CPPGROUP PLC

29 AUGUST 2014

HALF YEAR REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2014

CPPGroup Plc – Half year report for the six months ended 30 June 2014

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 are designed to make everyday life easier to manage.

Overview

- The Group has continued its journey to stabilise the business and has progressed its transformation programme
  - Management action to reduce cost base on track to realise annualised cost savings of approximately £15.0 million
  - Essential plans to restructure the balance sheet and determine the appropriate UK listing have progressed
  - Evaluating options to strengthen the Group's reduced capital position to support the future development of the business
  - Final stages to select a new IT system as plans progress to implement a modern, cost-effective IT infrastructure
  - Focus continued on identifying opportunities and reviewing existing country presence to determine where the Group can produce sustainable, attractive returns
  - Further strengthened governance alongside improving business processes across the Group
  - Non-Executive Chairman to step down in the near future

- Scheme of Arrangement (Scheme) closes 30 August 2014. Whilst claims have tracked within expectations, the Scheme has significantly reduced the Group's financial resources and liquidity. Scheme redress payments made as at 28 August 2014 total £27.9 million. The total cost provided for customer redress and associated costs remains unchanged at £69.8 million and the amount of this provision remaining at 30 June 2014 is £14.0 million, which is to meet further Scheme redress payments and other redress and associated costs.

- The on-going challenges of the Group's operating environment continue to affect trading performance
  - Group revenue from continuing operations of £58.7 million (H1 2013: £99.7 million)
  - Underlying operating performance from continuing operations at breakeven (H1 2013: £3.3 million loss)
  - Loss for the period from continuing and discontinued operations £2.7 million (H1 2013: £2.6 million loss)
  - Renewal rate at 69.5% on a moving annual total basis, from year end position of 69.4%
  - Live policy base lower at 6.1 million, from year end position of 7.1 million

- Net funds position of £21.6 million (H1 2013: £38.8 million) however, limited free cash at Group level; reduced net funds as a result of funding the Scheme – see footnote 5 to highlights table for analysis of net funds.

- Outlook: The Group is moving forward, focused on its immediate priorities to further realise the embedded value within the existing business and explore future growth opportunities. Further action is required in order to rebuild the business and uncertainty remains due to liquidity, the execution and delivery of the Group's longer term plans and trading performance. Liquidity in the short term relies on either the release of restricted cash from one of the UK regulated entities or other working capital solutions. These will require third party agreement and the Group is engaged in on-going dialogue with its stakeholders. As a result, the outlook continues to reflect the significant challenges and risks ahead and performance for the remainder of 2014 will remain constrained.

Brent Escott, Chief Executive Officer, commented:

"We have continued to move forward on our journey to 'Rebuild, Improve, Modernise and Evolve' the Group. As a result of the prudent steps that we are taking and on-going focus on costs, we have continued to stabilise the business. Managing change and rebuilding a business is a substantial task and much work remains as we complete the required actions to reshape the organisation.

As the Scheme draws to a close, we welcome the opportunity to move forward for the next phase of our development. Nonetheless, the impact of the Scheme has been considerable and our priority remains to ensure that the Group is in a stable position. We are focused on future value creation whilst evolving our longer term business plan in order for us to succeed as an effective and efficient customer-led business."

A video recording with the Chief Executive Officer is available on the Group's website at www.cppgroupplc.com.

Highlights – continuing operations	**Six months ended 30 June 2014**	Six months ended 30 June 2013
Revenue (£ millions)	**58.7**	99.7
Operating loss (£ millions)		
− Reported	**(0.3)**	(9.5)
− Underlying[1]	**-**	(3.3)
Loss before tax (£ millions)		
− Reported	**(1.1)**	(11.4)
− Underlying[1]	**(0.9)**	(5.2)
Loss after tax (£ millions)		
− Reported	**(1.9)**	(15.6)
− Underlying[2]	**(1.7)**	(9.4)
Loss for the period (£ millions)[3]	**(2.7)**	(2.6)
Reported loss per share (pence)		
− Basic and diluted	**(1.12)**	(9.10)
Cash (used in)/generated by operations (£ millions)[4]	**(23.0)**	13.5
Net funds (£ millions)[5]	**21.6**	38.8

1. Underlying operating loss and underlying loss before tax exclude exceptional items of £0.3 million (H1 2013: £6.2 million). Further detail is provided in note 4 to the condensed consolidated interim financial statements.
2. Underlying loss after tax excludes exceptional items net of tax of £0.2 million (H1 2013: £6.2 million). The tax effect of the exceptional items is £0.1 million (H1 2013: £nil). Further detail is provided in note 4 to the condensed consolidated interim financial statements.
3. Loss for the period 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 £53.6 million (H1 2013: £62.6 million) partially offset by borrowings of £32.0 million (H1 2013: £23.8 million). Cash and cash equivalents includes cash held for regulatory purposes of £20.4 million (H1 2013: £21.8 million) and cash restricted by the terms of the VVOP within the UK's regulated entities of £24.4 million (H1 2013: £29.8 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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CHIEF EXECUTIVE OFFICER'S STATEMENT

Our progress, priorities and plan

Since my appointment in September 2013, it has been essential that we manage the challenges and identify the opportunities for the business moving forward, including a review of the robustness of our existing assistance product portfolio and distribution model. In response to the challenges, we have developed our cost management plans and business transformation programme whilst evolving our longer term strategic direction.

During the first half of the year we have continued to stabilise the business. As a result of the prudent steps taken by management and clear focus on our objectives, we have moved forward on our journey to rebuild the Group. Our trading performance nonetheless, continues to reflect the on-going challenges of the Group's operating environment and much work remains as we complete the required actions that will reshape the organisation.

As part of the on-going transformation of the Group, we have made a number of positive changes and maintained our focus on the key aspects of our business plan which we outlined in April 2014; to 'Rebuild, Improve, Modernise and Evolve'. The immediate focus during the first half remained on stabilising the operational environment, shaping the business as effectively as possible and implementing the Scheme. It remains essential that we manage our costs tightly whilst improving our business processes, IT infrastructure and in parallel, strengthening our governance further.

Rebuild

- Our essential plans to restructure the Group's balance sheet and determine the appropriate UK listing have progressed.
- We are evaluating options to strengthen the Group's reduced capital position to support our future development.
- We continue to right-size in accordance with the reduced scale of the business and are on track to realise annualised cost savings of approximately £15.0 million in 2014. Identifying areas where we can further reduce costs across the Group remains a priority.
- The review of the Group's existing activities has resulted in the decision to exit from France and Singapore during 2014 and the sale of our shareholding in Home3 Assistance Ltd (Home3) in March 2014.

Improve

- Our business transformation programme is underway. Our plans are progressing as we evaluate the options to implement a modern, cost-effective IT infrastructure. We are in the final stages to select a new IT system and once embedded, it will increase operational efficiency and allow us to meet the needs of our customers more effectively.
- We have continued to enhance our Group-wide governance, risk and compliance framework. Group minimum standards have been rolled out across the organisation, designed to ensure we operate consistently and with robust control mechanisms. Improving our business processes also continues to be a key objective.
- A primary focus is to realise the value from our existing customer base, product propositions and markets. We have remained focused on identifying opportunities and reviewing our existing country presence to determine where we can produce sustainable, attractive returns and we will take further action where appropriate.
- We also continue to place emphasis on improving current Business Partner relationships and developing a robust sales pipeline. We are encouraged that during this challenging period, we secured contracts with new Business Partners and launched new campaigns with established Business Partners across the Group.

Modernise & Evolve

- We are continuing to evolve our longer term plan. Our aim is to deliver strong renewal of policies and new income generation. This will also encompass a disciplined 'test and learn' approach to modernise our product portfolio and service channels and establish which markets we will operate in.

Our performance

As expected, the Group's headline financial results for the first half of 2014 remain constrained, reflecting the overall challenges of our operating environment. Group revenue from continuing operations has reduced to £58.7 million (H1 2013: £99.7 million) primarily due to performance in the UK in the period. Our underlying operating performance has improved from a loss in the prior period to a breakeven position (H1 2013: £3.3 million loss). The reported operating loss for the first half of 2014 is £0.3 million (H1 2013: £9.5 million loss).

The Group remains focused on tight cost management and the significant cost saving measures identified in 2013 are on track to realise annualised cost savings of approximately £15.0 million in 2014.

The Group annual renewal rate is 69.5% (H1 2013: 71.3%), compared to 69.4% at the year end. As noted in the Group's full year announcement, cancellations through the Scheme are not included in the reported renewal rate as they are not considered available to renew in the normal course of business. Nonetheless, if Scheme cancellations of policies that were scheduled to renew in the period were considered in the calculation, the Group annual renewal rate would be 1.3 percentage points lower at 68.2% for 30 June 2014. The live policy base has reduced to 6.1 million (H1 2013: 7.9 million), mainly reflecting a reduction in policyholders in the UK.

Scheme of Arrangement

The Scheme was formalised in August 2013 and approved in early 2014 as the vehicle for providing redress to customers. It has been a key priority to ensure that the Scheme became effective in order for us to achieve the best outcome for customers affected by historical issues in the UK. Through a past business review programme, CPP and certain of its Business Partners have been able to review claims and, where appropriate, pay redress.

The Scheme closes on 30 August 2014 and we welcome the opportunity to take the Group forward for the next phase of its development. Whilst claims have tracked within expectations, the Scheme has had a significant financial impact and the Group's financial resources and liquidity have been reduced as a result. Scheme redress payments made as at 28 August 2014 total £27.9 million. The total cost provided for customer redress and associated costs remains unchanged at £69.8 million and the amount of this provision remaining at 30 June 2014 is £14.0 million, which is to meet further Scheme redress payments and other redress and associated costs.

Voluntary Variation of Permissions (VVOP)

The Group, as agreed with the Financial Conduct Authority (FCA), continues to operate with restrictions to the regulatory permissions of the regulated entities under a VVOP. Our discussions with the FCA continue to be constructive, reflecting the progress that we have made as we rebuild the business on solid foundations. The VVOP covers a number of aspects and an initial change has been agreed with the FCA which enables the regulated UK entities to revert to an industry standard 'cooling off' period for renewing policies.

The Board

Duncan McIntyre, Non-Executive Chairman, has notified the Group of his intention to step down from the Board in the near future. A process has commenced to identify a new Non-Executive Chairman for the Group. Duncan has served on the Board since January 2011 and was appointed to the role of Non-Executive Chairman in January 2014. During his tenure, Duncan has made a significant contribution to CPP and provided immense support. The Board wishes to express its sincere thanks for his service, leadership and guidance.

In April 2014, Les Owen, Non-Executive Director and Chairman of the Audit Committee, announced his intention to retire from the Board. Les has served on the Board since August 2010 and will leave the Group by the end of October 2014. The Board would like to thank Les for his valued contribution during his tenure. A process to identify a successor is on-going.

Looking ahead

A number of positive steps have been achieved and changes made in order to stabilise the Group. The Group is moving forward, focused on its immediate priorities to further realise the embedded value within the existing business and explore future growth opportunities. Further action is required in order to rebuild the business and uncertainty remains due to liquidity, the execution and delivery of the Group's longer term plans and trading performance. Liquidity in the short term relies on either the release of restricted cash from one of the UK regulated entities or other working capital solutions. These will require third party agreement and the Group is engaged in on-going dialogue with its stakeholders. As a result, the outlook continues to reflect the significant challenges and risks ahead and performance for the remainder of 2014 will remain constrained.

We continue to take the appropriate action required to reposition the business and determine the future opportunities for the Group. Managing change, particularly to culture, and rebuilding a business is a substantial task and it will take time before our performance improves. As we move forward, our priorities remain to ensure that the Group is in a stable position whilst continuing to focus on future value creation and evolving our longer term business plan in order for us to succeed as an effective and efficient customer-led business.

OPERATING REVIEW

UK and Ireland

Operating in the UK and Ireland, the region provides the largest revenue source, accounting for 66% of Group half year revenue (continuing operations). Revenue decreased 48% compared to the same period in 2013 to £38.5 million (H1 2013: £73.6 million) resulting in an underlying operating loss for the half year of £3.3 million (H1 2013: £7.2 million loss).

As expected, a challenging environment has continued to impact performance during the first half of 2014. This is reflective of the on-going restriction on retail sales as a result of the VVOP, reduced Card Protection and Identity Protection renewal revenues and the impact of historical Business Partner losses within the Mobile Phone Insurance (MPI) and Packaged Accounts businesses. Airport Angel, our travel services business, continued to service existing customers and develop new Business Partner opportunities.

During the first half of the year, we have made progress as we establish the appropriate structure for the UK business with the operating capabilities, resource and cost-management that reflect the current scale of the business and will support our future plans. Reducing the cost base and stabilising the operating environment remain key priorities. As a result of the actions taken, we have continued to improve our risk management capabilities and identification and reporting of operational issues through the Business Incident Management process.

Our plans are progressing as we evaluate the options to implement a modern, cost-effective IT infrastructure, both in the UK and internationally. We are in the final stages to select a new IT system and the expected benefits, once embedded, will enable us to reduce costs, improve governance and processes whilst providing multi-channel capabilities to better service and engage with our customers.

In Ireland, our renewal performance has been in line with expectations. Discussions have progressed with the FCA in respect of historical Card Protection and Identity Protection sales made directly by the Group in the Republic of Ireland. A past business review will commence shortly. A provision for redress was reflected in 2013 in respect of this liability. Discussions are on-going with the Central Bank of Ireland (CBI) in respect of historical Card Protection sales made by Irish banks to customers in the Republic of Ireland.

Europe and Latin America

Operating in Spain, Italy, Portugal, France, Germany, Turkey, Mexico and Brazil, the region accounts for 29% of Group half year revenue (continuing operations). Results across the region continue to be mixed, impacting our overall performance primarily as a result of reduced revenue in Europe. Revenue decreased 20% on a constant currency basis compared to the same period in 2013 to £17.0 million (H1 2013: £22.8 million). Underlying operating profit has consequently declined to £3.3 million (H1 2013: £4.7 million) for the half year.

In Europe, performance has been constrained, particularly in Spain, Turkey, Italy and Portugal. This reflects reduced renewal rates during the first half of 2014 and delays in re-establishing campaigns suspended as a result of the UK VVOP in Italy and Portugal. Spain continues to be a key market in terms of revenue and operating profit contribution for the region. As previously announced, as a result of our principal Business Partner contract expiring in France we have taken the decision to exit this market, which will be completed by the year end.

Our focus has continued on developing our core Card Protection product and distribution channels, whilst reducing the cost base.

In Latin America, our performance continues to reflect the early stage of its development. Mexico continued to improve its revenue position and in Brazil, we have focused on evaluating the market opportunities in order to determine the future potential.

Asia Pacific

Operating in India, Hong Kong, Singapore, Malaysia and China, the region accounts for 5% of Group half year revenue (continuing operations). Revenue increased 11% on a constant currency basis compared to the same period in 2013 to £3.1 million (H1 2013: £3.3 million). There have been adverse foreign exchange movements of £0.5 million compared to the prior year. Underlying operating performance has increased to a breakeven position (H1 2013: £0.7 million loss) for the half year.

India and China continue to grow with revenue increasing during the period. This growth is underpinned by new Business Partner contract wins in 2013, improved performance from existing Business Partner relationships and a focus on new product development. During the first half of the year, we continued to explore opportunities in India to develop our product portfolio and our future plans include a new pilot product within the Mobile Phone sector.

Renewal performance in Hong Kong was in line with expectations. The sale of our Card Protection book in Singapore was completed as planned and we will exit this market in due course.

In Malaysia, revenue has declined impacted by a delay in campaign launches during the period. Changes to the local team structure are being implemented and a new senior management appointment has been made, which is expected to support the development of the Malaysian market. We continue to evaluate this market for future growth opportunities.

FINANCIAL REVIEW

This review includes analysis of the underlying performance 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 completed the sale of its shareholding in Home3 its joint venture with Mapfre Abraxas Software Limited (Mapfre), to Mapfre on 24 March 2014. In accordance with accounting standards, Home3 and the North American business (disposed in May 2013), are presented as discontinued operations within this review. This review focuses on the performance of the continuing operations of the Group.

SUMMARY

The Group has continued to work hard to set the foundations and best position itself for its future development. The Scheme will close shortly and whilst claims are within expectations, the Scheme has had a significant financial impact. The Group has, however, ensured that it has a reasonable expectation of having sufficient financial resources to meet its Scheme obligations. The benefits of the extensive restructuring programmes in 2013, along with further cost focus in 2014, continue to have a positive impact on the financial performance of the Group. Nonetheless, right-sizing the business remains crucial and consequently, the cost base continues to be reviewed. The Scheme has significantly impacted the Group's financial resources and as a result, liquidity remains a significant risk for the Group. Liquidity in the short term relies on either the release of restricted cash from one of the UK regulated entities or other working capital solutions. These will require third party agreement and the Group is engaged in on-going dialogue with its stakeholders.

On a constant currency basis, Group revenue has declined by 39% for the half year to £58.7 million, principally due to reduced Card Protection and Identity Protection renewals and the impact of historical Business Partner contract losses in the UK.

The reported operating loss in the first half of the year is £0.3 million (H1 2013: loss £9.5 million). Underlying operating performance, which excludes exceptional items, has improved from a loss in the prior period to breakeven (H1 2013: underlying operating loss £3.3 million). The reduction in underlying losses in part reflects the significant steps taken by the Group in 2013 to reduce its cost base, particularly in the UK. The measures undertaken included significant redundancy programmes, an office closure and streamlining of the operational structure. These factors, aligned with reduced depreciation and amortisation charges following the 2013 IT asset impairments are partially offset by lower Card Protection and Identity Protection renewals.

In calculating underlying operating performance, the Group's results are adjusted to arrive at measures that better reflect the underlying performance of the Group. Reported operating loss is adjusted for exceptional restructuring costs of £0.3 million for the period. These costs reflect further redundancy programmes in overseas markets as the Group continues to address its cost base. Further detail of exceptional items is provided in note 4 to the condensed consolidated interim financial statements.

Loss after tax from continuing operations is £1.9 million (H1 2013: loss after tax £15.6 million). Underlying loss after tax, which excludes exceptional items, is £1.7 million (H1 2013: loss £9.4 million). Underlying loss per share is 1.00 pence (H1 2013: underlying loss per share 5.47 pence); basic loss per share is 1.12 pence (H1 2013: loss per share 9.10 pence).

In light of current operating performance, the Group will not be declaring an interim dividend for 2014 and is unlikely to declare dividends in the medium term.

Discontinued operations, which represent the Home3 joint venture, delivered a loss after tax of £0.8 million, which includes £1.1 million loss after tax in relation to the historical trading results prior to disposal, partially offset by £0.3 million profit on disposal. Further detail is provided in note 8 to the condensed consolidated interim financial statements.

The Group's reported loss for the period is £2.7 million (H1 2013: loss £2.6 million), which reflects the total of continuing and discontinued operations.

Net funds at 30 June 2014 were £21.6 million, a decrease of £22.7 million from the position at 31 December 2013, due principally to funding redress payments through the Scheme.

KEY PERFORMANCE INDICATORS

Continuing operations	Six months ended 30 June 2014	Six months ended 30 June 2013 (restated)[1]	Year ended 31 December 2013
Live policies (millions) (see table below)	**6.1**	7.9	7.1
Annual renewal rate (%)	**69.5**	71.3	69.4
Revenue by major product (£ millions) (see table below)[2]	**58.3**	98.9	177.5
Cost/income ratio (%)[3]	**70.4**	73.5	70.7
Underlying operating loss margin (%)[4]	**0.0**	(3.3)	(1.0)
Group cash balances (£ millions) (see table below)	**53.6**	62.6	66.9

1. Continuing operations have been restated to reflect Home3 as discontinued.
2. The Group's major product offerings are defined in note 3 of the condensed consolidated interim financial statements.
3. Cost of sales (excluding commission) and other administrative expenses as a percentage of revenue.
4. Underlying operating loss as a percentage of revenue.

Live policies (millions)	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
Retail assistance policies	**3.1**	4.4	3.8
Retail insurance policies	**0.1**	0.4	0.3
Packaged and wholesale policies	**2.8**	3.2	3.0
Total	**6.1**	7.9	7.1

Revenue by major product (£ millions)[1]	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
Retail assistance revenue	**43.5**	61.8	117.1
Retail insurance revenue	**6.1**	16.4	28.2
Packaged and wholesale revenue	**8.7**	20.7	32.3
Total	**58.3**	98.9	177.5

1. Excludes non-policy revenue.

Group cash balances (£ millions)	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
Regulated cash	**20.4**	21.8	27.8
VVOP restricted cash	**24.4**	29.8	32.7
Free cash[1]	**8.8**	10.9	6.4
Total	**53.6**	62.6	66.9

1. Represents cash balances which are not held for regulatory purposes or restricted by the terms of the VVOP.

The live policy base is 1.1 million lower than reported at 31 December 2013, principally due to UK factors including declining retail Card Protection and Identity Protection policies, which include the impact of live policies cancelled through the Scheme and the decline following historical Business Partner contract losses. An accepted claim in the Scheme on a live policy results in a cancellation of the relevant policy. Outside of the UK, policy numbers have been impacted in Spain and Italy as a result of a continued decline in Card Protection sales and in France as a result of the conclusion of the country's principal contract in June 2014.

The Group annual renewal rate at 69.5%, calculated on a moving annual total basis, has increased marginally from 69.4% at 31 December 2013. This is the result of an increase in the UK renewal rate and a higher proportion of renewals derived from countries with higher renewal rates, partially offset by a declining renewal rate in Spain. Scheme cancellations are excluded from the renewal rate calculation, as they are not considered available to renew in the normal course of business and do not therefore fall within the renewal rate definition. Additionally, as the majority of Scheme claims are in respect of policies that cancelled before the Scheme began, these policies are already reflected in historical renewal rates. Nonetheless, if Scheme cancellations of policies that were scheduled to renew in the period were considered in the calculation, the Group annual renewal rate would be 1.3 percentage points lower at 68.2% for 30 June 2014. This impact will increase significantly in the future as more Scheme cancellations of policies that were live before the Scheme began reach their scheduled renewal date.

Revenue from retail assistance policies has reduced compared to 2013, reflecting the decline in Card Protection and Identity Protection renewals in the UK and Card Protection renewals in some European countries. The continued new retail restrictions associated with the VVOP 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 the impact of historical lost Business Partner contracts in the UK. This measure excludes non-policy revenue of £0.4 million (H1 2013: £0.8 million).

The cost/income ratio has decreased to 70.4% (H1 2013: 73.5%) and the underlying operating loss margin has improved to a breakeven position (H1 2013: loss 3.3%). The improvements in both ratios are largely due to performance in the UK as a result of the significant steps taken by the Group in 2013 to reduce its cost base through a restructuring programme, along with other overhead reductions including lower depreciation and amortisation charges following the 2013 IT asset impairments. These factors are partly offset by reduced Card Protection and Identity Protection renewals. The cost/income ratio has further benefited from reduced Packaged Account activity.

The Group's cash balances have decreased to £53.6 million since 31 December 2013. Within this, regulatory funds have decreased since less cash is required to meet solvency requirements as a result of the declining insurance business. VVOP restricted funds have reduced mainly due to funding the Scheme. The increase in free cash since 31 December 2013, results from the Prudential Regulation Authority (PRA) and FCA approved transfer of funds from one of the Group's regulated entities, Homecare Insurance Ltd (HIL), and favourable UK working capital movements, partially offset by Group overhead requirement and working capital movements in overseas markets.

TOTAL CUSTOMER REDRESS AND ASSOCIATED COSTS

	H1 2014 £'m	2013 £'m	2012 £'m	2011 £'m	Total £'m	**Provision remaining[2]** £'m
Customer redress	**-**	18.2	16.9	9.8	44.8	13.6
Regulatory fine[1]	**-**	-	8.5	2.0	10.5	-
Adviser fees	**-**	-	9.4	5.1	14.5	0.4
Total	**-**	18.2	34.8	16.9	69.8	14.0

1. £2.0 million of which has been paid and £8.5 million is recognised in non-current payables.
2. Refer to note 12 in the condensed consolidated interim financial statements.

The Scheme is the vehicle through which CPP and certain Business Partners have reviewed claims, and where appropriate, paid redress to customers that have been affected by historical issues in the UK. The Scheme became effective on 31 January 2014 and will close on 30 August 2014.

The Group has incurred expenditure on, and provided for, customer redress and associated costs and regulatory penalties. The total cost is currently estimated to be £69.8 million, all of which has been recognised in prior periods. The remaining provision at 30 June 2014 is £14.0 million, which is to meet further Scheme redress payments and other redress and associated costs. Scheme redress payments made at the balance sheet date total £22.3 million and to date £27.9 million. Other redress payments total £8.9 million at 30 June 2014. The provision does not include an amount for the outstanding element of the regulatory fine of £8.5 million, which is disclosed within non-current payables.

Discussions are on-going with the CBI in respect of historical Card Protection sales made by Irish banks to customers in the Republic of Ireland. A £0.8 million provision for redress was reflected in 2013 in respect of direct sales made by the Group, but no provision has been made for sales concluded by a Business Partner as it is unclear that a present obligation exists. Further detail is provided in note 12 to the condensed consolidated interim financial statements.

TAXATION

The effective tax rate at the half year is negative 68.3% (H1 2013: negative 36.6%) as a result of UK trading losses and overseas trading profits which cannot be offset. However, as in 2013, the Group does not consider this a representative measure. No deferred tax asset has been recognised on surplus taxable losses arising in the period due to the uncertainties of future UK taxable profits. All taxable profit has been generated in overseas territories.

BALANCE SHEET, FINANCING AND CASH FLOW

At the balance sheet date, the Group had consolidated net liabilities of £26.7 million, an increase of £2.4 million from the position at 31 December 2013, due principally to the reported loss recognised in the period.

As announced in July 2013, the Group's borrowings comprise a £13.0 million debt facility which has a term date of 31 July 2016 and a commission deferral agreement which has a term date of 31 July 2017. The Group's borrowings have increased to £32.0 million (31 December 2013: £22.6 million), reflecting further commission deferred within the terms of the commission deferral agreement. The twelve month deferral period within this agreement concluded in June 2014. The total commission deferred, excluding capitalised interest, is £20.1 million. There remains a risk that trading uncertainties could impact the Group's ability to comply with the terms of the borrowing arrangements.

The Group's essential plans to restructure its balance sheet have progressed. Options are being evaluated to strengthen the Group's reduced capital position, which will provide the foundations that support the longer term direction of the business.

Net finance costs for the half year have decreased by £1.1 million to £0.9 million, reflecting the increased level of fees expensed in the prior period that were associated with the short term extensions to the debt facility.

As expected, the Group's net funds position has decreased to £21.6 million at 30 June 2014 (31 December 2013: £44.3 million) as a result of funding the Scheme. The Group's insurance business maintains cash deposits for solvency purposes, which were £20.4 million at 30 June 2014 (H1 2013: £21.8 million). There has been a working capital outflow of £24.8 million (H1 2013: inflow £14.2 million) during the period reflecting the continued cash settlement of the customer redress provision.

RELATED PARTY TRANSACTIONS

Related party transactions comprise transactions with the Home3 joint venture and remuneration of key management personnel. These related party transactions are disclosed in note 15 to the condensed consolidated interim financial statements. There have been no material changes to the related party transactions described in our 2013 Annual Report and Accounts.

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.

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. As a result of the uncertainty regarding the Group's future, many of the risks are considered to have remained significant during the first half of 2014.

Financial risks

Risk: Liquidity/Capital.
Status: High risk; increased from year end.
Nature of risk and potential impact:
The liquidity status of the Group continues to be impacted by restrictions on trading in the UK and the impact of customer redress and the effect that these may have on compliance with the terms of the Group's borrowing facilities. Whilst claims are in line with expectations, the Scheme has had a significant financial impact. In addition, the associated publicity in relation to the Scheme may continue to have an adverse effect on the Group's ability to renew policies. Liquidity in the short term relies on either the release of restricted cash from one of the UK regulated entities or other working capital solutions. These will require third party agreement and the Group is engaged in on-going dialogue with its stakeholders.
Mitigation:
Whilst the actions taken by the Board to improve the financial stability of the Group have enabled the business to fulfil redress payments through the Scheme, it remains a priority for the Group to restructure the balance sheet and evaluate options to strengthen its capital position in order to further realise the embedded value within the existing business and explore future opportunities. Options are being evaluated to strengthen the Group's reduced capital position, although these remain subject to negotiation and successful conclusion.

Market risks

Risk: Economic and political.
Status: Medium risk; no change from year end.
Nature of risk and potential impact:
The Group continues to operate 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 continues to monitor the performance of all its businesses on a regular basis 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: Medium risk; no change from year end.
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 activities.
Mitigation:
The Group Executive Committee regularly monitors competitor activity. Development of the longer term business plan for the Group involves consideration of new, market tested products that have continuing appeal to consumers who require assistance products. The plan will seek to reduce the risk of over-reliance on financial services Business Partners.

Operational risks

Risk: Regulatory.

Status: High risk; reduced from year end.

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 currently 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. Discussions have progressed with the FCA in respect of historical Card Protection and Identity Protection sales made directly by the Group in the Republic of Ireland. A past business review will commence shortly. A provision for redress was reflected in 2013 in respect of this liability. Discussions are on-going with the CBI in respect of historical Card Protection sales made by Irish banks to customers in the Republic of Ireland. However, the full extent of any redress exercise has not yet been determined. There can be no guarantee that other claims may not arise against the Group from Business Partners as part of this process. The Board is also aware that regulators in some overseas territories are reviewing certain aspects of the business.

Mitigation:

Senior Executives of the Group and the UK regulated entities are in regular dialogue with the FCA to ensure that they are fully informed 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. The Group is continuing to review its overseas activities to mitigate the risk of the issues experienced in the UK being repeated elsewhere.

Risk: Business Partner retention/attraction.

Status: High risk; no change from year end.

Nature of risk and potential impact:

The current status and experience of the Group has increased the requirement to attract new Business Partners and maintain current relationships. In the absence of this, there is a risk that a significant route to market will become constrained. There is also the risk that CPP's Business Partners within financial services may move away from their existing product portfolios as a result of on-going regulatory evaluation, which is evident in respect of, for example, Packaged Accounts.

Mitigation:

The Group continues to engage with existing, previous and new Business Partners in order to retain or build confidence and as part of its plan is developing updated products with alternative routes to market. As previously outlined, the Board's plans in respect of future growth opportunities will also involve consideration of new Business Partners within diverse sectors.

Risk: Operational efficiency.

Status: High risk; no change from year end.

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 continues within a transformation period and until completed, there remains a risk that 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:

The Group's business transformation programme has commenced in the UK, which includes a review of suppliers as we evaluate the options to implement a modern, cost-effective IT infrastructure. The Group is in the final stages to select a new IT system. A key criteria for the required solution is that it can support the Group's global activities. 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: Medium risk; no change from year end.
Nature of risk and potential impact:
The Group retains substantial confidential and personal data relating to customers. Failure to safeguard this information may 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 certification of its information security standards through annual PCI certification.

Risk: People and resources.
Status: High risk; no change from year end.
Nature of risk and potential impact:
Until the Group has in place an approved longer term business plan, there remains a risk that key individuals may leave the business and it may remain difficult to attract suitably qualified individuals to replace them. A number of key personnel have 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 and this risk remains high whilst the Group is not in a position to incentivise its key personnel.
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 progressing, 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: High risk; increased from year end.
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 and the longer term business plan and strategic direction of the Group is not forthcoming. Certain future funding options rely on shareholder support and unless this is achieved, it is possible that funds will either not be available or the Board may be unable to deliver the strategy for the future.
Mitigation:
The Board pro-actively engages on a regular basis with the largest shareholders to mitigate this risk, discussing rationale and seeking support for the Board and its longer term plans.

GOING CONCERN

In reaching their view on the preparation of the Group's condensed consolidated interim 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 Group has continued to make progress since the release of the Annual Report and Accounts in April 2014. The Scheme is almost complete, with only a short claim period remaining before it closes on 30 August 2014. Scheme claims continue to remain within our expectations. The significant measures taken by the Group in 2013 to address its cost base continue to have the expected effect through the financial results and a review of the cost base remains on-going. The review by the Group of its strategic positioning has developed further with the sale of the Card Protection book in Singapore now complete and the main Business Partner contract in France has expired. As previously reported, the divestment of Home3 completed in March 2014.

Nevertheless, despite this progress, a significant level of uncertainty remains over the Group's future due to the impact of the Scheme, together with the associated publicity, which has had and will continue to have an adverse effect on the Group's liquidity and ability to generate new business and renew business with existing customers. Liquidity in the short term relies on either the release of restricted cash from one of the UK regulated entities, or other working capital solutions. These will require third party agreement and the Group is engaged in on-going dialogue with its stakeholders. 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 Card Protection Plan Ltd (CPPL) and HIL. Amongst other requirements, the VVOP does 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. The Business Partner commission deferral agreement, although subordinate, provides substantially the same security as that granted under the bank loan facility. There is a risk that continued business performance results 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.

The impact of the Scheme and recent performance has resulted in the Group having reduced resources and given the possible impact of trading 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.

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 condensed consolidated interim financial statements.

On behalf of the Board

Brent Escott	**Craig Parsons**
Chief Executive Officer	Chief Financial Officer
28 August 2014	28 August 2014

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

	Note	**6 months ended 30 June 2014 £'000 (Unaudited)**	6 months ended 30 June 2013 restated (note 2) £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Continuing operations				
Revenue		**58,667**	99,705	178,031
Cost of sales		**(33,746)**	(63,871)	(112,174)
Gross profit		**24,921**	35,834	65,857
Administrative expenses				
Exceptional items	4	**(262)**	(6,231)	(37,506)
Other administrative expenses		**(24,924)**	(39,101)	(67,663)
Total administrative expenses		**(25,186)**	(45,332)	(105,169)
Operating loss				
Operating loss before exceptional items		**(3)**	(3,267)	(1,806)
Operating loss after exceptional items		**(265)**	(9,498)	(39,312)
Investment revenues		**287**	185	394
Finance costs		**(1,164)**	(2,113)	(4,305)
Loss before taxation		**(1,142)**	(11,426)	(43,223)
Taxation	5	**(780)**	(4,181)	(2,112)
Loss for the period from continuing operations		**(1,922)**	(15,607)	(45,335)
Discontinued operations				
(Loss)/profit for the period from discontinued operations	8	**(785)**	13,031	12,468
Loss for the period attributable to equity holders of the Company		**(2,707)**	(2,576)	(32,867)
Basic and diluted (loss)/earnings per share:				
Continuing operations	7	**(1.12)**	(9.10)	(26.43)
Discontinued operations	7	**(0.46)**	7.60	7.27
		(1.58)	(1.50)	(19.16)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Loss for the period	**(2,707)**	(2,576)	(32,867)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**146**	264	387
Currency translation differences reclassified on disposal	**-**	(1,618)	(1,618)
Other comprehensive income/(expense) for the period net of taxation	**146**	(1,354)	(1,231)
Total comprehensive expense for the period attributable to equity holders of the Company	**(2,561)**	(3,930)	(34,098)

CONSOLIDATED BALANCE SHEET

	Note	**30 June 2014 £'000 (Unaudited)**	30 June 2013 £'000 (Unaudited)	31 December 2013 £'000 (Audited)
Non-current assets				
Goodwill	9	**-**	1,478	-
Other intangible assets	9	**1,915**	12,664	3,299
Property, plant and equipment	9	**4,621**	12,186	5,061
Investment in joint venture	8	**-**	-	-
Deferred tax asset		**2**	7	142
		6,538	26,335	8,502
Current assets				
Insurance assets		**376**	9,774	3,387
Inventories		**121**	312	149
Trade and other receivables		**18,803**	27,517	20,511
Cash and cash equivalents	10	**53,613**	62,554	66,900
		72,913	100,157	90,947
Total assets		**79,451**	126,492	99,449
Current liabilities				
Insurance liabilities		**(2,612)**	(6,823)	(3,989)
Income tax liabilities		**(2,983)**	(2,817)	(742)
Trade and other payables		**(44,502)**	(56,665)	(49,004)
Borrowings	11	**-**	(23,768)	-
Provisions	12	**(14,034)**	(26,532)	(37,398)
		(64,131)	(116,605)	(91,133)
Net current assets/(liabilities)		**8,782**	(16,448)	(186)
Non-current liabilities				
Borrowings	11	**(32,016)**	-	(22,597)
Deferred tax liabilities		**(529)**	(745)	(527)
Trade and other payables		**(9,505)**	(3,250)	(9,494)
		(42,050)	(3,995)	(32,618)
Total liabilities		**(106,181)**	(120,600)	(123,751)
Net (liabilities)/assets		**(26,730)**	5,892	(24,302)
Equity				
Share capital	13	**17,123**	17,118	17,120
Share premium account		**33,290**	33,293	33,292
Merger reserve		**(100,399)**	(100,399)	(100,399)
Translation reserve		**755**	486	609
Equalisation reserve		**7,834**	8,140	8,129
ESOP reserve		**11,886**	11,708	11,688
Retained earnings		**2,781**	35,546	5,259
Total equity attributable to equity holders of the Company		**(26,730)**	5,892	(24,302)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Translation reserve £'000	Equalisation reserve £'000	ESOP reserve £'000	Retained earnings £'000	Total £'000
6 months ended 30 June 2014 (Unaudited)								
At 1 January 2014	**17,120**	**33,292**	**(100,399)**	**609**	**8,129**	**11,688**	**5,259**	**(24,302)**
Total comprehensive income/(expense)	**-**	**-**	**-**	**146**	**-**	**-**	**(2,707)**	**(2,561)**
Movement on equalisation reserve	**-**	**-**	**-**	**-**	**(295)**	**-**	**295**	**-**
Current tax charge on equalisation reserve movement	**-**	**-**	**-**	**-**	**-**	**-**	**(63)**	**(63)**
Equity settled share based payment charge	**-**	**-**	**-**	**-**	**-**	**198**	**-**	**198**
Exercise of share options	**3**	**(2)**	**-**	**-**	**-**	**-**	**(3)**	**(2)**
At 30 June 2014	**17,123**	**33,290**	**(100,399)**	**755**	**7,834**	**11,886**	**2,781**	**(26,730)**
6 months ended 30 June 2013 (Unaudited)								
At 1 January 2013	17,111	33,297	(100,399)	1,840	7,984	11,638	38,250	9,721
Total comprehensive expense	-	-	-	(1,354)	-	-	(2,576)	(3,930)
Movement on equalisation reserve	-	-	-	-	156	-	(156)	-
Current tax credit on equalisation reserve movement	-	-	-	-	-	-	36	36
Equity settled share based payment	-	-	-	-	-	70	-	70
Exercise of share options	7	(4)	-	-	-	-	(8)	(5)
At 30 June 2013	17,118	33,293	(100,399)	486	8,140	11,708	35,546	5,892
Year ended 31 December 2013 (Audited)								
At 1 January 2013	17,111	33,297	(100,399)	1,840	7,984	11,638	38,250	9,721
Total comprehensive expense	-	-	-	(1,231)	-	-	(32,867)	(34,098)
Movement on equalisation reserve	-	-	-	-	145	-	(145)	-
Current tax credit on equalisation reserve movement	-	-	-	-	-	-	31	31
Equity settled share based payment charge	-	-	-	-	-	50	-	50
Deferred tax on share based payment charge	-	-	-	-	-	-	(1)	(1)
Exercise of share options	9	(5)	-	-	-	-	(9)	(5)
At 31 December 2013	17,120	33,292	(100,399)	609	8,129	11,688	5,259	(24,302)

CONSOLIDATED CASH FLOW STATEMENT

	Note	**6 months ended 30 June 2014 £'000 (Unaudited)**	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Net cash (used in)/generated by operating activities	14	**(21,125)**	11,279	20,158
Investing activities				
Interest received		**287**	196	404
Purchases of property, plant and equipment		**(37)**	(240)	(332)
Purchases of intangible assets		**(58)**	(1,677)	(2,460)
Cash consideration in respect of sale of discontinued operations		**275**	26,086	26,086
Credit/(costs) associated with disposal of discontinued operations		**28**	(4,841)	(4,215)
Cash disposed of with discontinued operations		-	(3,731)	(3,731)
Investment in joint venture		**(1,096)**	(226)	(780)
Net cash (used in)/generated by investing activities		**(601)**	15,567	14,972
Financing activities				
Repayment of bank loans		-	(18,500)	(30,500)
Proceeds from new borrowings		**8,831**	-	11,249
Interest paid		**(239)**	(529)	(1,089)
Cost of refinancing		-	(2,724)	(4,633)
Issue of ordinary share capital		**(2)**	3	(5)
Net cash generated by/(used in) financing activities		**8,590**	(21,750)	(24,978)
Net (decrease)/increase in cash and cash equivalents		**(13,136)**	5,096	10,152
Effect of foreign exchange rate changes		**(151)**	423	(287)
Cash and cash equivalents at start of period		**66,900**	57,035	57,035
Cash and cash equivalents at end of period		**53,613**	62,554	66,900

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 General information

The condensed consolidated interim financial statements for the six months ended 30 June 2014 do not constitute statutory accounts as defined under Section 434 of the Companies Act 2006. The Financial Statements for the year ended 31 December 2013 were approved by the Board on 23 April 2014 and have been delivered to the Registrar of Companies. The Auditor, Deloitte LLP, 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 Voluntary Variation of Permissions, uncertainty over the eventual cost of the redress scheme, and the ability to trade in line with forecasts and comply with the terms of its borrowing facilities. The report of the auditor on these financial statements did not contain statements under s498 (2) or (3) of the Companies Act 2006.

2 Accounting policies

Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with the Disclosure and Transparency Rules ("DTR") of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements should be read in conjunction with the Annual Report and Financial Statements ("the Financial Statements") for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements were approved for release on 28 August 2014.

In preparing the condensed consolidated interim financial statements the comparative amounts for the six months ended 30 June 2013 have been restated to reflect the Home3 joint venture as discontinued and the re-organisation of the operating segments to UK and Ireland, Europe and Latin America, and Asia Pacific.

New and amended standards and interpretations need to be adopted in the interim financial statements issued after their effective date (or date of early adoption). There are no new IFRSs or IFRICs that are effective for the first time for the six months ended 30 June 2014 which have a material impact on the Group.

Going concern

The Directors have considered the Group's business activities and financial resources, together with the principal risks, uncertainties and other factors likely to affect its future development, performance and position. Having taken account of these factors the Directors have, at the time of approving the condensed consolidated interim financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements. Further details of the Directors' assessment are set out in the Going concern section earlier in this statement.

3 Segmental analysis

Segment revenue and performance for the current and comparative periods have been as follows:

Six months ended 30 June 2014 (Unaudited)	UK and Ireland £'000	Europe and Latin America £'000	Asia Pacific £'000	Total £'000
Continuing operations				
Revenue - external sales	**38,490**	**17,034**	**3,143**	**58,667**
Regional operating (loss)/profit before exceptional items	**(3,298)**	**3,271**	**24**	**(3)**
Exceptional items (note 4)				**(262)**
Operating loss after exceptional items				**(265)**
Investment revenues				**287**
Finance costs				**(1,164)**
Loss before taxation				**(1,142)**
Taxation				**(780)**
Loss for the period from continuing operations				**(1,922)**
Discontinued operations				
Loss for the period from discontinued operations (note 8)				**(785)**
Loss for the period				**(2,707)**

Six months ended 30 June 2013 – restated (note 2) (Unaudited)	UK and Ireland £'000	Europe and Latin America £'000	Asia Pacific £'000	Total £'000
Continuing operations				
Revenue - external sales	73,582	22,840	3,283	99,705
Regional operating (loss)/profit before exceptional items	(7,216)	4,687	(738)	(3,267)
Exceptional items (note 4)				(6,231)
Operating loss after exceptional items				(9,498)
Investment revenues				185
Finance costs				(2,113)
Loss before taxation				(11,426)
Taxation				(4,181)
Loss for the period from continuing operations				(15,607)
Discontinued operations				
Profit for the period from discontinued operations (note 8)				13,031
Loss for the period				(2,576)

3 Segmental analysis (continued)

Year ended 31 December 2013 (Audited)	UK and Ireland £'000	Europe and Latin America £'000	Asia Pacific £'000	Total £'000
Continuing operations				
Revenue - external sales	128,990	42,603	6,438	178,031
Regional operating (loss)/profit before exceptional items	(8,106)	7,133	(833)	(1,806)
Exceptional items (note 4)				(37,506)
Operating loss after exceptional items				(39,312)
Investment revenues				394
Finance costs				(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 annual net charges of central costs of £1,983,000 presented within UK and Ireland in the tables above which has been charged to other regions for statutory purposes.

Segmental assets

	30 June 2014 £'000 (Unaudited)	30 June 2013 restated (note 2) £'000 (Unaudited)	31 December 2013 £'000 (Audited)
UK and Ireland	**68,254**	111,573	85,913
Europe and Latin America	**8,455**	11,028	11,002
Asia Pacific	**2,740**	2,406	2,392
Total segment assets	**79,449**	125,007	99,307
Unallocated assets	**2**	1,485	142
Consolidated total assets	**79,451**	126,492	99,449

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

3 Segmental analysis (continued)

Revenue from major products

	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Continuing operations			
Retail assistance policies	**43,546**	61,801	117,066
Retail insurance policies	**6,092**	16,411	28,153
Packaged and wholesale policies	**8,655**	20,719	32,272
Non-policy revenue	**374**	774	540
Revenue from continuing operations	**58,667**	99,705	178,031
Discontinued operations	-	15,634	15,634
Consolidated total revenue	**58,667**	115,339	193,665

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 revenue" 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**		
	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)	**30 June 2014 £'000 (Unaudited)**	30 June 2013 £'000 (Unaudited)	31 December 2013 £'000 (Audited)
Continuing operations						
UK	**37,751**	71,637	125,432	**5,415**	24,328	7,008
Spain	**8,079**	10,650	19,767	**358**	508	432
Other	**12,837**	17,418	32,832	**763**	1,492	920
Total continuing operations	**58,667**	99,705	178,031	**6,536**	26,328	8,360
Discontinued operations	-	15,634	15,634	**-**	-	-
	58,667	115,339	193,665	**6,536**	26,328	8,360

4 Exceptional items

	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Restructuring costs	**262**	3,926	5,503
Customer redress and associated costs	**-**	2,350	18,168
Impairment of IT assets	**-**	-	8,058
Impairment of goodwill, intangible assets and freehold property	**-**	-	5,822
Strategic project costs	**-**	(45)	(45)
Exceptional items included in operating loss	**262**	6,231	37,506
Tax on exceptional items	**(54)**	-	(222)
Total exceptional items after tax	**208**	6,231	37,284

The £262,000 (H1 2013: £3,926,000) restructuring costs in the six month period relate to redundancy programmes and associated costs across the Group.

5 Taxation

Our effective tax rate at the half year is negative 68.3% (H1 2013: negative 36.6%, year ended 31 December 2013: negative 4.9%) as a result of UK trading losses and overseas trading profits which cannot be offset. No deferred tax asset has been recognised on surplus taxable losses arising in the period due to the uncertainties of future UK taxable profits. All taxable profit has been generated in overseas territories. The 2014 full year rate may vary from this due to the territory mix of future 2014 profits.

6 Dividends

The Directors have not proposed an interim dividend for 2014.

7 (Loss)/earnings per share

Basic and diluted (loss)/earnings per share have been calculated in accordance with IAS 33 "Earnings per Share". Underlying (loss)/earnings per share have also been presented in order to give a better understanding of the performance of the business. Due to losses after tax in continuing operations, diluted (loss)/earnings per share are equal to basic (loss)/earnings per share.

Six months ended 30 June 2014 (Unaudited)	**Continuing operations**	**Discontinued operations**	**Total**
(Loss)/earnings	**£'000**	**£'000**	**£'000**
Loss for the purposes of basic and diluted loss per share	**(1,922)**	**(785)**	**(2,707)**
Exceptional items (net of tax)	**208**	**(311)**	**(103)**
Loss for the purposes of underlying basic and diluted loss per share	**(1,714)**	**(1,096)**	**(2,810)**

Number of shares	**Number (thousands)**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**171,605**

Loss per share	**Continuing operations Pence**	**Discontinued operations Pence**	**Total Pence**
Basic and diluted loss per share:	**(1.12)**	**(0.46)**	**(1.58)**
Basic and diluted underlying loss per share:	**(1.00)**	**(0.64)**	**(1.64)**

7 (Loss)/earnings per share (continued)

Six months ended 30 June 2013 – restated (note 2) (Unaudited)	Continuing operations	Discontinued operations	Total
(Loss)/earnings	£'000	£'000	£'000
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share	(15,607)	13,031	(2,576)
Exceptional items (net of tax)	6,231	(10,398)	(4,167)
(Loss)/earnings for the purposes of underlying basic and diluted (loss)/earnings per share	(9,376)	2,633	(6,743)

Number of shares	Number (thousands)
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	171,515

(Loss)/earnings per share	Continuing operations Pence	Discontinued operations Pence	Total Pence
Basic and diluted (loss)/earnings per share:	(9.10)	7.60	(1.50)
Basic and diluted underlying (loss)/earnings per share:	(5.47)	1.54	(3.93)

Year ended 31 December 2013 (Audited)	Continuing operations	Discontinued operations	Total
(Loss)/earnings	£'000	£'000	£'000
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share	(45,335)	12,468	(32,867)
Exceptional items (net of tax)	37,284	(10,389)	26,895
(Loss)/earnings for the purposes of underlying basic and diluted (loss)/earnings per share	(8,051)	2,079	(5,972)

Number of shares	Number (thousands)
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	171,546

(Loss)/earnings per share	Continuing operations Pence	Discontinued operations Pence	Total Pence
Basic and diluted (loss)/earnings per share:	(26.43)	7.27	(19.16)
Basic and diluted underlying (loss)/earnings per share:	(4.69)	1.21	(3.48)

8 Discontinued operations

On 24 March 2014, the Group completed the sale of its 49% shareholding in Home3 Assistance Ltd (Home3). The gross consideration on disposal was £275,000.

(Loss)/profit from discontinued operations comprises the following:

	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 restated (note 2) £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Revenue	-	15,634	15,634
Cost of sales	-	(7,962)	(7,962)
Gross profit	-	7,672	7,672
Administrative expenses	-	(3,902)	(3,902)
Share of loss of joint venture	**(1,096)**	(226)	(780)
Operating (loss)/profit	**(1,096)**	3,544	2,990
Investment revenues	-	10	10
(Loss)/profit before taxation	**(1,096)**	3,554	3,000
Taxation	-	(921)	(921)
(Loss)/profit after tax	**(1,096)**	2,633	2,079
Profit on disposal	**311**	10,398	10,389
Total (loss)/profit	**(785)**	13,031	12,468

	6 months ended 30 June 2014			Year ended 31 December 2013		
	Home3 £'000 (Unaudited)	**North America £'000 (Unaudited)**	**Total £'000 (Unaudited)**	Home3 £'000 (Audited)	North America £'000 (Audited)	Total £'000 (Audited)
Proceeds	**275**	**-**	**275**	-	26,086	26,086
Net assets sold	**-**	**-**	**-**	-	(14,042)	(14,042)
Costs associated with disposal	**(10)**	**46**	**36**	(14)	(3,259)	(3,273)
Currency retranslation differences reclassified on disposal	**-**	**-**	**-**	-	1,618	1,618
Profit on disposal	**265**	**46**	**311**	(14)	10,403	10,389

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

	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Carrying amount at beginning of period	**-**	-	-
Increase in investment	**1,096**	226	780
Losses recognised for the period	**(1,096)**	(226)	(780)
Carrying amount at the end of the period	**-**	-	-

9 Tangible and intangible assets

	Goodwill	Other intangible assets	Property, plant and equipment	Total
	£'000	£'000	£'000	£'000
Six months ended 30 June 2014 (Unaudited)				
Carrying amount at 1 January 2014	**-**	**3,299**	**5,061**	**8,360**
Additions	**-**	**58**	**37**	**95**
Depreciation / amortisation	**-**	**(1,434)**	**(442)**	**(1,876)**
Exchange adjustments	**-**	**(8)**	**(35)**	**(43)**
Carrying amount at 30 June 2014	**-**	**1,915**	**4,621**	**6,536**
Six months ended 30 June 2013 (Unaudited)				
Carrying amount at 1 January 2013	1,478	15,458	13,316	30,252
Additions	-	810	131	941
Disposals	-	(113)	(45)	(158)
Depreciation / amortisation	-	(3,486)	(1,285)	(4,771)
Exchange adjustments	-	(5)	69	64
Carrying amount at 30 June 2013	1,478	12,664	12,186	26,328
Year ended 31 December 2013 (Audited)				
Carrying amount at 1 January 2013	1,478	15,458	13,316	30,252
Additions	-	1,604	241	1,845
Disposals	-	(132)	(68)	(200)
Depreciation / amortisation	-	(6,868)	(2,684)	(9,552)
Exchange adjustments	-	(40)	(65)	(105)
Impairment	(1,478)	(6,723)	(5,679)	(13,880)
Carrying amount at 31 December 2013	-	3,299	5,061	8,360

10 Cash and cash equivalents

Cash and cash equivalents of £53,613,000 (H1 2013: £62,554,000; 31 December 2013: £66,900,000) includes cash deposits maintained by the Group's insurance businesses for solvency purposes of £20,375,000 (H1 2013: £21,779,000; 31 December 2013: £27,815,000). The terms of the VVOPs agreed with the FCA restrict the disposition of assets within the UK's regulated entities CPPL and HIL. Cash balances held within CPPL and HIL which cannot be distributed to the wider Group, without FCA approval, amounts to £24,441,000 (H1 2013: £29,829,000; 31 December 2013: £32,706,000). 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.

11 Borrowings

	30 June 2014 £'000 (Unaudited)	30 June 2013 £'000 (Unaudited)	31 December 2013 £'000 (Audited)
Bank loans due within one year	**-**	25,000	-
Less: unamortised issue costs	**-**	(1,232)	-
Borrowings due within one year	**-**	23,768	-
Bank loans due outside of one year	**13,000**	-	13,000
Less: unamortised issue costs	**(1,333)**	-	(1,653)
Commission deferral agreement	**20,349**	-	11,250
Borrowings due outside of one year	**32,016**	-	22,597

The borrowing facilities are secured by fixed and floating charges on certain assets of the Group.

12 Provisions

	Customer redress and associated costs	Restructuring costs	Total
	£'000	£'000	£'000
Six months ended 30 June 2014 (Unaudited)			
At 1 January 2014	**37,398**	**-**	**37,398**
Customer redress and associated costs paid in the period	**(23,364)**	**-**	**(23,364)**
At 30 June 2014	**14,034**	**-**	**14,034**
Six months ended 30 June 2013 (Unaudited)			
At 1 January 2013	28,967	-	28,967
Charged to the income statement	2,350	1,750	4,100
Customer redress and associated costs paid in the period	(6,535)	-	(6,535)
At 30 June 2013	24,782	1,750	26,532
Year ended 31 December 2013 (Audited)			
At 1 January 2013	28,967	-	28,967
Charged to the income statement	18,168	1,750	19,918
Customer redress and associated costs paid in the year	(9,737)	-	(9,737)
Transfer to trade and other payables	-	(1,750)	(1,750)
At 31 December 2013	37,398	-	37,398

The customer redress and associated costs provision comprises anticipated compensation payable to customers through a redress exercise and professional fees associated with customer redress. Customer redress and associated costs are expected to be settled within one year of the balance sheet date.

The Group is currently in discussions with the Central Bank of Ireland (CBI) in respect of historical Card Protection sales made by Irish banks to customers in the Republic of Ireland. A provision for redress was reflected in 2013 in respect of direct sales made by the Group. The full extent of any redress exercise has not yet been determined. There can be no guarantee that other claims may not arise against the Group from Business Partners as part of this process. However, at this time, it is unclear that any present obligation exists and as such, no provision has been recognised in respect of sales concluded by a Business Partner.

13 Share capital

Share capital at 30 June 2014 amounted to £17,123,000, having increased from £17,120,000 at 31 December 2013. During the period the Company issued 34,218 ordinary shares for cash consideration of £1,000 to option holders under its share option schemes.

14 Reconciliation of operating cash flows

	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Loss for the period	**(2,707)**	(2,576)	(32,867)
Adjustment for:			
Depreciation and amortisation	**1,876**	4,771	9,552
Equity settled share based payment expense	**198**	70	50
Impairment loss on goodwill and intangible assets and freehold property	-	-	5,822
Impairment of IT assets	-	-	8,058
Loss on disposal of property, plant and equipment	-	158	200
Profit associated with disposal of discontinued operation	**(311)**	(10,398)	(10,389)
Share of loss of joint venture	**1,096**	226	780
Investment revenues	**(287)**	(196)	(404)
Finance costs	**1,164**	2,113	4,305
Income tax expense	**780**	5,102	3,033
Operating cash flows before movement in working capital	**1,809**	(730)	(11,860)
Decrease in insurance assets	**3,011**	17,467	23,854
Decrease/(increase) in inventories	**28**	(13)	150
Decrease in receivables	**1,245**	1,575	8,464
Decrease in insurance liabilities	**(1,378)**	(702)	(3,535)
Decrease in payables	**(4,334)**	(1,677)	(2,526)
(Decrease)/increase in provisions	**(23,364)**	(2,435)	8,431
Cash (used in)/generated by operations	**(22,983)**	13,485	22,978
Income taxes repaid/(paid)	**1,858**	(2,206)	(2,820)
Net cash (used in)/generated by operating activities	**(21,125)**	11,279	20,158

15 Related party transactions

Transactions with joint ventures

The Group has disposed its shareholding with its joint venture entity, Home3, the following transactions were undertaken prior to the disposal:

	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Costs rechargeable to Home3 incurred by the Group	-	139	138
Balance receivable from Home3	-	1,789	2,299

The disposal of Home3 completed on 24 March 2014. As part of the disposal agreement the balance receivable from Home3 prior to disposal of £2,350,000 was 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, the remaining balance of £96,000 has been recognised in the consolidated income statement in the six months to 30 June 2014.

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:

	6 months ended 30 June 2014 £'000 (Unaudited)	6 months ended 30 June 2013 £'000 (Unaudited)	Year ended 31 December 2013 £'000 (Audited)
Short term employee benefits	**875**	2,149	3,769
Post employment benefits	**45**	90	184
Termination benefits	**-**	977	547
Share based payments	**9**	(69)	(144)
	929	3,147	4,356

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

a) The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting";

b) The Half Year Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) The Half Year Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Brent Escott	**Craig Parsons**
Chief Executive Officer	Chief Financial Officer

28 August 2014

CAUTIONARY STATEMENT

This Half Year Report has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. The Half Year Report should not be relied on by any other party or for any other purpose.

The Half Year Report 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 Half Year Report 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's Disclosure and Transparency Rules and Listing Rules, 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 Half Year Report.

The Half Year Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to CPPGroup Plc and its subsidiary undertakings when viewed as a whole.

INDEPENDENT REVIEW REPORT TO CPPGROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Emphasis of matter

In forming our review conclusion on the condensed consolidated interim financial statements in the Half Year Report, we have considered the adequacy of the disclosure made in the Going concern section, and in note 2 to the condensed consolidated interim financial statements concerning the combined effect of restrictions on new regulated business sales as a result of the FCA's Voluntary Variation of Permissions, the impact of the redress scheme, the reliance on the release of restricted cash from UK regulated entities or other working capital solutions and the ability of the Group to trade in line with forecasts and comply with the terms of its borrowing facilities.

Whilst we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the condensed consolidated interim financial statements is appropriate, these conditions indicate the existence of a material uncertainty which may give rise to significant doubt over the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Having considered these matters, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern. Our opinion is not qualified in respect of these matters.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
28 August 2014