer-led business. A number of positive steps have been taken and substantial changes have been made to practices and culture, yet there is more that we need to do in order to fully realise this ambition and have the full confidence of our stakeholders.

Our priorities

Following my appointment as Chief Executive Officer in September 2013, a key priority has been to clearly understand the issues that the organisation faces, how we can address those challenges and identify the expertise required to achieve our goals. In parallel, we have worked constructively with the FCA and Business Partners in relation to the Scheme, with a clear priority to achieve the best outcome for customers and complete the Scheme.

We have identified a number of core priorities and developed a realistic short term business plan from which we can move forward in the next phase of reshaping our organisation. It is essential that we implement a robust and efficient operational environment and cost-effective IT platform whilst we also continue to strengthen our governance, controls, compliance and risk management capabilities. Rebuilding the business on solid foundations will provide a stronger position from which we can apply to remove the restrictions on our regulatory permissions.

We will also place great emphasis on our people, our customers, our performance and strengthening relationships with our Business Partners. These aspects are central to achieving an optimal balance for the business and moving towards our aim of being an efficient organisation which is compliant and looks after customers well.

Our plan

The Board and I have developed a clear plan to stabilise the Group whilst we complete the Scheme, resulting from a realistic understanding of our strengths, market opportunities and the challenges that remain. The key aspects of our immediate business plan are: rebuild, improve, modernise, and evolve. Our immediate priorities are to complete the Scheme whilst we rebuild the business, establishing a robust operational and IT environment, improving our governance and processes and modernising how we operate. This will establish a platform from which we can evolve in the longer term.

Rebuild	**Improve**	**Modernise**	**Evolve**
Aims			
Optimise resource and capabilities Deliver operational excellence through a new IT platform Increase centralisation and cross-Group collaboration to leverage benefits of scale Compliant processes and robust governance	Robust global platforms, data capability and governance Realise value from current product propositions and markets Simplify and standardise operational processes Improve and strengthen relationships	Update and innovate our product propositions Test and develop new channels to market Develop a successful, modern product portfolio	Strong stakeholder relationships Deliver an effective risk/reward profile Strong retention and renewal of policies and new income generation
Output			
Leaner, efficient cost base aligned to overhead structure Skillset to support our plans and market opportunities New cost-effective operational IT system Stakeholders increased confidence in our compliance and customer experience	Efficient infrastructure in place Propositions and markets produce attractive returns Platform for sustainable performance established Enhanced service for customers and Business Partners Effective data analytics, less duplication and increased efficiency	Enhanced product set that matches customers and Business Partner needs Multi-channel platform across all markets Wider sector appeal and opportunities	Improved competitive position Attractive returns across all markets Profitable and sustainable growth platform

As we gain greater certainty and the Scheme progresses, we will continue to engage with key stakeholders to agree the future plans for the Group. We can then begin to build the foundations that will support the longer term direction of the business. Once these uncertainties are removed we expect to move into 2015 in a stronger position.

During 2014, our aim is to complete the improvements required as we begin to modernise our products and service channels to enhance our customer experience, with a renewed focus on realising the demand for solutions in the digital environment. We will continue to work with our stakeholders as we explore the emerging opportunities for CPP in order to clearly understand the long term growth potential of the business.

Understanding and engaging with our stakeholders

We proactively seek to maintain strong relationships with our stakeholders through frequent, transparent dialogue and consultation. In view of the difficult and exceptional circumstances that the Group has faced, we believe this is critical to re-establishing positive perceptions of the Group and sustaining valued relationships.

The Group has a credible plan, a strong team and my commitment is to do everything to ensure our business operates in a responsible and accountable way, meeting the needs of all stakeholders.

Looking ahead

We are moving forward with a clear short term plan and objectives that will support the development of our longer term strategy. There is a long way to go and we need to place great focus on completing the changes and improvements required, whilst concluding the Scheme.

We are taking decisive action and are focused on working hard to deliver against our plans. Nonetheless, material uncertainties remain, particularly in relation to the Scheme, liquidity and the execution and delivery of our plans. As a result, the outlook continues to reflect the significant challenges and risks ahead and performance in 2014 will continue to be constrained. However, my team and I are concentrating our efforts on rebuilding the business and realising the future opportunities that will bring success and sustainable growth back to CPP.

Brent Escott

Chief Executive Officer

23 April 2014

OPERATING REVIEW

Year ended	**2013** **£'m**	2012 £'m	Growth	Constant currency growth
UK and Ireland				
– Revenue	**129.0**	215.3	(40)%	(40)%
– Underlying operating (loss)/ profit[1]	**(8.1)**	18.9	(143)%	(143)%
Europe and Latin America				
– Revenue	**42.6**	48.0	(11)%	(14)%
– Underlying operating profit[1]	**7.1**	8.9	(20)%	(25)%
Asia Pacific				
– Revenue	**6.4**	6.5	(2)%	2%
– Underlying operating loss[1]	**(0.8)**	(1.1)	25%	30%

[1] Excluding exceptional items.

During the year the Group revised its operating segments to UK and Ireland; Europe and Latin America and; Asia Pacific. The principal change was the transfer of operational control of Germany and Turkey to the newly formed Europe and Latin America region. Comparative information has been restated to reflect this change.

UK and Ireland

Revenue for 2013 decreased 40% on a constant currency basis compared to the same period in 2012, to £129.0 million (2012: £215.3 million). Underlying operating performance has declined for the full year to a loss of £8.1 million (2012: £18.9 million profit).

Operating in the UK and Ireland, the region accounts for 72% of Group full year revenue (continuing operations). A challenging environment continued to impact performance during 2013. This is reflective of the on-going restriction on retail sales, reduced Card Protection and Identity Protection renewal revenues and Business Partner contract losses since October 2012. These include T-Mobile (Everything Everywhere) RBS Packaged Accounts, the decision by Santander to simplify its product range and cease offering packaged current bank accounts in the UK and the Airport Angel contract with Diners Club International (Diners). During the year, Airport Angel signed a five year contract with Visa Canada launching Airport Angel with their customers in January 2014 and in addition, signed a new contract with International SOS. The new contracts are expected to mitigate the loss of the RBS contract that will cease in July 2014 and the Diners contract with Airport Angel.

As expected, revenue reduced in the Mobile Phone Insurance (MPI) business as a result of the on-going VVOP restrictions and the impact of Business Partner contract losses. Across the industry, during 2013, the FCA completed a thematic review of Mobile Phone Insurance products. To reflect the findings of this review, Homecare Insurance Ltd has recently written to all customers with MPI to ensure they are on up-to-date terms and conditions.

During the year, we made good progress to ensure that the UK business was appropriately structured with the operating capabilities, resource and cost-management that reflect the current scale of the business and support our plans as we move forward. The key objectives during the year have been to reduce our cost-base and stabilise our operating environment. The benefits of initiatives taken Group-wide are expected to produce annualised operating cost savings of £15.0 million, the majority of which are UK-related.

In Ireland, we continued to renew the existing Card Protection and Identity Protection customer base. During the year, we made improvements to the customer renewal process to be consistent with the process in the UK. There has been no new income revenue during 2013 reflective of the VVOP restrictions. In early 2014, the Group made the decision to exit the MPI market in Ireland due to its loss making position.

Our future priorities place emphasis on reshaping our business, reducing operating costs, creating differentiated products and service offerings and developing opportunities with Business Partners. In parallel, our commitment is to ensure that the Scheme is completed successfully, continuing to work on the initiatives and enhancements agreed with the FCA and at the appropriate time, apply to remove the restrictions on our regulatory permissions.

Europe and Latin America

Revenue has decreased 14% on a constant currency basis compared to the same period in 2012, to £42.6 million (2012: £48.0 million). Underlying operating profit has consequently reduced for the full year to £7.1 million (2012: £8.9 million), 25% lower on a constant currency basis.

Operating during 2013 in Spain, Italy, Portugal, France, Germany, Turkey, Brazil and Mexico; Europe & Latin America accounts for 24% of Group full year revenue (continuing operations).

During the year, performance in Europe reflected the on-going challenges of the operating environment and continued weaker trading conditions in the Eurozone. Performance in Latin America during 2013 is reflective of the early stage of its development. In Mexico, we increased revenue and underlying operating profit and in Brazil, market entry activities continued.

In Spain, we renewed our contract with Citibank and signed new wholesale and servicing agreements with Samsung and AON. Our contract with Yoigo did not perform in line with expectations in the year and impacted underlying operating performance for the year as a result. In Italy we began working with a number of Business Partners again including Samsung and LG. We also confirmed new relationships with Business Partners in Turkey. Our principal Business Partner contract in France expires in 2014 and subsequently, we have taken the decision to exit this market.

In 2014, our focus will be on reviewing our cost base, developing our core product, Card Protection, and improving our distribution channels, product usability and the experience we provide to our customers. A key objective is to strengthen and build our Business Partner relationships. In Latin America, we will continue to review the market opportunities and identify where we can produce sustainable returns.

Asia Pacific

Revenue is 2% higher on a constant currency basis compared to the same period in 2012, at £6.4 million (2012: £6.5 million). The underlying operating loss has reduced for the full year to £0.8 million (2012: £1.1 million).

Operating during 2013 in India, Hong Kong, Singapore, Malaysia and China; Asia Pacific represents 4% of Group full year revenue (continuing operations).

The development of this region is at a slower rate of growth reflecting challenging operating conditions resulting in a year-on-year revenue decline in Hong Kong, Singapore, Malaysia, and China. New and renewal revenue increased in India.

India continued to perform well during the year as a result of campaigns with existing Business Partners. A programme of product development was completed during the year, which included enhancements to the existing product propositions as well as a focus on opportunities in the Mobile Phone sector. We are encouraged by the performance of the business in India, which continues to provide future growth opportunities for the Group.

In Hong Kong, we implemented a restructuring and cost management programme during 2013, resulting in the more efficient and cost-effective provision of regional services to the wider Asia Pacific region. In Singapore, revenue declined as a result of reduced new campaigns and the Group has taken the decision to exit this market through the sale of the renewal book. In Malaysia, performance declined and our priority has been focused on repositioning the business and reviewing our product portfolio to identify future opportunities. In China, we continue to balance start-up investment costs while we work to improve our revenue position.

During 2014, our focus will be on channel and product development, identifying opportunities where we can produce attractive returns from established and new Business Partner relationships.

FINANCIAL REVIEW

OVERVIEW

This financial review includes analysis of the underlying profit of the Group, which excludes exceptional items. We believe that the underlying figures aid comparison and understanding of the Group's financial performance.

The Group has worked hard to ensure that it has sufficient financial resources to implement and deliver on the Scheme. Whilst there continues to be risk in this area the Group has made positive progress regarding the Group's financial stability.

The Group has faced a challenging trading year with the VVOP restrictions and on-going Scheme publicity continuing to impact the UK business, as well as affecting some stakeholder relationships globally. As a result, the Group has taken significant steps in the year to reduce its cost base through a restructuring programme. In the UK, measures have included significant redundancy programmes, closure of the Chesterfield site and a streamlining of the organisational structure. The UK measures together with cost saving initiatives in our overseas operations are expected to achieve an annual net reduction in costs of approximately £15.0 million, the benefit of which will also impact 2014.

The Group also faced the expiry of its loan facility in March 2013. After a short term extension to the facility, on 31 July 2013 the Group agreed new financing arrangements which are expected to total approximately £33.0 million. The arrangement comprises £13.0 million being provided by a three year extension to the loan facility to 31 July 2016 and approximately £20.0 million through the deferral of twelve months commission payments to certain Business Partners, with repayment due on 31 July 2017. The reduction in UK renewal rates following publicity surrounding the Scheme has resulted in the expected final commission deferral balance being lower than initially announced. The arrangement provides medium term financing for the Group.

As part of the refinancing the Group also completed the sale of its North American business, CPPNA Holdings Inc and its subsidiaries, to AMT Warranty Corp. (AmTrust) on 3 May 2013 for consideration of £26.1 million ($40.0 million). The net proceeds after costs associated with the disposal were £18.1 million, £16.5 million of which was used to part-prepay the existing loan facility.

The Group continues to strategically review its operations. As a result, on 24 March 2014 the Group disposed of its interest in the Home3 joint venture to Mapfre Abraxas Software Limited (Mapfre). The disposal process commenced in 2013 and at the year end the Board was committed to the disposal. In 2014, the Group has also divested its operations in Singapore and will withdraw from the French market. These strategic measures will enable the Group to focus on its core business and markets to best position itself for the future.

In accordance with accounting standards the North American business and Home3 joint venture are presented as discontinued operations within this review and in the consolidated financial statements. Primarily, this review focuses on the performance of the continuing operations of the Group.

	2013	2012	Change
Revenue (£ millions)	**178.0**	269.9	(91.9)
Gross profit (£ millions)	**65.9**	107.6	(41.7)
Operating (loss)/profit (£ millions)			
– Reported[1]	**(39.3)**	(17.3)	(22.0)
– Underlying[2]	**(1.8)**	26.7	(28.5)
(Loss)/profit before tax (£ millions)			
– Reported[1]	**(43.2)**	(19.5)	(23.8)
– Underlying[2]	**(5.7)**	24.5	(30.2)
Reported loss per share (pence)			
– Basic and diluted	**(26.43)**	(12.13)	(14.30)
Cash generated by operations (£ millions)	**23.0**	17.4	5.6
Dividends (pence)	**—**	—	n/a

[1] Reported figures are from continuing operations only.

[2] Excluding exceptional items from continuing operations of £37.5 million (2012: £43.9 million).

[3] Includes cash flows from continuing and discontinued operations.

SUMMARY

Group revenue from continuing operations has declined by 34% to £178.0 million as a result of revenue reducing by 40% in the UK and Ireland, 11% in Europe and Latin America and 2% in Asia Pacific. On a constant currency basis Group revenue also declined by 34%; however, when removing the impact of foreign exchange movements Asia Pacific has recognised 2% growth.

Overall expenditure on Business Partner commissions has remained broadly stable with the prior year at 30% of revenue (2012: 29%). Cost of sales have increased to 63% of revenue (2012: 60%) reflecting the mix impact of the declining renewal book which typically carries lower direct costs. As a result, gross profit declined by 39% to £65.9 million and was 37% of revenue (2012: 40%).

The Group's underlying operating performance has changed from a profit in 2012 to an underlying operating loss of £1.8 million (2012: £26.7 million profit) as a result of the impact of reduced sales and lower gross profit. This impact is partially mitigated by a reduction in overheads of 16% which reflects the benefit of restructuring measures taken in 2013, particularly in the UK, to reduce the overhead base. Annualised cost savings as a result of the 2013 measures are expected to be approximately £15.0 million.

This performance, together with exceptional items of £37.5 million, (2012: £43.9 million), which mainly comprises customer redress and associated costs, restructuring costs and IT asset impairments, resulted in a reported operating loss for 2013 of £39.3 million (2012: £17.3 million). The IT impairment reflects the write-down of historical capital expenditure on the balance sheet.

Net interest and finance costs of £3.9 million (2012: £1.3 million) are 203% higher than 2012 reflecting the costs associated with the six month loan facility extension, which have been fully amortised in the year. The Group's level of gross debt has decreased in the year. There were no disposals of minor subsidiaries in the year (2012: £0.9 million loss).

As a result, the reported loss before tax was £43.2 million (2012: £19.5 million) whereas underlying performance before tax has changed from a profit in 2012 to a loss of £5.7 million (2012: £24.5 million profit).

Discontinued operations which represents the Group's North American business and Home3 joint venture, delivered profit after tax of £12.5 million (2012: £3.7 million). The increase reflects the profit on disposal of the North American business in the year partly offset by losses attached to the Home3 joint venture.

Underlying loss after tax from continuing operations excluding exceptional items was £8.0 million (2012: £17.4 million profit). Exceptional items after tax during the year were £37.3 million, this results in a reported loss after tax from continuing operations of £45.3 million (2012: £20.9 million loss).

Basic loss per share has increased from 12.13 pence in 2012 to 26.43 pence for 2013.

Cash generated by operations has increased to £23.0 million (2012: £17.4 million), which is reflective of a one-off reduction in the Group's working capital requirement. The Group's net funds position also improved from £13.6 million at 31 December 2012 to £44.3 million at 31 December 2013.

The Group will not be paying a dividend for 2013 in line with the Group's performance and financial position (2012: nil).

GROUP REVENUE BREAKDOWN

	2013 **£'m**	2012 £'m	Change
Retail assistance policies	**117.1**	163.8	(29)%
Retail insurance policies	**28.1**	41.2	(32)%
Packaged and wholesale policies	**32.3**	56.6	(43)%
Non-policy revenue	**0.5**	8.3	(93)%
Total Group revenue	**178.0**	269.9	(34)%

Revenue from retail assistance policies has materially declined compared to 2012 reflecting the continued restrictions on new sales associated with the VVOP, mainly in the UK, and a decline in Card Protection and Identity Protection renewals. Retail insurance revenue, packaged and wholesale revenue and non-policy revenue have all declined in the year as a result of lost Business Partner contracts in the UK. These lost contracts include T-Mobile (Everything Everywhere) (October 2012) albeit we have retained the existing book and the right to renew policies, RBS Packaged Accounts (March 2013), Santander Packaged Accounts (October 2013) and the non-policy Airport Angel contract with Diners (January 2013).

UNDERLYING FINANCIAL PERFORMANCE

	2013 **£'m**	2012 £'m
Reported operating loss	**(39.3)**	(17.3)
Exceptional items:		
Customer redress and associated costs	**18.2**	26.3
IT asset impairments	**8.1**	—
Restructuring costs	**5.5**	4.9
Impairment of goodwill, intangible balances and freehold property	**5.8**	3.7
Regulatory penalties	**—**	8.5
Strategic project costs	**—**	0.4
Legacy scheme share based payments	**—**	0.2
Total exceptional items	**37.5**	43.9
Underlying operating (loss)/profit	**(1.8)**	26.7

	2013 **£'m**	2012 £'m
Reported loss after tax	**(45.3)**	(20.9)
Exceptional items:		
Customer redress and associated costs	**18.2**	22.0
IT asset impairments	**8.0**	—
Restructuring costs	**5.4**	3.8
Impairment of goodwill, intangible assets and freehold property	**5.7**	3.4
Regulatory penalties	**—**	8.5
Strategic project costs	**—**	0.4
Legacy scheme share based payments	**—**	0.2
Total exceptional items after tax	**37.3**	38.3
Underlying (loss)/profit after tax	**(8.0)**	17.4

The Group's statutory results are adjusted to arrive at measures which better reflect underlying performance. After making the adjustments for exceptional items, underlying operating performance has changed from a profit in 2012 to a loss of £1.8 million (2012: £26.7 million profit). On the same basis, underlying performance after tax has declined to a loss of £8.0 million (2012: £17.4 million profit). Basic underlying loss per share was 4.69 pence (2012: 10.18 pence earnings) and diluted underlying loss per share was 4.69 pence (2012: 9.95 pence earnings).

Exceptional items of £37.5 million, of which £13.9 million represent non-cash items, comprise the following main areas:

- £18.2 million customer redress and associated costs (2012: £26.3 million) includes the estimated costs of compensating UK customers mis-sold the Group's Card Protection and Identity Protection products. This also includes costs associated with other redressable items.
- £8.1 million of IT asset impairments (2012: £nil) relate to a re-assessment of the carrying value of the Group's IT asset base as a result of the IT transformation programme.
- £5.5 million of restructuring costs (2012: £4.9 million) relate to redundancy costs incurred as part of the Group's overall review of its cost base, along with costs associated with the closure of the Chesterfield office in the UK.

Other exceptional items relate to goodwill, intangible assets and freehold property impairment of £5.8 million (2012: £4.3 million, also included strategic project costs and legacy scheme share based payment costs).

KEY PERFORMANCE INDICATORS

	2013	2012	Change
Live policies (millions) [1] (see table below)	**7.1**	9.1	(22)%
Annual renewal rate (%)[1]	**69.4**	73.5	(4.1)
Revenue by major product (£ millions) (see table below)	**177.5**	261.6	(32)%
Cost/income ratio (%)[1]	**70.7**	61.0	(9.7)
Underlying operating (loss)/profit margin (%)[2]	**(1.0)**	9.9	(10.9)
Group cash balances (£ millions)[1] (see table below)	**66.9**	53.2	26%

[1] 2012 has been restated to exclude the North American operation which is discontinued.

[2] 2012 has been restated to exclude the North American operation and Home3 joint venture which are discontinued.

Live policies (millions)	**2013**	2012	Change
Retail assistance policies	**3.8**	5.0	(23)%
Retail insurance policies	**0.3**	0.5	(36)%
Packaged and wholesale policies	**3.0**	3.7	(18)%
Total	**7.1**	9.1	(22)%

Revenue by major product (£ millions)[1]	**2013**	2012	Change
Retail assistance revenue	**117.1**	163.8	(29)%
Retail insurance revenue	**28.2**	41.2	(32)%
Packaged and wholesale revenue	**32.3**	56.6	(43)%
Total	**177.5**	261.6	(32)%

[1] Excludes non-policy revenue.

Group cash balances (£ millions)	**2013**	2012	Change
Regulated cash	**27.8**	21.7	28%
VVOP restricted cash	**32.7**	20.4	60%
Free cash	**6.4**	11.0	(42)%
Total	**66.9**	53.2	26%

Live policies: the total number of policies that are available to use by policyholders. The live policy base is 2.0 million lower than December 2012 due to UK factors including the loss of the RBS MPI contract and declining Card Protection and Identity Protection renewals, including the impact of increased cancellations following Scheme correspondence and associated publicity. The on-going VVOP restrictions in the UK are limiting the Group's ability to increase its live policy base. Live policies outside of the UK have declined marginally.

The Group annual renewal rate: the net amount of annual retail policies remaining on book after the scheduled renewal date, as a proportion of those available to renew. The annual renewal rate for 2013 has declined by 4.1 percentage points since December 2012. This reflects a reduction in the Card Protection and Identity Protection renewal rates in the UK following amendments to the renewal process, implemented in late 2012, and increased cancellations resulting from Scheme correspondence and associated publicity.

Revenue by major product: revenue from the Group's major product offerings (defined in note 4 of the condensed financial statements). This excludes non-policy revenue. Revenue from retail assistance policies has declined compared to 2012 reflecting the decline in Card Protection and Identity Protection renewals. The continued new retail sales restrictions associated with the VVOP, mainly in the UK, restricts the Group's ability to grow retail revenue. Revenue from retail insurance and packaged and wholesale have declined year-on-year as a result of lost Business Partner contracts in the UK. This measure excludes non-policy revenue of £0.5 million in 2013 (2012: £8.3 million).

Cost/income ratio: cost of sales (excluding commission), and other administrative expenses as a percentage of revenue. Our cost income ratio has increased by 9.7 percentage points year-on-year largely due to declining Card Protection and Identity Protection renewal revenue in the UK. This impact has been partly offset by the significant steps taken by the Group in 2013 to reduce its cost base through the commencement of a restructuring programme, the benefits of which will continue in 2014.

Underlying operating (loss)/profit margin: Our underlying operating margin has decreased 10.9 percentage points due to a decline in renewal income for Card Protection and Identity Protection and reducing MPI margins in the UK through increasing direct costs relative to revenue. The impact is partly offset by the significant steps taken by the Group in 2013 to reduce its cost base through the commencement of a restructuring programme, the benefits of which will continue in 2014.

Group cash balances: Allocated between regulatory funds, VVOP restricted funds and free cash available to utilise throughout the Group. Regulatory and VVOP restricted funds have increased year-on-year reflecting the cash generated in the UK's main trading entities, Card Protection Plan Ltd (CPPL) and Homecare Insurance Ltd (HIL), which cannot be distributed to the wider Group due to solvency requirements and/or the terms of the VVOP. The decline in free cash reflects the cash use by the wider Group compared to the cash generated principally by its overseas operations. This is mainly due to refinancing costs incurred in the year, Group overhead requirement and continued investment in developing markets.

As the Scheme progresses through 2014, the level of claims will have an impact on some of our KPIs.

- Our live policies will reduce because an accepted claim in the Scheme results in a cancellation of the relevant policy. However, the majority of claims are anticipated to be in respect of policies that were already cancelled before the Scheme began and do not therefore form part of the current live policy base. Only those cancelled policies which are part of the live base will impact this measure going forward.
- Our renewal rate will not be directly impacted by Scheme cancellations because these policies are considered not available to renew in the normal course of business and do not therefore fall within the renewal rate definition. Additionally, as it is anticipated the majority of claims are in respect of policies that cancelled before the Scheme began, these policies are already reflected in historical renewal rates.
- Scheme claims will be funded through cash retained in CPPL, which is currently restricted by the terms of the VVOP. As a result, VVOP restricted cash and the Group total cash balance will reduce significantly in 2014.

TOTAL CUSTOMER REDRESS AND ASSOCIATED COSTS

	2013 **£'m**	2012 £'m	2011 £'m	Total £'m
Customer redress	**18.2**	16.9	9.8	44.8
Regulatory fine	—	8.5	2.0	10.5
Advisor fees	—	9.4	5.1	14.5
Total	**18.2**	34.8	16.9	69.8

As announced on the 14 January 2014, the Scheme was sanctioned by the High Court as the vehicle through which CPP and certain of its Business Partners will review claims and, where appropriate, pay redress to customers that have been affected by historical issues in the UK. The Scheme became effective on 31 January 2014 and will complete on 30 August 2014.

The Group has incurred expenditure on, and provided for, customer redress and associated costs and regulatory penalties in the period 2011 to 2013. On 20 December 2013, the Group announced that it had increased its customer redress and associated costs provision by £10.0 million. Since this announcement, the Group has provided a further £4.0 million in respect of its latest estimate of customer redress. As a result, the total cost is currently estimated to be £69.8 million, of which £51.7 million has been charged in the prior years. £23.9 million of the provision within the balance sheet has already been utilised (£9.7 million being utilised in 2013 and £14.2 million in prior years). The remaining provision at 31 December 2013 is £37.4 million (2012: £29.0 million). £36.2 million (2012: £22.0 million) has been estimated as the remaining cost of the customer redress element of the overall provision. The provision does not include an amount for the outstanding element of the regulatory fine of £8.5 million, which is disclosed under current and non-current payables.

The Group has agreed with the FCA to further defer the outstanding element of the fine, with the payment profile expected to be £1.6 million in December 2014, £1.6 million in March 2015 and the remainder in 2016.

Discussions are on-going with the Central Bank of Ireland (CBI) in respect of Card Protection sales made by Irish banks to customers in the Republic of Ireland. A provision for redress has been reflected in respect of direct sales made by the Group, but no provision has been made for redress where the sale was concluded by a Business Partner. Further detail is provided in note 14 to the condensed financial statements.

INVESTMENT IN DEVELOPING MARKETS

Despite continuing challenging circumstances in a number of its established markets, the Group has sought to maintain a level of investment in its new and developing markets. This investment comprises mainly start-up losses which are accounted for in the current year's income statement. For these purposes, the Group considers the following markets to be developing: Hong Kong, Mexico, China and Brazil (2012 also included Home3 which is now disclosed as discontinued). In 2013, the total investment in start-up losses in the Group's developing markets was £2.2 million (2012: £2.6 million).

TAX

The tax charge on continuing operations of £2.1 million is higher than the prior year (2012: £1.5 million). This is principally due to the de-recognition of a deferred tax asset in respect of capital allowances in the UK, which is required as the Group does not expect taxable profits to arise in the UK in the immediate future. The Group's overall loss has not resulted in a tax credit due to a number of factors, including the de-recognition of the brought forward deferred tax asset, no relief being obtained for tax losses incurred in the current year and taxes payable on profits in overseas jurisdictions. As in 2012, the effective tax rate is not a representative measure.

DISCONTINUED OPERATIONS

The Group has two separate businesses classified as discontinued in the current year; its North American business and its Home3 joint venture. The total profit after tax from discontinued operations of £12.5 million comprises £13.3 million profit in relation to the North American business and £0.8 million loss relating to the Home3 joint venture.

	2013 **£'m**	2012 £'m
Revenue	**15.6**	49.8
Underlying operating profit	**3.0**	9.6
Profit after tax	**2.1**	6.4
Profit/(loss) on disposal	**10.4**	(2.7)
Profit for the year	**12.5**	3.7
Net assets held for sale	**—**	12.9

On 3 May 2013, the Group completed the sale of its North American business for a total cash consideration of £26.1 million ($40.0 million) to AmTrust, a Delaware corporation and wholly owned subsidiary of AmTrust Financial Services Inc. The proceeds together with costs associated with the disposal and the carrying value of the net assets held for sale generated a profit on disposal of £10.4 million. The North American business also generated trading profits after tax of £2.9 million up to the disposal date of 3 May 2013 (2012: £6.9 million representing a full year trading).

On 24 March 2014, the Group completed the disposal of its share of the Home3 joint venture to Mapfre. The disposal transaction included the Group investing an additional £1.0 million into Home3, the capital for which has been loaned by Mapfre to the Group. The consideration on disposal is £0.3 million. The transaction, together with trading losses, will result in the Group recognising further losses in 2014 of approximately £0.8 million. In 2013, the Group has recognised £0.8 million losses (2012: £0.5 million losses) which relate to the trading performance of the joint venture.

CASH FLOW[1]

	2013 **£'m**	2012 £'m
Underlying operating (loss)/profit[2]	**(1.8)**	26.7
Exceptional items[3]	**(23.6)**	(40.2)
Operating profit from discontinued North American operation	**3.8**	10.1
Depreciation, amortisation and other non-cash items	**9.8**	11.8
Increase in provisions	**8.4**	14.2
Working capital	**26.4**	(5.2)
Cash generated by operations	**23.0**	17.4
Tax	**(2.8)**	(5.4)
Operating cash flow[4]	**20.2**	12.0
Capital expenditure (including intangibles)	**(2.8)**	(6.3)
Investment in joint venture	**(0.8)**	(0.5)
Net proceeds from disposal of discontinued operations	**18.1**	(0.9)
Net finance costs	**(0.7)**	(0.9)
Costs of refinancing	**(4.6)**	—
Loan note repayments	**—**	(0.9)
Net movement in cash/borrowings[5]	**29.4**	2.5
Net funds[6]	**44.3**	13.6

[1] Cash flow from continuing and discontinued operations.

[2] Continuing Group operating profit excluding exceptional items.

[3] Excludes exceptional impairments that are non-cash items £13.9 million (2012: £3.7 million).

[4] Excluding repayment of loan notes (2012 only).

[5] Excluding effect of exchange rates and amortisation of debt issue costs.

[6] Includes unamortised debt issue costs.

The Group has generated additional cash, excluding movements in borrowings, of £29.4 million in the year reflecting the net proceeds from the North America disposal and a one-off reduction in working capital. This cash benefit has been partly reduced by the costs incurred throughout the year in refinancing the Group along with tax payments and capital expenditure, although these costs are at a reduced level from the prior year. The Group's cash position will be significantly reduced in 2014 as a result of funding the Scheme.

Cash generated by operations amounted to £23.0 million (2012: £17.4 million) and results primarily from a one-off reduction in the working capital requirement of the Group. This benefit is due to a reduction in our insurance balances following the conclusion of the RBS MPI contract and balances associated with the reducing T-Mobile book, along with focused working capital management across the Group.

The disposal of the North American business in the year generated positive cash flows of £18.1 million. The level of capital expenditure (including intangibles) has decreased by £3.5 million to £2.8 million (2012: £6.3 million) which reflects the prioritised approach to cash management adopted by the Group due to the cash challenges it faces in the short and medium term.

Net funds at 31 December 2013 were £44.3 million, an improvement of £30.7 million compared to prior year, as a result of net proceeds from the disposal of the North American business and positive operating cash flow, the benefit of which is partly reduced by the costs of refinancing. The Group's cash position will be significantly reduced in 2014 as a result of funding the Scheme. The Group maintains cash deposits for solvency purposes which were £27.8 million at 31 December 2013 (2012: £22.9 million). Allowing for these deposits results in an adjusted Group net funds position of £16.5 million. Additionally, the terms of the VVOP agreed with the FCA restrict the disposition of assets within the UK's regulated entities CPPL and HIL. The net funds figure therefore includes cash balances held within CPPL and HIL which cannot be distributed to the wider Group, without FCA approval, of £32.7 million. This restricted cash, although unavailable to distribute to the wider Group, is available to the regulated entity in which it exists including for operational and customer redress purposes.

DIVIDEND

As a result of the Group making a loss after tax in 2013 and the cash challenges it currently faces the Directors have decided not to recommend the payment of a dividend. Furthermore, due to the Group's current performance and financial situation it is unlikely that a dividend will be paid in the medium term.

BALANCE SHEET AND FINANCING

	2013 **£'m**	2012 £'m
Goodwill and intangibles	**3.3**	16.9
Property, plant and equipment	**5.1**	13.3
Net assets held for sale	**—**	12.9
Other net assets	**37.3**	46.2
	45.7	89.3
Provisions	**(37.4)**	(29.0)
Current borrowings	**—**	(43.4)
Non-current borrowings	**(22.6)**	—
Non-current liabilities	**(10.0)**	(7.2)
Total net (liabilities)/assets	**(24.3)**	9.7

The Group's balance sheet has changed in the year with the refinancing arrangement resulting in current borrowings being replaced by non-current borrowings, reflecting the medium term stability the arrangement provides. In addition, the IT transformation and other exceptional items have led to a reduction in our non-current assets. Consequently, the Group's balance sheet has declined in the year to a net liabilities position of £24.3 million (2012: £9.7 million net assets).

Provisions of £37.4 million (2012: £29.0 million) are mainly for customer redress and associated costs. The commencement of the Scheme results in the provision expecting to be fully utilised in 2014. The remaining instalments of the fine levied by the FCA are reported in other net assets (£1.6 million) and non-current liabilities (£6.9 million).

Goodwill and intangibles of £3.3 million has decreased by £13.6 million from the prior year. The significant movements are associated with the impairments incurred as a result of the IT transformation project of £5.4 million, the full impairment of the Homecare goodwill balance £1.5 million, impairment of the contractual arrangement intangible of £1.3 million and continued amortisation of the intangible balances against reduced levels of additions.

The property, plant and equipment (PPE) balance of £5.1 million has decreased in the year by £8.3 million. This reflects the impairment of the freehold property to market value of £3.0 million, impairment of computer hardware as a result of the IT transformation project of £2.6 million and continued depreciation of PPE balances.

On 31 July 2013, the Group agreed new financing arrangements which are expected to total approximately £33.0 million. The arrangement comprises £13.0 million being provided by a three year extension of the debt facility to 31 July 2016 and approximately £20.0 million being provided through the deferral of twelve months commission payments to certain Business Partners, with repayment due on 31 July 2017. The reduction in UK renewal rates following publicity surrounding the Scheme has resulted in the expected final commission deferral balance being lower than initially announced. The agreements, of which the commission deferral is subordinate to the loan facility, are subject to certain covenants and events of default. Further to the announcement on 9 January 2014 that the response rate covenant had been increased to 32%, in order to provide additional headroom the Group has subsequently agreed with its lenders a further increase of this covenant to 40%. There remains a risk that trading and customer redress uncertainties could impact the Group's ability to comply with the terms of the borrowing agreements.

The new financing arrangements have changed the shape of the balance sheet in 2013, with current borrowings being replaced by non-current borrowings, reflecting the medium term stability the arrangement provides. The bank loan has been reduced from £43.5 million at the beginning of the year to £13.0 million, funded principally through proceeds from the sale of the North American business and transfer of restricted funds in CPPL held in favour of the lenders. The commission deferral agreement will result in the incremental build-up of a loan balance as the relevant commissions are deferred on a monthly basis over a period of twelve months. At 31 December 2013, the balance in respect of this agreement is £11.3 million.

Craig Parsons

Chief Financial Officer

23 April 2014

RISKS AND UNCERTAINTIES

The Group's risk management framework is designed to identify and assess the likelihood and consequences of risk and to manage the actions necessary to mitigate their impact.

Many of the risks outlined are consistent with those experienced by companies that have experienced difficult trading conditions and those in the process of developing longer term business plans and strategy. Over the last two years, the Group has placed great focus on developing a constructive relationship with the regulator in the UK, improving operational efficiency and ensuring that risk management is central in the decision making process. Nonetheless, there remain significant risks to the execution and delivery of the Group's business plan and longer term strategy. Following the refinancing agreements in July 2013, the Board no longer considers that retaining key supplier contracts represents a significant risk to the Group in the short to medium term.

During 2013, the focus of the Board has been on ensuring the best outcome for all our policyholders including those eligible for redress under the Scheme. This has involved significant focus on the liquidity position of the Group and a significant reduction of the cost base. This has created or increased the risk profile, particularly given the redundancy programmes and reduction in investment in the infrastructure. The Group is addressing these risks as it rebuilds for the future.

Set out below are the known principal risks and uncertainties which could have a material impact on the Group together with the corresponding mitigating actions that have been taken. Additional risks not currently known, or which are currently regarded as immaterial, could also affect future performance.

Financial risks

Risk: Going concern; capital/liquidity.

Status: Decreased on prior year.

Nature of risk and potential impact:

The going concern status of the Group is impacted by trading and customer redress uncertainties and the effect that these could have on liquidity and compliance with the terms of the borrowing facilities. Current redress rates are within expectations, but there remains a risk that response rates may reach a level which cannot be funded under the revised funding arrangement. In addition, the Group's trading performance continues to be affected by the VVOP restrictions which, amongst other requirements, do not permit CPPL or HIL to make sales of regulated products.

Mitigation:

Whilst redress rates are uncertain, the current level of redress rates is within expectations. The Board has improved the financial stability of the business and its liquidity. Options are being developed to secure additional capital, if required. The Board continues to focus on operational efficiency and re-sizing the business, whilst work continues to develop the business plan which may require additional funding.

Market risks

Risk: Economic and political.

Status: No change on prior year.

Nature of risk and potential impact:

The Group operates in a number of countries where the economic outlook remains uncertain. Changes to the economic or political climate may have an adverse impact on operational performance.

Mitigation:

The Group regularly monitors the performance of all its businesses and will consider the viability of its operations on a case-by-case basis. Operating in diversified geographic markets mitigates the risk to any one country or currency.

Risk: Competitive markets.

Status: No change on prior year.

Nature of risk and potential impact:

There remains a risk that new competitors enter the market offering competing products before CPP has completed its business restructuring.

Mitigation:

The Group Executive's regularly monitor competitor activity. The Group's business plan involves the development of new, market tested products that have continuing appeal to consumers who require assistance products.

Operational risks

Risk: Regulatory.

Status: No change on prior year.

Nature of risk and potential impact:

Operating in regulated markets worldwide, there is a risk that a part of the Group may be subject to regulatory scrutiny and possible censure. The risk may be increased as a result of the Group being supported by a central IT platform and the business model and product propositions that are derived from the original model implemented in the UK.

There are current on-going discussions with the Central Bank of Ireland (CBI) on potential redress to policyholders in Ireland who bought the same products as were on offer in the UK. The Board is also aware that regulators in some overseas territories are also reviewing certain aspects of the business.

Mitigation:

Throughout 2013, Senior Executives of the Group have been in regular dialogue with the UK regulator to ensure that the FCA is fully up to date of on-going actions that the business has taken, the performance of the Scheme and the future plans of the Group. The Board has sought to mitigate this risk through further enhancement of its risk, compliance and governance approach and where appropriate, working closely with local advisers.

The risk and internal control environment rolled out in the UK has been extended to all territories. However, until all rectification actions are completed there remains a risk that additional regulatory restrictions may be placed on the Group if further irregularities are identified that could potentially cause detriment to policyholders.

Risk: Business Partner retention/attraction.

Status: Increased on prior year.

Nature of risk and potential impact:

The current status and experience of the Group have increased the requirement to attract new Business Partners and maintain current relationships. In the absence of this engagement, there is a risk that a significant route to market will become constrained.

Mitigation:

The Group continues to engage with existing and previous Business Partners in order to retain or build confidence.

Risk: Operational efficiency.

Status: Increased on prior year.

Nature of risk and potential impact:

The Board is aware that a number of challenges remain towards achieving operational and IT efficiency, both in the UK and overseas territories. The operating environment is in a transformation period and until completed, there remains a risk that any regulatory breaches or operational weaknesses may be identified. Management is of the view that further changes and improvements are required before the Group is in the required position to apply to remove the restrictions on our regulatory permissions.

Mitigation:

To deliver on its business plan or longer term strategic objectives, the Group now has the opportunity to invest in the improvement of its operational and IT environment. Whilst designed to mitigate risks in the longer term these changes may result in increased operational risk whilst the improvements required are implemented.

Risk: Data security.

Status: No change on prior year.

Nature of risk and potential impact:

The Group retains substantial sensitive data relating to customers. Failure to safeguard this information could result in censure, fines and reputational damage.

Mitigation:

The Group takes the safeguarding of customer and business data seriously. All new transformation plans ensure that data security is central to any new infrastructure. The Group has a dedicated Information Security Manager and seeks annual certification of its information security standards through annual PCI certification.

Risk: People and resources.

Status: Increased on prior year.

Nature of risk and potential impact:

In 2013 and 2014, a number of key personnel left the Group, either as a result of redundancy programmes or natural attrition. The loss of Senior Management and key functional experts may result in the risk that significant knowledge and capability is lost from the Group. The knowledge gap as a result, may increase pressure on existing employees and potential operational weaknesses.

Mitigation:

The Group has identified key skills and role dependencies and is taking the necessary action to retain and recruit the knowledge required within the Group. The business also utilises interim contractors where shorter term solutions are required. The Board has identified this key risk and in view of the Scheme commencing, has authorised further investment in people, both to attract new experienced individuals and to seek to retain key individuals within the Group.

Risk: Governance.

Status: New on prior year.

Nature of risk and potential impact:

CPP, a listed Company with regulated subsidiaries, has a highly concentrated shareholder base. It is essential that the organisation works within this framework. As a result, there is a risk that support for the Board, the business plan and longer term strategy is not forthcoming.

Mitigation:

The Board proactively engages on a regular basis with the largest shareholders to mitigate this risk, discussing rationale and seeking support for the Board and its business plans.

Going concern

In reaching their view on the preparation of the Group's financial statements on a going concern basis, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Directors have made appropriate enquiries and taken into account the Group's business activities, together with the factors likely to affect its future performance and position which are set out in the Chairman's statement, Chief Executive Officer's statement, Operating review, Financial review and Risks and uncertainties.

During the year, the Group has made good progress agreeing new financing arrangements which are expected to total approximately £33.0 million, with £13.0 million being provided by a three year extension of the debt facility to 31 July 2016 and approximately £20.0 million being provided through the deferral of twelve months commission payments to certain Business Partners, with repayment due on 31 July 2017. The disposal of the North American business has been completed with the net disposal proceeds being used to repay part of the debt facility.

The Group has continued to look at its strategic positioning and as a result has divested its operations in Singapore and its investment in the Home3 joint venture and will withdraw from the French market. Additional measures have been taken by the Group to address its cost base including significant redundancy programmes in the UK in 2012 and 2013, closure of the Chesterfield site in the UK in May 2013 and a streamlining of the Group's organisational structure. This together with cost saving initiatives in our overseas operations and reductions in capital expenditure, have had and will continue to have a beneficial impact on the Group's overhead base.

Nevertheless, despite this progress a level of uncertainty remains over the Group's future due to the Scheme together with the associated publicity, which has had and will continue to have an adverse impact on the Group's ability to generate new business and renew business with existing customers. The Scheme has commenced and there is greater clarity around the level of the redress rates. At the time of approving the accounts redress rates were within our expectations. As the Scheme will not be complete until 30 August 2014 there remains a residual risk that the response rates may reach a level which cannot be funded under the revised funding arrangements. In addition, the Group's trading performance continues to be affected by the on-going VVOP restrictions agreed with the FCA in November 2012 by the Group's subsidiaries CPPL and HIL. Amongst other requirements, the VVOP do not permit CPPL or HIL to make new sales of regulated retail products.

The bank loan facility is subject to a number of financial covenants, which include a covenant relating to a maximum level of response rates in a past business review exercise. The Business Partner commission deferral agreement, although subordinate, provides substantially the same security as that granted under the bank debt facility. There is a risk that response rates in the Scheme or continued business performance result in the Group being unable to satisfy the covenants, which could lead to the lending banks or Business Partners seeking repayment of the facility or exercising their right to security over assets.

Given the possible impact of trading and customer redress uncertainties, and the effect this could have on liquidity and compliance with the terms of the borrowing facilities, there is material uncertainty that casts significant doubt as to the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. As a result of this material uncertainty, the Auditor, Deloitte LLP, has reported on the financial statements and whilst unqualified, their report contains an emphasis of matter in this regard.

However, having considered the above uncertainties and all the available information, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly the Directors have continued to adopt the going concern basis in preparing the financial statements.

RESPONSIBILITY STATEMENT

The responsibility statement below has been prepared in connection with the Company's full Annual Report and Accounts for the year ended 31 December 2013. Certain parts thereof are not included within this announcement.

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic report, which is incorporated in the Annual Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face: and
- The Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Brent Escott	**Craig Parsons**
Chief Executive Officer	Chief Financial Officer
23 April 2014	23 April 2014

Consolidated income statement

	Note	**2013** **£'000**	2012 restated (note 2) £'000
Continuing operations			
Revenue		**178,031**	269,869
Cost of sales		**(112,174)**	(162,295)
Gross profit		**65,857**	107,574
Administrative expenses			
Exceptional items	5	**(37,506)**	(43,942)
Other administrative expenses		**(67,663)**	(80,902)
Total administrative expenses		**(105,169)**	(124,844)
Operating loss			
Operating (loss)/profit before exceptional items		**(1,806)**	26,672
Operating loss after exceptional items		**(39,312)**	(17,270)
Investment revenues		**394**	580
Other gains and losses		**—**	(891)
Finance costs: non-derivative instruments		**(4,305)**	(1,869)
Loss before taxation		**(43,223)**	(19,450)
Taxation		**(2,112)**	(1,474)
Loss for the year from continuing operations		**(45,335)**	(20,924)
Discontinued operations			
Profit for the year from discontinued operations	8	**12,468**	3,694
Loss for the year		**(32,867)**	(17,230)

Attributable to:			
Equity holders of the Company		**(32,867)**	(17,118)
Non-controlling interests		**—**	(112)
		(32,867)	(17,230)

Basic and diluted (loss)/earnings per share		**Pence**	Pence
Continuing operations	7	**(26.43)**	(12.13)
Discontinued operations	7	**7.27**	2.15
Total		**(19.16)**	(9.98)

Consolidated statement of comprehensive income

	2013 **£'000**	2012 £'000
Loss for the year	**(32,867)**	(17,230)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**387**	(616)
Currency translation differences reclassified on disposal	**(1,618)**	—
Other comprehensive expense for the year net of taxation	**(1,231)**	(616)
Total comprehensive expense for the year	**(34,098)**	(17,846)

Attributable to:

Equity holders of the Company	**(34,098)**	(17,734)
Non-controlling interests	**—**	(112)
	(34,098)	(17,846)

Consolidated balance sheet

	Note	**2013** **£'000**	2012 £'000
Non-current assets			
Goodwill	9	**—**	1,478
Other intangible assets	10	**3,299**	15,458
Property, plant and equipment	11	**5,061**	13,316
Investment in joint venture	8	**—**	—
Deferred tax asset		**142**	2,902
		8,502	33,154
Current assets			
Insurance assets		**3,387**	27,241
Inventories		**149**	299
Trade and other receivables		**20,511**	29,034
Cash and cash equivalents	12	**66,900**	53,198
		90,947	109,772
Assets classified as held for sale	8	**—**	20,007
		90,947	129,779
Total assets		**99,449**	162,933
Current liabilities			
Insurance liabilities		**(3,989)**	(7,525)
Income tax liabilities		**(742)**	(2,379)
Trade and other payables		**(49,004)**	(56,587)
Borrowings	13	**—**	(43,408)
Provisions	14	**(37,398)**	(28,967)
		(91,133)	(138,866)
Liabilities directly associated with assets held for sale	8	**—**	(7,130)
		(91,133)	(145,996)
Net current liabilities		**(186)**	(16,217)
Non-current liabilities			
Borrowings	13	**(22,597)**	—
Deferred tax liabilities		**(527)**	(716)
Trade and other payables		**(9,494)**	(6,500)
		(32,618)	(7,216)
Total liabilities		**(123,751)**	(153,212)
Net (liabilities)/assets		**(24,302)**	9,721
Equity			
Share capital	15	**17,120**	17,111
Share premium account		**33,292**	33,297
Merger reserve		**(100,399)**	(100,399)
Translation reserve		**609**	1,840
Equalisation reserve		**8,129**	7,984
ESOP reserve		**11,688**	11,638
Retained earnings		**5,259**	38,250
Total equity attributable to equity holders of the Company		**(24,302)**	9,721

Consolidated statement of changes in equity

			Share							Non-	
		Share	premium	Merger	Translation	Equalisation	ESOP	Retained		controlling	Total
		capital	account	reserve	reserve	reserve	reserve	earnings	Total	interest	Equity
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2012		17,106	33,300	(100,399)	2,456	6,423	11,606	56,824	27,316	(164)	27,152
Total comprehensive income		—	—	—	(616)	—	—	(17,118)	(17,734)	(112)	(17,846)
Movement on equalisation reserve		—	—	—	—	1,561	—	(1,561)	—	—	—
Current tax credit on equalisation reserve movement		—	—	—	—	—	—	382	382	—	382
Equity settled share based payment charge		—	—	—	—	—	34	—	34	—	34
Deferred tax on share based payment charge		—	—	—	—	—	—	(1)	(1)	—	(1)
Exercise of share options		5	(3)	—	—	—	(2)	—	—	—	—
Adjustment arising from change in non-controlling interest		—	—	—	—	—	—	(276)	(276)	276	—
At 31 December 2012		17,111	33,297	(100,399)	1,840	7,984	11,638	38,250	9,721	—	9,721
Total comprehensive income		**—**	**—**	**—**	**(1,231)**	**—**	**—**	**(32,867)**	**(34,098)**	**—**	**(34,098)**
Movement on equalisation reserve		**—**	**—**	**—**	**—**	**145**	**—**	**(145)**	**—**	**—**	**—**
Current tax credit on equalisation reserve movement		**—**	**—**	**—**	**—**	**—**	**—**	**31**	**31**	**—**	**31**
Equity settled share based payment charge		**—**	**—**	**—**	**—**	**—**	**50**	**—**	**50**	**—**	**50**
Deferred tax on share based payment charge		**—**	**—**	**—**	**—**	**—**	**—**	**(1)**	**(1)**	**—**	**(1)**
Exercise of share options	15	**9**	**(5)**	**—**	**—**	**—**	**—**	**(9)**	**(5)**	**—**	**(5)**
At 31 December 2013		**17,120**	**33,292**	**(100,399)**	**609**	**8,129**	**11,688**	**5,259**	**(24,302)**	**—**	**(24,302)**

Consolidated cash flow statement

	Note	**2013** **£'000**	2012 £'000
Net cash from operating activities	16	**20,158**	11,086
Investing activities			
Interest received		**404**	589
Purchases of property, plant and equipment		**(332)**	(2,485)
Purchases of intangible assets		**(2,460)**	(3,807)
Cash consideration in respect of sale of discontinued operation		**26,086**	—
Costs associated with disposal of discontinued operations		**(4,215)**	(905)
Cash disposed of with discontinued operations		**(3,731)**	—
Investment in joint venture		**(780)**	(477)
Net cash from/(used in) investing activities		**14,972**	(7,085)
Financing activities			
Repayment of bank loans		**(30,500)**	—
Proceeds from new borrowings		**11,249**	—
Interest paid		**(1,089)**	(1,520)
Costs of refinancing		**(4,633)**	—
Issue of ordinary share capital		**(5)**	2
Net cash used in financing activities		**(24,978)**	(1,518)
Net increase in cash and cash equivalents		**10,152**	2,483
Effect of foreign exchange rate changes		**(287)**	(372)
Cash and cash equivalents at 1 January		**57,035**	54,924
Cash and cash equivalents at 31 December		**66,900**	57,035

Analysed as:			
Continuing operations	12	**66,900**	53,198
Discontinued operations	8	**—**	3,837
		66,900	57,035

Notes to condensed financial statements

1. General information

While the financial information included in this annual results announcement has been computed in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted for use by the European Union ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company will publish full financial statements that comply with IFRS in April 2014.

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2013 or 31 December 2012, but is derived from the 2013 financial statements. Statutory financial statements for 2012 for the Company prepared under IFRS have been delivered to the Registrar of Companies and those for 2013 for the Company will be delivered following the Company's Annual General Meeting. The Auditor, Deloitte LLP, has reported on these financial statements; their report was unqualified, but contained an emphasis of matter paragraph referring to material uncertainties relating to the Group's ability to continue as a going concern in the light of the combined effect of restrictions on new regulated business sales as a result of the VVOP, uncertainty over the eventual cost of the redress scheme, and the ability of the Group to trade in line with forecasts and comply with the terms of its borrowing facilities. The report of the auditors on these financial statements did not contain statements under s498 (2) or (3) of the Companies Act 2006. These 2013 financial statements were approved by the Board of Directors on 23 April 2014.

2. Accounting policies

The same accounting policies, presentation and methods of computation are followed in the condensed financial statements as were applied in the Group's audited financial statements for the year ended 31 December 2012, except for comparative amounts that have been restated to reflect the Home3 joint venture as discontinued and the reorganisation of the operating segments to UK and Ireland, Europe and Latin America, and Asia Pacific. The following Standards and Interpretations have become effective and have been adopted in these condensed financial statements. Their adoption has not had any material impact on the Group. No Standards or Interpretations have been adopted early in these condensed financial statements.

Standard/Interpretation	Subject
IAS 19 (revised 2011)	Employee benefits
IAS 27 (revised 2011)	Separate Financial Statements
IAS 28 (revised May 2011)	Investments in Associates and Joint Ventures
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interest in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1 (June 2011)	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 1 (March 2012)	Government Loans
Amendment to IFRS 7 (December 2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities
Annual improvements to IFRSs	(2009–2011) Cycle

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying accounting policies

Going concern

The financial statements have been prepared on a going concern basis, as the Board of Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern assessment considered the risks and uncertainties facing the Group, which include trading and customer redress. Further details of the assessment are provided in the going concern section earlier in this statement.

Impairment of tangible and intangible non-current assets

As a result of the IT transformation programme, the IT asset base was reviewed in detail during the year which led to the recognition of impairments totalling £8,058,000. In making its judgement, management considered the value in use of assets in respect of cash flow forecasts for identified Cash Generating

Units (CGUs) over the period of the IT transformation programme. Further detail is included in notes 5 and 10.

Key sources of estimation uncertainty
Customer redress and associated costs
The customer redress and associated costs provision relates to costs associated with the FCA investigation into the Group’s sales processes in the UK. At 31 December 2013 the remaining balance of the provision is £37.4 million. The provision includes anticipated compensation payable to customers through a customer redress exercise together with professional fees associated with the customer redress exercise.

The customer redress exercise is on-going and whilst response rates are as expected there is a residual risk that they may exceed the level that is currently provided. Changes to the assumptions on response rates would lead to a change in the customer redress provision which would be reflected through the consolidated income statement.

Intangible assets arising from contractual arrangements with third parties
Where contractual payments have given rise to future economic benefits, these amounts are carried in intangible assets and amortised over the contract terms. The amortisation profile is calculated in line with the forecast future benefits over the shorter of the contractual arrangement and the period when benefits are expected to arise. The future economic benefits are estimated by reference to future renewal performance, taking into account historical renewal performance and the latest assumption of response rates in a customer redress exercise.

Changes to the estimates of renewal performance or the response rates in a customer redress exercise would change the periods in which the contractual payments are charged to the consolidated income statement.

4. Segmental analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors to allocate resources to the segments and to assess their performance.

The Group is managed on the basis of three broad geographical regions:

- UK and Ireland (UK and Ireland);
- Europe and Latin America (Spain, Portugal, France, Italy, Germany, Turkey, Mexico and Brazil);
- Asia Pacific (Hong Kong, Singapore, Malaysia, India and China).

Segment revenues and performance have been as follows:

	UK and Ireland 2013 £'000	Europe and Latin America 2013 £'000	Asia Pacific 2013 £'000	Total 2013 £'000
Year ended 31 December 2013				
Continuing operations				
Revenue – external sales	**128,990**	**42,603**	**6,438**	**178,031**
Cost of sales	**(87,825)**	**(21,317)**	**(3,032)**	**(112,174)**
Gross profit	**41,165**	**21,286**	**3,406**	**65,857**
Depreciation and amortisation	**(5,869)**	**(548)**	**(40)**	**(6,457)**
Other administrative expenses	**(43,402)**	**(13,605)**	**(4,199)**	**(61,206)**
Regional operating (loss)/profit before exceptional items	**(8,106)**	**7,133**	**(833)**	**(1,806)**
Exceptional items (note 5)				**(37,506)**
Operating loss after exceptional items				**(39,312)**
Investment revenues				**394**
Finance costs: non-derivative instruments				**(4,305)**
Loss before taxation				**(43,223)**
Taxation				**(2,112)**
Loss for the year from continuing operations				**(45,335)**
Discontinued operations				
Profit for the year from discontinued operations (note 8)				**12,468**
Loss for the year				**(32,867)**

For the purposes of resource allocation and assessing performance, operating costs and revenues are allocated to the regions in which they are earned or incurred. The above does not reflect additional net charges of central costs of £1,983,000 presented within UK and Ireland in the tables above which have been charged to other regions for statutory purposes.

	UK and Ireland 2012 £'000	Europe and Latin America 2012 £'000	Asia Pacific 2012 £'000	Total 2012 £'000
Year ended 31 December 2012 – restated (note 2)				
Continuing operations				
Revenue – external sales	215,343	47,982	6,544	269,869
Cost of sales	(134,981)	(24,176)	(3,138)	(162,295)
Gross profit	80,362	23,806	3,406	107,574
Depreciation and amortisation	(7,229)	(523)	(35)	(7,787)
Other administrative expenses	(54,264)	(14,373)	(4,478)	(73,115)
Regional operating profit/(loss) before exceptional items	18,869	8,910	(1,107)	26,672
Exceptional items (note 5)				(43,942)
Operating loss after exceptional items				(17,270)
Investment revenues				580
Other gains and losses				(891)
Finance costs: non-derivative instruments				(1,869)
Loss before taxation				(19,450)
Taxation				(1,474)
Loss for the year from continuing operations				(20,924)
Discontinued operations				
Profit for the year from discontinued operations (note 8)				3,694
Loss for the year				(17,230)

For the purposes of resource allocation and assessing performance, operating costs and revenues are allocated to the regions in which they are earned or incurred. The above does not reflect additional net charges of central costs of £1,933,000 presented within UK and Ireland in the tables above which have been charged to other regions for statutory purposes.

Segment assets

	2013 £'000	2012 restated (note 2) £'000
UK and Ireland	**85,913**	123,611
Europe and Latin America	**11,002**	12,365
Asia Pacific	**2,392**	2,570
Total segment assets	**99,307**	138,546
Assets relating to discontinued operations	**—**	7,783
Unallocated assets	**142**	16,604
Consolidated total assets	**99,449**	162,933

Goodwill, deferred tax and investments in joint ventures are not allocated to segments.

Capital expenditure

	Intangible assets		Property, plant and equipment	
	2013 **£'000**	2012 restated (note 2) £'000	**2013** **£'000**	2012 restated (note 2) £'000
Continuing operations				
UK and Ireland	**1,450**	2,979	**194**	1,366
Europe and Latin America	**128**	472	**42**	523
Asia Pacific	**26**	55	**5**	42
Additions from continuing operations	**1,604**	3,506	**241**	1,931
Discontinued operations	**—**	43	**—**	246
Consolidated total additions	**1,604**	3,549	**241**	2,177

Revenues from major products

	2013 **£'000**	2012 £'000
Continuing operations		
Retail assistance policies	**117,066**	163,766
Retail insurance policies	**28,153**	41,174
Packaged and wholesale policies	**32,272**	56,649
Non-policy revenue	**540**	8,280
Revenue from continuing operations	**178,031**	269,869
Discontinued operations	**15,634**	49,802
Consolidated total revenue	**193,665**	319,671

Major product streams are disclosed on the basis monitored by the Board of Directors. For the purpose of this product analysis, "retail assistance policies" are those which may be insurance backed but contain a bundle of assistance and other benefits; "retail insurance policies" are those which protect against a single insurance risk; "packaged and wholesale policies" are those which are provided by Business Partners to their customers in relation to an on-going product or service which is provided for a specified period of time; "non-policy revenues" are those which are not in connection with providing an on-going service to policyholders for a specified period of time.

Geographical information

The Group operates across a wide number of territories, of which the UK and Spain are considered individually material. Revenue from external customers and non-current assets (excluding investments in joint ventures and deferred tax) by geographical location are detailed below:

	External revenues		Non-current assets	
	2013 **£'000**	2012 £'000	**2013** **£'000**	2012 £'000
Continuing operations				
UK	**125,432**	211,186	**7,008**	28,159
Spain	**19,767**	21,620	**432**	529
Other	**32,832**	37,063	**920**	1,564
Total continuing operations	**178,031**	269,869	**8,360**	30,252
Discontinued operations	**15,634**	49,802	**—**	12,481
	193,665	319,671	**8,360**	42,733

Information about major customers

There are no customers in the current year from which the Group earns more than 10% of its revenue (2012: £28.8 million from the Group's largest customer at that time).

5. Exceptional items

	Note	**2013** **£'000**	2012 £'000
Customer redress and associated costs	14	**18,168**	26,273
Impairment of IT assets	10,11	**8,058**	—
Restructuring costs		**5,503**	4,874
Impairment of goodwill, intangible assets and freehold property	9,10,11	**5,822**	3,711
Regulatory penalties		**—**	8,500
Strategic project costs		**(45)**	388
Legacy scheme share based payments		**—**	196
Exceptional items included in operating loss		**37,506**	43,942
Tax on exceptional items		**(222)**	(5,663)
Total exceptional items after tax		**37,284**	38,279

The customer redress and associated costs of £18,168,000 (2012: £26,273,000) relates to the further costs required to compensate customers and professional fees associated with the customer redress exercise.

Impairment of IT assets £8,058,000 relates to the re-assessment of the carrying value of the Group's IT asset base as a result of the IT transformation programme.

The restructuring costs of £5,503,000 (2012: £4,874,000) relate to redundancy programmes and associated costs across the Group, along with costs associated with the closure of the Chesterfield office. The majority of this cost is located in the UK.

Impairment of goodwill, intangible assets and freehold building totals £5,822,000 (2012: £3,711,000) which comprises:

- £1,478,000 write down of the Homecare (Holdings) Limited goodwill balance (2012: 3,120,000 goodwill and intangible impairment of CPP Travel Services Limited).
- £1,299,000 (2012: £591,000) impairment of the intangible asset for contractual arrangements with third parties, which reflects the impact the expected response rates in a customer redress exercise would have on the discounted forecast cash flows of the arrangement.
- £3,045,000 impairment of the freehold property in the UK to its current market value.

Regulatory penalties represents the fine imposed by the FCA in 2012 as a result of its investigation into the Group's sales processes in the UK.

6. Dividends

The Directors have not proposed a final dividend for the year ended 31 December 2013.

7. (Loss)/earnings per share

Basic and diluted (loss)/earnings per share have been calculated in accordance with IAS 33 "Earnings per Share". Underlying earnings per share have also been presented in order to give a better understanding of the performance of the business.

(Loss)/earnings

	Continuing operations		**Discontinued operations**		**Total**	
	2013 £'000	2012 restated (note 2) £'000	**2013 £'000**	2012 restated (note 2) £'000	**2013 £'000**	2012 £'000
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share	**(45,335)**	(20,812)	**12,468**	3,694	**(32,867)**	(17,118)
Exceptional items (net of tax)	**37,284**	38,279	**(10,389)**	2,608	**26,895**	40,887
(Loss)/earnings for the purposes of underlying basic and diluted (loss)/earnings per share	**(8,051)**	17,467	**2,079**	6,302	**(5,972)**	23,769

Number of shares

	Number (thousands)	Number (thousands)
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	**171,546**	171,457
Effect of dilutive potential ordinary shares on underlying earnings: share options	**—**	4,095
Weighted average number of ordinary shares for the purposes of underlying diluted (loss)/earnings per share	**171,546**	175,552

	Continuing operations		**Discontinued operations**		**Total**	
	2013 Pence	2012 restated (note 2) Pence	**2013 Pence**	2012 restated (note 2) Pence	**2013 Pence**	2012 Pence
Basic and diluted (loss)/earnings per share:						
Basic and diluted	**(26.43)**	(12.13)	**7.27**	2.15	**(19.16)**	(9.98)
Basic and diluted underlying (loss)/earnings per share:						
Basic	**(4.69)**	10.18	**1.21**	3.68	**(3.48)**	13.86
Diluted	**(4.69)**	9.95	**1.21**	3.59	**(3.48)**	13.54

8. Discontinued operations

On 3 May 2013, the Group completed the sale of CPPNA Holdings Inc. and its subsidiaries, which carried out all of the Group's North American operation. The gross consideration on disposal was fixed at £26.1 million ($40 million).

As at 31 December 2013, the Board was committed to the disposal of its share of the Home3 joint venture. The disposal subsequently completed on 24 March 2014 for cash consideration of £0.3 million, further details are provided in note 17.

In accordance with IFRS5 'Non-Current Assets Held for Sale and Discontinued Operations' these operations have been presented as discontinued operations.

The consolidated income statement, summary of cash flows and assets and liabilities of these businesses are set out below:

(i) Consolidated income statement

		2013			2012	
	North America £'000	**Home3 £'000**	**Total £'000**	North America £'000	Home3 £'000	Total £'000
Revenue	**15,634**	**—**	**15,634**	49,802	—	49,802
Cost of sales	**(7,962)**	**—**	**(7,962)**	(26,578)	—	(26,578)
Gross profit	**7,672**	**—**	**7,672**	23,224	—	23,224
Administrative expenses	**(3,902)**	**—**	**(3,902)**	(13,138)	—	(13,138)
Share of loss of joint venture	**—**	**(780)**	**(780)**	—	(477)	(477)
Operating profit/(loss)	**3,770**	**(780)**	**2,990**	10,086	(477)	9,609
Investment revenues	**10**	**—**	**10**	9	—	9
Finance costs: non-derivative instruments	**—**	**—**	**—**	(18)	—	(18)
Profit/(loss) before taxation	**3,780**	**(780)**	**3,000**	10,077	(477)	9,600
Taxation	**(921)**	**—**	**(921)**	(3,191)	—	(3,191)
Profit/(loss) after tax	**2,859**	**(780)**	**2,079**	6,886	(477)	6,409
Profit/(loss) on disposal	**10,403**	**(14)**	**10,389**	(2,715)	—	(2,715)
Profit/(loss) for the year	**13,262**	**(794)**	**12,468**	4,171	(477)	3,694

On 3 May 2013, the Group completed the sale of its North American operation to AmTrust

	2013 £'000	2012 £'000
Proceeds	**26,086**	—
Net assets sold	**(14,042)**	—
Costs associated with disposal	**(3,259)**	(2,715)
Currency translation differences reclassified on disposal	**1,618**	—
Profit/(loss) on disposal	**10,403**	(2,715)

(ii) Summary of cash flows

	2013 **£'000**	2012 restated (note 2) £'000
Net cash flows from operating activities	**2,216**	4,181
Net cash flows from investing activities	**(27)**	1,225
Net cash flows from financing activities	**(1,266)**	(6,973)
Cash consideration in respect of sale of discontinued operation	**26,086**	—
Costs associated with the disposal of discontinued operation	**(4,215)**	(905)
Cash disposed of with discontinued operation	**(3,731)**	—
Investment in joint venture	**(780)**	(477)
Net cash inflow/(outflow)	**18,283**	(2,950)

(iii) Assets and liabilities

	2013 **£'000**	2012 £'000
Assets		
Non-current assets		
Goodwill	—	11,934
Other intangible assets	—	204
Property, plant and equipment	—	343
Deferred tax asset	—	290
	—	12,771
Current assets		
Trade and other receivables	—	3,399
Cash and cash equivalents	—	3,837
	—	7,236
Total assets held for sale	—	20,007
Liabilities		
Current liabilities		
Trade and other payables	—	(6,530)
Income tax liabilities	—	(469)
	—	(6,999)
Non-current liabilities		
Other creditors	—	(131)
	—	(131)
Total liabilities held for sale	—	(7,130)
Net assets held for sale	—	12,877

Movements in the Group's share in its joint venture are as follows:

	2013 **£'000**	2012 £'000
Carrying amount at 1 January	**—**	—
Increase in investment	**780**	477
Losses recognised for the year	**(780)**	(477)
Carrying amount at 31 December	**—**	—

The Group has a 50% economic interest in Home3, with 49% of the issued ordinary share capital being allotted to the Group. The Group has provided Home3 with a subordinated loan facility, as well as incurring further costs which are subject to recharge to Home3 but will not be repaid and will be capitalised as part of the disposal transaction. These balances have been accounted for as investments in Home3 with the trading losses recognised limited to the level of investment.

9. Goodwill

	2013 **£'000**	2012 £'000
Cost and carrying value:		
At 1 January	**1,478**	16,521
Exchange adjustments	—	(539)
Impairment	**(1,478)**	(2,570)
Transfer to assets classified as held for sale	—	(11,934)
At 31 December	—	1,478

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2013 **£'000**	2012 £'000
Homecare (Holdings) Limited	—	1,478

The recoverable amounts of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, renewal rates and expected selling prices and direct costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on detailed business plans. The pre-tax rate used to discount the forecast cash flows from the relevant CGUs at 31 December 2013 is 16% (2012: 16%).

At 31 December 2013, as a result of the discounted cash flow forecasts of the CGU the Directors decided to recognise a full impairment of the Homecare (Holdings) Limited goodwill balance. The impairment loss of £1,478,000 has been recognised as an exceptional item in the consolidated income statement.

10. Other intangible assets

	Contractual arrangements with third parties £'000	Business relationships £'000	Internally generated software £'000	Externally acquired software £'000	Total £'000
Cost:					
At 1 January 2012	17,128	2,118	16,906	18,821	54,973
Additions	292	—	1,571	1,686	3,549
Disposals	—	(907)	—	(112)	(1,019)
Exchange adjustments	—	—	(10)	(129)	(139)
Transfer to assets classified as held for sale	—	—	(237)	(1,027)	(1,264)
At 1 January 2013	17,420	1,211	18,230	19,239	56,100
Additions	**—**	**—**	**1,248**	**356**	**1,604**
Disposals	**—**	**—**	**—**	**(144)**	**(144)**
Exchange adjustments	**—**	**—**	**—**	**(49)**	**(49)**
At 31 December 2013	**17,420**	**1,211**	**19,478**	**19,402**	**57,511**
Accumulated amortisation:					
At 1 January 2012	6,732	636	12,301	12,678	32,347
Provided during the year	3,490	525	2,400	2,335	8,750
Disposals	—	(500)	—	—	(500)
Exchange adjustments	—	—	(11)	(25)	(36)
Impairment	591	550	—	—	1,141
Transfer to assets classified as held for sale	—	—	(233)	(827)	(1,060)
At 1 January 2013	10,813	1,211	14,457	14,161	40,642
Provided during the year	**3,041**	**—**	**1,804**	**2,023**	**6,868**
Disposals	**—**	**—**	**—**	**(12)**	**(12)**
Exchange adjustments	**—**	**—**	**—**	**(9)**	**(9)**
Impairment	**1,299**	**—**	**2,920**	**2,504**	**6,723**
At 31 December 2013	**15,153**	**1,211**	**19,181**	**18,667**	**54,212**
Carrying amount:					
At 31 December 2012	6,607	—	3,773	5,078	15,458
At 31 December 2013	**2,267**	**—**	**297**	**735**	**3,299**

At 31 December 2013, as a result of the IT transformation programme which is reviewing the Group's current IT platforms an impairment of £5,424,000 was recognised in relation to internally generated software and externally acquired software. These assets were identified as being located in CGUs that are not forecast to be cash generative over the term of the IT transformation programme and therefore have no value in use to the business. The forecast cash flows were discounted using the Group's pre-tax discount rate of 16%. As a result an impairment of these assets was considered appropriate. This methodology also applies to the £2,634,000 impairment of computer systems included in note 11.

An impairment of £1,299,000 was recognised in the year within other intangible assets in respect of contractual arrangements with third parties. Current forecasts, which include a reduction in the expected renewal performance of the arrangement as a result of claims through the Scheme, results in the recognition of an impairment loss.

These impairment losses have been recognised as exceptional items through the consolidated income statement. The total impairment loss of £6,723,000 relates to the following segments; UK and Ireland £6,491,000; Europe and Latin America £165,000; and Asia Pacific £67,000.

11. Property, plant and equipment

	Freehold land & property £'000	Leasehold improvements £'000	Computer systems £'000	Furniture & equipment £'000	Total £'000
Cost:					
At 1 January 2012	7,278	5,650	30,499	7,627	51,054
Additions	—	553	1,386	238	2,177
Disposals	—	(60)	(234)	(41)	(335)
Exchange adjustments	—	(19)	(159)	(70)	(248)
Transfer to assets classified as held for sale	—	(240)	(1,912)	(585)	(2,737)
At 1 January 2013	7,278	5,884	29,580	7,169	49,911
Additions	**—**	**15**	**157**	**69**	**241**
Disposals	**—**	**(249)**	**(649)**	**(573)**	**(1,471)**
Exchange adjustments	**—**	**(14)**	**(15)**	**(32)**	**(61)**
At 31 December 2013	**7,278**	**5,636**	**29,073**	**6,633**	**48,620**
Accumulated depreciation:					
At 1 January 2012	1,787	4,057	24,137	6,600	36,581
Provided during the year	165	326	2,057	350	2,898
Disposals	—	(52)	(223)	(32)	(307)
Exchange adjustments	—	(20)	(115)	(48)	(183)
Transfer to assets classified as held for sale	—	(174)	(1,718)	(502)	(2,394)
At 1 January 2013	1,952	4,137	24,138	6,368	36,595
Provided during the year	**163**	**265**	**2,028**	**228**	**2,684**
Disposals	**—**	**(205)**	**(635)**	**(563)**	**(1,403)**
Exchange adjustments	**—**	**5**	**7**	**(8)**	**4**
Impairment	**2,063**	**982**	**2,634**	**—**	**5,679**
At 31 December 2013	**4,178**	**5,184**	**28,172**	**6,025**	**43,559**
Carrying amount					
At 31 December 2012	5,326	1,747	5,442	801	13,316
At 31 December 2013	**3,100**	**452**	**901**	**608**	**5,061**

Included in freehold land and property is freehold land at its cost value of £759,000 (2011: £759,000), which is not depreciated.

During the year the Group has recognised impairment losses in respect of freehold land and property and leasehold improvements totalling £3,045,000. This reflects a revision of the carrying value of the freehold property to its current market value. The impairment loss has been recognised as an exceptional item through the consolidated income statement and relates to the UK and Ireland segment.

12. Cash and cash equivalents

	2013 £'000	2012 £'000
Cash on demand	**39,085**	31,470
Short term deposits	**27,815**	21,728
	66,900	53,198

Short term deposits of £27,815,000 (2012: £21,728,000) represents cash deposits maintained by the Group's insurance businesses for solvency purposes.

The terms of the VVOP agreed with the FCA restrict the disposition of assets within the UK's regulated entities CPPL and HIL. Cash on demand includes cash balances of £32,706,000 (2012: £20,426,000) which cannot be distributed to the wider Group without FCA approval. This restricted cash whilst being unavailable to distribute to the wider Group, is available to the regulated entity in which it exists including for operational and customer redress purposes.

Concentration of credit risk is reduced by placing cash on deposit across a number of institutions with high credit ratings. Credit quality of counterparties are as follows:

	2013 **£'000**	2012 £'000
AA	**1,607**	6,570
A	**62,444**	42,782
BBB	**2,559**	3,480
BB	**167**	294
B	**—**	63
Rating information not available	**123**	9
	66,900	53,198

Ratings are measured using Fitch's long term ratings, which are defined such that ratings "AAA" to "BBB" denote investment grade counterparties, offering low to moderate credit risk. "AAA" represents the highest credit quality, indicating that the counterparty's ability to meet financial commitments is highly unlikely to be adversely affected by foreseeable events.

13. Borrowings

The carrying value of the Group's financial liabilities, for short term borrowings and long term borrowings, are as follows:

	2013 **£'000**	2012 £'000
Bank loans due within one year	**—**	43,500
Less: unamortised issue costs	**—**	(92)
Borrowings due within one year	**—**	43,408
Bank loans due outside of one year	**13,000**	—
Less: unamortised issue costs	**(1,653)**	—
Commission deferral agreement	**11,250**	—
Borrowings due outside of one year	**22,597**	—

Analysis of repayments:

	2013 **£'000**	2012 £'000
Within one year	**—**	43,500
In the second year	**—**	—
In the third to fifth years	**24,250**	—
Total repayments	**24,250**	43,500
Less: unamortised issue costs	**(1,653)**	(92)
Total carrying value	**22,597**	43,408

The Group's bank debt is in the form of a revolving credit facility (RCF). The Group is entitled to roll over repayment of amounts drawn down, subject to all amounts outstanding falling due for repayment on expiry of the facility on 31 July 2016.

The RCF bears interest at a variable rate of LIBOR plus a margin of 4%. It is secured by fixed and floating charges on certain assets of the Group. The RCF includes a prepayment fee which increases over the term of the loan to a maximum level of 8% of the outstanding principal balance. The financial covenants of the RCF are based on the interest cover and leverage of the Group. The Group has been in compliance with these covenants since inception of the RCF.

During the year, the Group reached agreement with certain of its Business Partners to defer payment of commission that would otherwise become due over the twelve months up to 30 June 2014 (Commission Deferral Agreement), subject to all amounts outstanding falling due for repayment on expiry of the agreement on 31 July 2017. The Commission Deferral Agreement bears interest at a fixed rate of 3.5% and is secured by charges over the assets of CPPL in substantially similar form and terms to the security granted under the RCF.

The weighted average interest rates paid during the year were as follows:

	2013 **%**	2012 %
Bank loans	**3.8**	3.4
Commission deferral agreement	**3.5**	—
Weighted average	**3.8**	3.4

At 31 December 2013, the Group does not have any undrawn committed borrowing facilities (2012: £35.6 million).

14. Provisions

	Restructuring costs 2013 £'000	**Customer redress and associated costs 2013 £'000**	**Total 2013 £'000**	Cash settled share based payments 2012 £'000	Customer redress and associated costs 2012 £'000	Total 2012 £'000
At 1 January	**—**	**28,967**	**28,967**	894	14,778	15,672
Charged to the income statement	**1,750**	**18,168**	**19,918**	3	26,273	26,276
Customer redress and associated costs paid in the year	**—**	**(9,737)**	**(9,737)**	—	(12,084)	(12,084)
Loan notes repaid in the year	**—**	**—**	**—**	(897)	—	(897)
Transfer to trade and other payables	**(1,750)**	**—**	**(1,750)**	—	—	—
At 31 December	**—**	**37,398**	**37,398**	—	28,967	28,967

The customer redress and associated cost provision comprises anticipated compensation payable to customers through a customer redress exercise and professional fees associated with the customer redress exercise.

Following discussions with the FCA and Central Bank of Ireland (CBI) an amount is included in the customer redress and associated costs provision for redress to Irish Card Protection customers where the sale was concluded directly by a Group company. No provision for redress has been made where the sale was concluded by a Business Partner.

Customer redress and associated costs are expected to be settled within one year of the balance sheet date.

15. Share capital

	2013 Number (thousands)	**2013 £'000**	2012 Number (thousands)	2012 £'000
Called-up and allotted: Ordinary Shares of 10 pence				
At 1 January	**171,487**	**17,111**	171,430	17,106
Issue of shares in connection with:				
Exercise of share options	**101**	**9**	57	5
At 31 December	**171,588**	**17,120**	171,487	17,111

During the year, the Company issued 101,522 shares to option holders for total consideration of £4,000.

Of the 171,588,412 ordinary shares issued at 31 December 2013, 171,088,413 are fully paid and 499,999 are partly paid.

The ordinary shares are entitled to the profits of the Company which it may from time to time determine to distribute in respect of any financial year or period.

All holders of ordinary shares shall have the right to attend and vote at all general meetings of the Company. On a return of assets on liquidation the assets (if any) remaining, after the debts and liabilities of the Company and the costs of winding up have been paid or allowed for, shall belong to, and be distributed amongst, the holders of all the ordinary shares in proportion to the number of such ordinary shares held by them respectively.

16. Reconciliation of operating cash flows

	2013 £'000	2012 £'000
Loss for the year	**(32,867)**	(17,230)
Adjustment for:		
Depreciation and amortisation	**9,552**	11,648
Equity settled share based payment expense	**50**	34
Impairment loss on goodwill, intangible assets and freehold property	**5,822**	3,711
Impairment of IT assets	**8,058**	—
Loss on disposal of property, plant and equipment	**200**	135
(Profit)/loss on disposal of discontinued operations	**(10,389)**	2,715
Share of loss of joint venture	**780**	477
Investment revenues	**(404)**	(589)
Other gains and losses	**—**	891
Finance costs: non-derivative instruments	**4,305**	1,887
Income tax expense	**3,033**	4,665
Operating cash flows before movements in working capital	**(11,860)**	8,344
Decrease in inventories	**150**	30
Decrease/(increase) in receivables	**8,464**	(2,063)
Decrease/(increase) in insurance assets	**23,854**	(2,689)
(Decrease)/increase in payables	**(2,526)**	916
Decrease in insurance liabilities	**(3,535)**	(1,353)
Increase in provisions	**8,431**	14,192
Cash generated by operations	**22,978**	17,377
Exercise of share options	**—**	(899)
Income taxes paid	**(2,820)**	(5,392)
Net cash from operating activities	**20,158**	11,086

17. Events after the balance sheet date

On 24 March 2014, the Group announced that it had completed the sale of its 49% shareholding in Home3 Assistance Limited (Home3) to Mapfre Abraxas Software Limited (Mapfre). Home3 was previously a joint venture company between the Group and Mapfre. As part of its exit of the joint venture the Group agreed to invest a further £1,000,000 to absorb its share of unrecognised losses in Home3. The £1,000,000 capital will be loaned by Mapfre to the Group with repayments occurring over a two year period. Balances currently owed by Home3 to the Group will also be capitalised as part of the transaction (see note 18). The consideration for the Group's entire holding of share capital in Home3 is £275,000 and will be offset against the loan balance.

On 7 April 2014, the Group entered into an agreement to transfer the majority of the Group's business in Singapore to ACE Insurance Limited (ACE) for consideration of approximately £163,000. The transaction is expected to complete in May 2014.

As announced on 14 January 2014, the High Court sanctioned the Scheme, which is a vehicle to review claims and, where appropriate, pay redress to customers. The Scheme became effective on 31 January 2014 and will complete on the 30 August 2014. The claims process is on-going and the Group has made provision for the expected level of redress, which is detailed in note 14. As the Scheme is not yet complete a risk remains that the response rates may exceed the level currently provided.

18. Related party transactions and control

Ultimate controlling party

The Group is controlled by the Company's majority shareholder, Mr Hamish Ogston.

Transactions with joint ventures

Transactions between the Group and its joint venture represent related party transactions.

The Group has undertaken the following transactions with its joint venture entity, Home3:

	2013 **£'000**	2012 £'000
Costs rechargeable to Home3 incurred by the Group	**138**	743
Balance receivable from Home3 at 31 December	**2,299**	2,565

The disposal of Home3 completed on 24 March 2014. As part of the disposal agreement the amounts receivable from Home3 of £2,299,000 have been capitalised as an investment in the joint venture. £2,254,000 of this balance has already been provided through the consolidated income statement between 2011 and 2013. Further detail of the transaction is included in note 17.

Transactions with related parties

On 23 March 2013, the Group entered into an agreement with Mr Hamish Ogston to reimburse on demand any legal fees, costs and expenses which Mr Hamish Ogston had incurred or were incurred on his behalf in relation to the refinancing activities of the Group. The aggregate amount of costs reimbursed by the Group was £133,000.

As part of the disposal of CPPNA Holdings Inc., agreements were entered into with David Pearce and Gregory Mazza who were directors of a subsidiary of CPPNA Holdings Inc for the payment of a "sale" retention bonus. The aggregate amount paid was $466,000 in the case of David Pearce and $311,000 in the case of Gregory Mazza.

On 4 September 2013, Shaun Astley-Stone was appointed a Non-Executive Director of the Group. Subsequent to his appointment Shaun Astley-Stone continued to provide consultancy services to certain companies within the Group, the fees in respect of these services totalled £32,000.

Remuneration of key management personnel

The remuneration of the Directors and senior management team, who are the key management personnel of the Group, is set out below:

	2013 **£'000**	2012 £'000
Short term employee benefits	**3,769**	3,782
Post employment benefits	**184**	229
Termination benefits	**547**	684
Share based payments	**(144)**	(91)
	4,356	4,603

Cautionary statement

This announcement has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority. The announcement should not be relied on by any other party or for any other purpose.

The announcement contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of approval of the announcement but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Subject to the requirements of the UK Listing Authority, CPP undertakes no obligation to update these forward-looking statements and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this announcement.