27 May 2016

Watchstone Group plc
("Watchstone" or the "Company" or the "Group")

Results for the year ended 31 December 2015

Watchstone (AIM:WTG.L) today announces its results for the year ended 31 December 2015, a period of radical change for the Group.

Financial summary:

- Underlying* business revenues steady at £58.3m (2014: £56.5m)
- Underlying EBITDA loss of £16.1m (2014: loss of £16.8m)
- Disposal of the Professional Services Division generated a profit of £494.3m
- Impairment of goodwill and other intangible and non-cash assets - total charge of £113.5m (2014: £129.1m). Further details of the impairments can be found in notes 6 and 7 to the financial information in this announcement
- Total profit after tax £274.9m (2014: loss of £374.5m)
- Group net assets (excluding contingent liabilities) of £137.1m representing approximately 297 pence per share following capital return of £411.9m
- Group cash at 31 December 2015 of £103.2m including £97.6m in the Company. Group cash of £93.1m (unaudited) as at 20 May 2016 including cash in the Company of £86.9m (unaudited) with a further £50.0m (unaudited) in escrow.

** Underlying includes ptHealth, Hubio, Ingenie, BAS, Maine Finance and Central*

Operational highlights:

- Disposal of the Professional Services Division for £645m plus deferred contingent consideration completed in May 2015
- Court approved capital return of 90 pence per ordinary share completed in December 2015
- New Group CEO and Board in place which has brought stability and started to rebuild investor confidence
- Substantial work completed and on-going to simplify the Group, reduce the Group's losses and build the platform to deliver the best possible shareholder value from all the Group's operational and other assets
- Clear strategy and plan for all Group businesses – energetically pursuing opportunities and robustly dealing with challenges

Current trading (unaudited):

- Overall trading is in line with expectations with some good momentum in ptHealth, ingenie and BAS
- ptHealth has had a solid start to the year
    - Unaudited revenue of £6.6m in Q1 2016 (an increase of 4.4% vs. Q1 2015 (excluding exchange rate fluctuations) from a reduced number of clinics)
    - Average revenue per clinic up 12% in Q1 2016 compared to the same period in 2015
    - Assessment and treatment numbers have increased by 11% and 7% respectively during the same period
    - Launch of InnoCare as a spin out of ptHealth

- ingenie performing strongly in Q1 2016
    - Gross Written Premium up 23% to £20.7m in Q1 2016 (Q1 2015: £16.8m)
    - Policies written up 19% to 10,706 in Q1 2016 (Q1 2015: 8,985)
    - Approximately 39,700 policies in force at 31 March 2016 (31 March 2015: 34,515)
- Hubio stable but historic growth expectations proven to be unrealistic- business being reshaped in line with market opportunities
    - Unaudited Q1 2016 revenue of £4.3m (Q1 2015: £4.1m)
    - Active devices as at 30 April 2016 was 38,631, 77% more than at 30 April 2015 this was largely recovering from technical issues with a large customer in the US
- BAS is now cash generative whilst work continues to improve Maine Finance and quotesupermarket.com
    - Unaudited BAS revenues for Q1 2016 of £0.8m, an increase of 21% on the same period in 2015 and the business is now cash generative
    - Unaudited Q1 2016 total revenue for Maine Finance and quotesupermarket.com was £0.4m (Q1 2015: £0.5m)

Indro Mukerjee, Group Chief Executive Officer said: *"Even taking the legacy, non-operational matters to one side, the Group I joined in September 2015 was disproportionately complex and needed operational improvement. At the same time, I have found a number of good examples of advanced technology capabilities; capable people; and healthy market positions across our operating companies. I believe we have made strong progress towards our key objectives in the last three quarters and there is demonstrable momentum in our ptHealth/InnoCare, ingenie and BAS businesses with a strong determination to continue to set Hubio and Maine Finance/QSM on paths to maximise their potential."*

Richard Rose, Non-executive Chairman said: *"I am very pleased with the significant progress the Group has made over the course of the last twelve months. The new Board has successfully refocused the Group's strategic priorities while drawing a line under the past by working tirelessly to deliver the highest standards of corporate governance. The sale of our legal services business and the significant return of value to investors marked the start of rebuilding shareholder confidence and we are confident of continuing to deliver value. Watchstone now has solid foundations on which to build further and the Board and the management team are committed to maximising the potential of the remaining businesses."*

The Annual Report and Accounts for the year ended 31 December 2015, Notice of the Annual General Meeting ("AGM") and a Form of Proxy will be posted to registered shareholders.

The AGM is to be held at 10.00am on 30 June 2016 at Plaza Suites 1 – 3, 200 Westminster Bridge Road, London SE1 7UT. Following the AGM, there will be a product demonstration and showcase from the Group's companies.

These results have been extracted from the Annual Report and Accounts for the year ended 31 December 2015, a full version of which is available at www.watchstonegroup.com/investors.

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Notes to editors:

About Watchstone

Watchstone Group plc is focused on managing the Group's operating, contingent and cash assets in order to achieve the maximum value possible, whilst always ensuring good governance.

The Group's businesses offer leading technology solutions and other services primarily to the insurance, automotive and healthcare industries. While we have a diverse portfolio, our operating businesses are unified by a set of shared commercial principles:

- We seek to anticipate change and we have the agility to exploit the dynamism of customer behaviour;
- We invest in the people and technologies that will drive innovation and success in our markets;
- We promote in-depth sector knowledge and experience as the starting point of value creation; and
- We strive for efficiency across our businesses through the optimal allocation of resources and good governance.

The individual businesses and segments in which they operate are set out below:

- **Hubio** was created as a combination of Himex, our UK based insurance policy and claims technology business, QETS and our Canadian software and services division, QSI. It provides integrated solutions to help organisations in the insurance and automotive sectors increase efficiency, reduce claims, build customer engagement and enable usage-based personalisation.
- **Healthcare**
    - **ptHealth** is a national healthcare company that owns and operates physical rehabilitation clinics across Canada. From large cities to small communities, ptHealth takes pride in delivering quality services in a compassionate and patient-centered atmosphere that is focused on providing recovery solutions for its patients.
    - **InnoCare** is a proprietary clinic management software platform and call centre and customer service operation based in Canada. InnoCare was a spin out from ptHealth and uses its established industry expertise to enable clinic owners to transform their patient's experience and operate more efficient and productive practices in the growing North American healthcare market.
- **ingenie** is an insurance broker focused on helping young drivers get on the road safely and affordably. Using telematics technology, ingenie gives its community feedback, advice and discounts to help them improve their driving skills and stay safe. ingenie was recently named Telematics Champion of the Year by the Insurance Times.
- **Other**

- **BAS** is one of the UK's leading energy brokerages providing a range of energy services to UK companies – including procurement, energy audit, monitoring and targeting and data sampling.

- **Maine Finance** is a life insurance broker, selling life, critical illness and income protection insurance policies direct to customers and businesses throughout the UK. Maine Finance specialises in offering real-time pricing to customers from some of the largest insurance brands in the UK. Maine Finance works with our comparison site **QuoteSupermarket.com** which seeks to help people save money and to find the best quotes from a wide range of high quality insurance providers.

Chairman's Report

The story of Watchstone through 2015 was one of challenge and change. Today, however, we can look back on the period as one in which decisive action brought stabilisation, through which we have started to rebuild investor confidence.

Watchstone began 2015 with operational and reputational issues and a challenged financial position, all due to our historic legacy. The team has worked tirelessly to deliver a series of achievements including the transformational sale of the Professional Services Division ("PSD") to Slater and Gordon Limited ("S&G") for £645m plus contingent consideration and the execution of a Court approved, return of capital. In addition, the Board and corporate governance of the Company was overhauled and the Group refocused strategically, while the extent of the issues we were dealing with was laid bare with the publication of an extraordinarily complex set of accounts for the period ended 31 December 2014.

The Board is pleased with the significant progress made in consigning historical issues to the past and with the fact that we are well advanced in creating a solid base for the future. In November 2015, the Group was rebranded to Watchstone Group plc and this has helped reposition the Group as the smaller, more focused Group it now is, with a clear strategy going forward.

Board and management team

In the year, we appointed a new Board. Indro Mukerjee, became Group Chief Executive Officer in September 2015. He is supported by Mark Williams, our Group Finance Director, appointed in May 2015 and Stefan Borson, Group General Counsel & Company Secretary. Together they have made a substantial impact re-shaping and repositioning the Group. We have been open as to the scale of the challenges we face as well as the opportunities ahead if we can succeed in our chosen markets.

In addition to my appointment as Non-executive Chairman, we introduced a number of other Non-executive Directors to the Company and constituted four new Committees (Audit, Disclosure, Remuneration and Nomination). The Board now has the right level of seniority, skills, independence and governance to ensure the highest level of oversight.

Corporate activity

In addition to the transformational PSD disposal, in November 2015, we completed the acquisition of the remaining shares that we did not own in the leading Canadian physiotherapy business, PT Healthcare Solutions Corp ("ptHealth"). We also carried out a number of small disposals including our holdings in Nationwide Accident Repair Solutions plc ("NARS") and the 360GlobalNet Group ("360"). These decisions were taken with a view to simplifying and focusing the Group on delivering shareholder value. We have continued into 2016 with this strategy by exiting our property services interests and selling Quintica Holdings Limited ("Quintica"), both of which were loss making. As we have made clear, further disposals will occur over time if we think this is the right path to take to create shareholder value.

Restoring confidence

I am pleased to say that our decisive action through 2015 has brought some stability back to the Group. We have much work to do, but we have started to rebuild the confidence of investors, customers and suppliers, regulators and colleagues alike. The year prior to the disposal of the PSD was a difficult period for the Group and the businesses suffered both from management challenges and financial issues. Inevitably, the Group focused its efforts on ensuring its continued viability and only following receipt of the proceeds of the PSD disposal could the re-building task begin in earnest. A great deal has been done in a relatively short space of time to turn the tide, and the Board is confident in the Company's future and the potential of our businesses.

On 5 August 2015, following the publication of our results for the year ended 31 December 2014, the Financial Reporting Council ("FRC") closed its enquiry into the Group's historic financial reports specifically commenting that this was in light of the positive actions taken by the Directors in correcting the identified errors and amending accounting policies. On the same day, the Serious Fraud Office ("SFO") informed the Company that it had opened an investigation relating to previous management's past business and accounting practices at the Company. Shortly after this the Financial Conduct Authority announced that, in light of the investigation by the SFO, it had decided to discontinue its own investigation with immediate effect. The SFO investigation is on-going and we continue to co-operate fully with it and it is now the only regulatory enquiry to which the Company is subject.

Cash and return of capital

In December 2015, the Company completed an unprecedented Court approved, return of capital totaling £411.9m. As at 20 May 2016, the Group has cash of approximately £93.1m including cash in the Company of £86.9m with a further £50.0m in escrow, and no material debt. We are confident that the £50.0m currently reserved in a joint escrow account for any warranty claims will be released in November 2016. No claims have been received from S&G at this stage. As detailed at the time of the December 2015 return of capital, we will look to make a further return of capital of approximately £1 per share if, as anticipated, the further escrow monies are released at the end of November 2016.

It is likely that such a return of capital will require both the approval of shareholders and Court approval for a further capital reduction. As previously required, the Board will need to ensure the interests of creditors are adequately safeguarded (including in respect of any contingent liabilities). An appropriate amount will also be held in reserve for developing and growing our businesses.

We remain hopeful of receiving, in time, contingent consideration in respect of the disposal of the PSD and we remain in close contact with S&G in respect of this matter.

Conclusions

I would like to take this opportunity to thank all of our colleagues who worked under very stressful and trying circumstances in the first half of 2015 yet remained focused on delivering for our customers. I would also like to thank our investors who have maintained support for the Company and been patient as the intense work to deliver the best possible value from our assets has continued. The Board is confident that we will go on to reward that support.

A vast amount of work has been carried out but, as always, there remains much to be done. We have some exciting opportunities to create value in our remaining businesses and we are committed to deploy resources and energy to maximise such potential.

Richard Rose
Non-executive Chairman

Group Chief Executive's Update

"Building the future, managing the past"

As I approach the start of my fourth quarter with the Group, I would like to take this opportunity to share some thoughts and plans.

I feel that we already have a very different company today from when I started and, while we continue with determination to manage issues of the past, we are working with clarity and focus to build the best value possible from our operating companies.

Watchstone Group plc has been developed to be a company focused on managing the Group's operating, contingent and cash assets in order to achieve the maximum value possible, whilst always ensuring good governance. As Group CEO, this has involved my working both closely with, and very much in our operating businesses.

Our results for the year ended 31 December 2015 give an idea of my starting point with the Group. From the start, it was clear to me that the Group was a diverse collection of businesses spanning a number of sectors - some being quite sub scale and all needing work to improve strategic positioning and operational execution.

Our focus has been on the simultaneous aims of reducing the Group's unsustainable losses whilst creating a platform to achieve the best possible value and performance from our operating businesses. It has been apparent that these twin aims are closely linked. In some areas, we have reduced losses by ceasing activities that have no positive future and, in others, by reshaping those businesses where we see long term potential value so that they are leaner, more focused and more efficient.

The work to reduce costs and losses continues and has been determined and successful to date. So far, approximately £7.6m of annualised losses have been eliminated. This work continues and by the end of 2016, the total is expected to be in excess of £13.5m. Critically, our teams have ensured that work for our customers has not been negatively impacted by these changes.

BUSINESS REVIEW

Taking each of our businesses in turn:

1. Healthcare Services - ptHealth

ptHealth is the largest and longest established of our businesses and operates the third largest physiotherapy and rehabilitation clinic network in Canada treating over 5,000 patients a day. ptHealth's unaudited revenue performance of £6.6m in Q1 2016 was 4.4% up vs. Q1 2015 (excluding exchange rate fluctuations) which is encouraging given this was achieved with fewer corporate owned clinics. I detail this further below.

ptHealth has potential to be of real value to the Group with its strong fundamentals, the opportunities for expansion afforded by the fragmented nature of the Canadian clinic market and the fact that the North American healthcare space is one which is attracting interest from investors and buyers in the public and private markets.

ptHealth has established a presence in the Canadian market via its 83 owned clinics (where we employ the people) and further generates income from providing services to some 153 independent network clinics. This latter activity is enabled by ptHealth's managed services offering which includes our proprietary clinic management software as well as digital marketing for lead generation and other services.

In order to fully exploit the shareholder value possibilities in this business, ptHealth, which is now cash generative, was recently divided into two focused activities, each with its own clear strategy:

- ***Owned clinic business - immediate and determined operational improvement work***

  ptHealth's owned clinic business is being taken from loss making to profitability during 2016. This is being done by improving or exiting from the previously loss making clinics. Where possible, loss making clinics are being sold with a service contract element to allow us to assist and share in operational improvement made following their sale. Since the start of 2016, 11 owned clinics have been disposed of and 10 clinics have been taken from loss making to profitable.

  In all our work at ptHealth, we are ensuring that in operating the business in line with our commitment to improve shareholder value we stay true to the core health service principles of ensuring patient care, dignity and ethics. In order to do this, I have spent significant time with management to understand what makes the business tick and the "soul" of its excellent connection with Canadians as a respected care provider, including first class relationships with important patient and regulatory bodies. For example, it is a measure of these relationships that one of our colleagues is the current President of the Ontario College of Physiotherapists and we are active contributors to standards bodies.

  Underpinning the work to improve the business results has been the implementation of a full performance tracking information suite which looks at all aspects of treatments provided, return on investment throughout and enables the optimisation of capacity planning and utilisation. Key improvements noted include average revenue per clinic, which improved by 12% comparing Q1 2016 to Q1 2015. In addition, assessment and treatment numbers have increased by 11% and 7% respectively during the same period.

  ptHealth has the potential to scale profitably through improved utilisation of clinic capacity by:
  - broadening its range of services to patients to include sales of medical devices and appliances;
  - providing other types of treatments; and
  - procuring contracts from insurance companies for volume-related road traffic and other rehabilitation work.

  This strategy is starting to bear fruit and we are currently implementing two additional insurance contracts which are expected to provide a minimum of 200 new assessments per month which could generate an additional 2,000 treatments every month.

- ***Clinic management services - InnoCare***

InnoCare was successfully launched as an innovative spin out from ptHealth in April 2016, with the objective of creating a company to supply SaaS, cloud-based clinic management software as well as business process outsourcing products to the North American healthcare market. Our initial focus is on the Canadian physiotherapy and rehabilitation clinics (approximately 9,000 independent clinics) but our products could then be expanded to other types of clinic (opticians, doctors) as well as expanded into the US.

The foundation of this business is our proven clinic management technology which already powers 236 clinics across Canada and InnoCare will be developed as a technology led, B2B business. InnoCare is already showing positive business development indicators in terms of leads generated and its first new customers since launch. Indeed, since launch, there have been over 10,000 unique visits to InnoCare's website generating over 500 credible inbound leads for InnoCare software despite limited marketing activity to date.

2. Hubio

Hubio was launched in January 2016 bringing together three quite disparate insurance technology companies into one in order to most efficiently deal with the challenges in and opportunities for these companies and to create the optimal way to go forward. Hubio's unaudited Q1 2016 revenue was £4.3m which is 4.4% above Q1 2015.

I decided to be the 'founding CEO' in order to deeply immerse myself into what we have, what we were trying to do and the markets, customers and competitors. My objective was to fully understand our businesses in this space and to develop a strategy to optimise the use of our cash resources.

Working with Hubio's businesses and in the external market with customers, prospects and influencers, I could see that our businesses generally had poor market connections, certainly through 2015, partly attributable to past reputational issues within the insurance sector and partly due to financial constraints caused by the working capital intensive, growth of the professional services division prior to its disposal.

As a consequence of these challenges in 2014 and 2015, the sales and commercial pipeline was very weak across all of Hubio's product lines. Existing telematics engagements in North America have not developed as planned and, across Hubio generally, the resource base had become one more suited to a much larger scale business, with the need to improve processes and efficiencies across businesses which had not been integrated. It has therefore been necessary to make the impairments to carried forward goodwill in the businesses that comprise Hubio and these changes are reflected in these results.

The number of active devices as at end of April 2016 was 38,631 which, although 77% more than at the same point last year, is not where it should be. These numbers are reflective of the challenges both in Hubio and in the wider insurance telematics market.

Nevertheless, it is also clear to me that we do have a number of relevant and well-engineered technology capabilities which have potential. These include a highly scalable and versatile telematics tracking platform in terms of gateway and data analytics on our servers, advanced algorithms for scoring and rating and an award-winning policy and claims enterprise suite. I believe that these and other Hubio technologies have the potential to create shareholder value but the way the business is run and the scale of continued investment must and will be bounded by reality.

We have therefore started on a program to make Hubio much more streamlined, focused and agile by taking the following actions:

- ***Sharpening Hubio's value proposition and target markets***

  - Fleet - this is the most established telematics sector with a clearly growing market and real demand in many countries. We are launching HubioFleet which will combine our already developed telematics tracking platform with our relatively small, RoadAngel fleet business. We have approximately 10,000 devices across 750 customers in the market and the plan is to grow this installed base with a new, improved proposition rolling out by the end of Q3. The fleet market is proven and has a number of well-established players so execution will be critical but we are confident in our plan with the intention to price our differentiated technologies competitively, mainly targeting small to medium sized fleets of 5-100 vehicles initially in the UK and then we will plan to move to other markets. We have some capable people involved here and believe there is strong return on investment potential in this market;
  - Usage based insurance (UBI) - this remains a niche market but we believe that, in line with market analyst research, it will grow in scale from low single digit penetration in some countries to over 10% by the start of the next decade. This has been the area of greatest unfulfilled hope for Hubio to date and, having studied the market, the area with the lowest return on investment for other service providers. Hubio will now strictly focus on engagements with highly qualified opportunities where we can leverage our insight and analytics capabilities, in particular young driver programs. We do not need to develop any fundamental new technology in this area, will better filter our target engagements and will act accordingly when we find real potential from existing and new customers;
  - Automotive - there are opportunities to help dealerships, motoring organisations and warranty companies connect directly with their consumers' cars. Hubio can offer relevant technologies to enable this. As with UBI, our sales focus will be on opportunity qualification and on efficiently deploying resources. What we know from the engagements we have developed over the last few months is that there are some really interesting possibilities, with our technologies being well suited to this area. We need to and will act smartly in this vertical because the historic speed of market development has been slower than the industry originally expected; and
  - Enterprise and professional - Hubio's enterprise software for insurance policy and claims management is recognised in the industry and has a number of customer engagements but also the potential to be sold more widely. This UK focused business certainly wasn't helped by some of the reputational issues during 2014 and 2015 and, by its nature, its target projects have long sales cycles. This business and its resources will now be clearly focused on projects with mid/small tier insurance players where our technology enables fast implementation, including SaaS capability and out-compete alternatives on price and speed. Hubio's broker portal and reporting tools are well established with a presence in the Canadian market. There are some interesting opportunities in this market as shown by our recent successful 'farming portal' launch. We have good technology in enterprise software and insurance portals and have a clear plan on how to develop business efficiently and effectively.

- ***Operating Hubio smartly with financial prudence***

  Whilst there are opportunities for Hubio's technologies, we need to and will ensure that these are pursued smartly with financial prudence. This will be achieved by the continued process of reshaping the organisation to have a smaller, more agile footprint with market engagement more efficiently focused.

This process is well advanced and has been informed by what we have found in the market. Cash investment in Hubio will reduce from in excess of £11.0m in 2015 to less than £5.0m per annum on an annualised basis from September 2016 with a target to make the business self-financing during 2017.

3. ingenie

ingenie is a leading telematics based insurance broker and one of the original pathfinders in the industry. ingenie has established a position in the market through a successful focus on, and development of, a proposition for young drivers. Its business model is to generate fees and commissions from its panel of underwriters on new and renewal insurance policies. ingenie's unaudited revenue for Q1 2016 was £3.5m which is 34% above Q1 2015 and reflective of the good momentum detailed below.

The essential elements of ingenie are its relationship with its customers through smart communications and services (on average its customers review driver feedback 14 times a month); its relationship with leading insurance underwriters, for whom it plays an important part of their respective telematics strategies; and its access to differentiated technology and knowhow, the foundation of which is a set of over 200 advanced data analytics algorithms for determining driver behaviour and adding value to both drivers and insurers (see below for our plans for our technology).

Over the last couple of years, the market has grown with the addition of new entrants, including a number of the large direct insurance players. This certainly created pressure on retention rates during 2015.

Our activities over the last couple of quarters have been to focus on the fundamentals of the business with the following actions:

- ***Energising customer connections and improving partnerships with underwriters***

  ingenie's business model is proven and scalable and so the decision was taken around the end of last year to energise the brand, way of working and to improve market outreach. With greater focus on marketing, including smart social media and radio campaigns, strongly improved results from aggregator sales together with new policies sold via the Vauxhall affinity scheme, results have increased significantly over last year as the table below highlights:

Metric	**2014**	**2015**	***% change***	**Q1 2015**	**Q1 2016**	***% change***
Gross written premium ("GWP")	£55.2m	£65.6m	*+18%*	£16.8m	£20.7m	*+23%*
Policies written	30,727	33,757	*+10%*	8,985	10,706	*+19%*
Policies in force (at period end)	31,294	36,963	*+18%*	34,515	39,700	*+15%*

  ingenie has built strong relationships with a panel of leading underwriters, which consists of Ageas, RSA, Covea and LV. These are important and reciprocal relationships with ingenie gaining customers and market access and the underwriters benefiting from ingenie's technology which has enabled a strong connection between driving scores and claims frequency and severity. Rebroking (our ability to switch a customer's underwriter at renewal to enable them to receive the most competitive rate) was introduced at the end of last year and this has shown a marked increase in retention rates.

- ***Making our core technology a repeatable, white label B2B sales proposition***

  ingenie's customer proposition and the service it provides to its panel of underwriters are both enabled by the Group's technology which includes the ability to host data, process journey information, perform advanced server side analytics and driver scoring algorithms based on over 600 million driving miles of data.

  This technology has been used to create a white label proposition which can be licensed to multiple third party brands/insurers who wish to create their own young driver telematics based offering. Following targeted marketing our first external customer is expected to be announced in the second half of this year.

4. Other

a. Business Advisory Service ("BAS")

BAS is an energy brokerage which provides added value energy procurement and consultancy services and receives commissions from a panel of suppliers. We are a relatively small player in a significant and growing market, which will likely undergo further consolidation.

The focus of our work in this business has been to enable rapid operational improvements and to position it for growth and the best way to be able to realise value for shareholders.

BAS is being developed to be profitable during this year and is well placed for growth, with unaudited revenues for Q1 2016 of £0.8m, an increase of 21% on the same period in 2015 and the business is now cash generative. BAS is now better placed strategically with the addition of an Industrial & Corporate Group to access larger, corporate customers as well as its existing SME target market. In addition, it has also launched its *Openview* platform which enables e-auction pricing for large customer bids.

In line with the strategy to develop larger corporate customers, BAS has been working on its first public sector customer, with whom we are aiming to enter into a contract in the coming months. BAS is being operated to grow its business profitably, gain share in the market and we are confident about the prospects for this business.

b. Maine Finance and quotesupermarket.com

Maine Finance distributes a range of financial services products, including life insurance and pensions, through the *quotesupermarket.com* ("QSM") site. The combined unaudited Q1 2016 revenue for Maine Finance and QSM was £0.4m (Q1 2015: £0.5m). In order to move to profitability, we took the decision to exit the consumer life insurance market and to focus instead on distribution to the SME market.

Additionally, we have ideas to use the *quotesupermarket.com* site for other activities across the Group and beyond.

CONCLUSIONS

Even taking the legacy, non-operational matters to one side, the Group I joined in September 2015 was disproportionately complex and needed operational improvement. At the same time, I have found a number of good examples of advanced technology capabilities; capable people; and healthy market positions across our operating companies.

We are determined to build and manage our businesses to be the best they can in their respective markets. This will be achieved on a foundation of greater simplicity and efficiency as we continue to reduce our operational costs and execute our strategy.

In cases where we consider the best way to deliver shareholder value would be to find alternative owners for a particular business, we will do so with a clear view of value in mind. Should such expectation not be met, we will determinedly continue with our ownership and develop businesses within our principles of strong governance, careful cash management and prudent investment.

I believe we have made strong progress towards our key objectives in the last three quarters and there is demonstrable momentum in our ptHealth/InnoCare, ingenie and BAS businesses with a strong determination to continue to set Hubio and Maine Finance/QSM on paths to maximise their potential.

I thank our staff for their continued hard work and our shareholders for their support.

Indro Mukerjee
Group Chief Executive Officer

Consolidated Income Statement

for the year ended 31 December

	Note	2015 Underlying £'000	2015 Non-underlying £'000	2015 Total £'000	2014 Underlying £'000	2014 Non-underlying £'000	Restated 2014 Total £'000
Revenue	4	**58,256**	**528**	**58,784**	56,501	3,627	60,128
Cost of sales		**(33,025)**	**(373)**	**(33,398)**	(37,569)	(3,517)	(41,086)
Gross profit		**25,231**	**155**	**25,386**	18,932	110	19,042
Administrative expenses	5	**(47,541)**	**(157,568)**	**(205,109)**	(42,201)	(200,397)	(242,598)
Other income		**-**	**1,971**	**1,971**	-	18,001	18,001
Share of results of associates		**103**	**-**	**103**	278	434	712
Group operating loss		**(22,207)**	**(155,442)**	**(177,649)**	(22,991)	(181,852)	(204,843)
Finance income		**1,236**	**-**	**1,236**	417	-	417
Finance expense		**(1,575)**	**-**	**(1,575)**	(882)	-	(882)
Loss before taxation		**(22,546)**	**(155,442)**	**(177,988)**	(23,456)	(181,852)	(205,308)
Taxation		**3,771**	**9,419**	**13,190**	(4,900)	2,124	(2,776)
Loss after taxation for the year from continuing operations		**(18,775)**	**(146,023)**	**(164,798)**	(28,356)	(179,728)	(208,084)
Net gain on disposal of discontinued operations		**-**	**494,317**	**494,317**	-	-	-
Loss for the year from discontinued operations, net of taxation		**-**	**(54,580)**	**(54,580)**	-	(166,400)	(166,400)
Profit/(loss) after taxation for the year		**(18,775)**	**293,714**	**274,939**	(28,356)	(346,128)	(374,484)
Attributable to:							
Equity holders of the parent		**(18,280)**	**293,714**	**275,434**	(25,791)	(346,128)	(371,919)
Non-controlling interests		**(495)**	**-**	**(495)**	(2,565)	-	(2,565)
		(18,775)	**293,714**	**274,939**	(28,356)	(346,128)	(374,484)
Earnings/(loss) per share (pence):							
Basic		**(40.4)**		**609.0**	(60.9)		(878.9)
Diluted		**(40.4)**		**609.0**	(60.9)		(878.9)
Loss per share from continuing activities (pence):							
Basic				**(363.3)**			(485.7)
Diluted				**(363.3)**			(485.7)

Consolidated Statement of Financial Position

as at 31 December

	Note	2015	Restated 2014
		£'000	£'000
Non-current assets			
Goodwill	**7**	**28,377**	97,832
Other intangible assets		**7,539**	66,271
Property, plant and equipment		**7,440**	14,091
Interests in associates		**86**	7,169
Investments		**-**	4,017
		43,442	189,380
Current assets			
Inventories		**871**	3,473
Trade and other receivables		**66,169**	32,863
Corporation tax assets		**8,165**	7,196
Cash		**103,200**	42,036
		178,405	85,568
Assets of disposal group classified as held for sale		**3,382**	303,674
Total current assets		**181,787**	389,242
Total assets		**225,229**	578,622
Current liabilities			
Bank overdraft		**-**	(4,968)
Cumulative redeemable preference shares		**(427)**	(500)
Other secured and unsecured loans		**(154)**	(2,633)
Trade and other payables		**(41,667)**	(71,852)
Obligations under finance leases		**(144)**	(1,081)
Provisions		**(36,704)**	(32,767)
		(79,096)	(113,801)
Liabilities of disposal group classified as held for sale		**(3,534)**	(182,845)
Total current liabilities		**(82,630)**	(296,646)
Non-current liabilities			
Cumulative redeemable preference shares		**(4,816)**	(4,947)
Obligations under finance leases		**(64)**	(1,080)
Provisions		**(306)**	(257)
Deferred tax liabilities		**(304)**	(11,196)
		(5,490)	(17,480)
Total liabilities		**(88,120)**	(314,126)
Net assets		**137,109**	264,496
Equity			
Share capital		**4,596**	65,467
Other reserves		**146,626**	667,707
Retained earnings		**(14,722)**	(472,743)
Equity attributable to equity holders of the parent		**136,500**	260,431
Non-controlling interests		**609**	4,065
Total equity		**137,109**	264,496

Consolidated Cash Flow Statement

for the year ended 31 December

	2015	2014 (restated)
	£'000	£'000
Cash flows from operating activities		
Cash generated from operations before exceptional costs, net finance expense and tax	**(50,109)**	(76,774)
Cash outflow from exceptional items	**(17,983)**	(2,108)
Cash used in operations before net finance expense and tax	**(68,092)**	(78,882)
Corporation tax received/(paid)	**419**	(25,747)
Net cash used by operating activities	**(67,673)**	(104,629)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(5,636)**	(9,624)
Purchase of intangible fixed assets	**(4,285)**	(13,126)
Proceeds on disposal of property, plant and equipment	**143**	-
Proceeds from sale of investments	**1,358**	1,500
Acquisition of subsidiaries net of cash acquired	**(648)**	(8,746)
Advance receipt in respect of sale of PSD	**-**	8,047
Disposal of subsidiaries net of cash foregone	**575,001**	(3,849)
Purchase of associated undertakings	**-**	(500)
Purchase of fixed asset investments	**-**	(1,751)
Disposal of associated undertakings	**7,069**	-
Deposits held in escrow	**-**	(3,000)
Dividends received from associates	**109**	208
Net cash generated by/(used in) investing activities	**573,111**	(30,841)
Cash flows from financing activities		
Dividends paid	**-**	(6,180)
Issue of share capital	**1,305**	100
Capital return	**(411,871)**	-
Cash out of options	**(11,150)**	-
Finance expense paid	**(1,510)**	(2,135)
Finance income received	**1,234**	570
Finance lease repayments	**(2,738)**	(910)
Additional secured loans	**793**	6,678
Repayment of secured loans	**(30,265)**	(8,247)
Sale of shares treated as held in treasury	**2,746**	17,328
Additional unsecured loans	**-**	164
Repayment of unsecured loans	**(326)**	(1,386)
Net cash (used in)/generated by financing activities	**(451,782)**	5,982
Net increase/(decrease) in cash and cash equivalents	**53,656**	(129,488)
Cash and cash equivalents at the beginning of the year	**50,482**	179,954
Exchange (losses)/gains on cash and cash equivalents	**(299)**	16
Cash and cash equivalents at the end of the year	**103,839**	50,482

Cash and cash equivalents		
Cash	**103,839**	69,991
Bank overdrafts	**-**	(19,509)
	103,839	50,482

The above Consolidated Cash Flow Statement includes cash flows from both continuing and discontinued operations.

Notes:

1. Results announcement

The Financial Statements for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards and IFIC interpretations adopted by the European Union (adopted IFRS). However, this announcement does not contain sufficient information to comply with adopted IFRS. The Group has today published its Annual Report and Financial Statements on the Group's website at www.watchstonegroup.com. The financial information set out in this announcement does not constitute the Group's statutory accounts for the year ended 31 December 2015. Statutory accounts for the year ended 31 December 2014 have been delivered to the Registrar of Companies and those for for the year ended 31 December 2015 will be delivered following the Company's Annual General Meeting. The Auditor's reports on both the 2015 and 2014 accounts were qualified in respect of the Group's loss and related party transactions for the year ended 31 December 2014. This preliminary announcement was approved by the Board of Directors on 27 May 2016.

2. Consolidated Income Statement presentation

The Income Statement is presented in three columns. This presentation is intended to give a better guide to underlying business performance by separately identifying adjustments to Group results which are considered to either be exceptional in size, nature or incidence, relate to businesses which do not form part of the continuing business of the Group, or have potential significant variability year on year in non-cash items which might mask underlying trading performance. The columns extend down the Income Statement to allow the tax and earnings per share impacts of these transactions to be disclosed. Equivalent elements of the Group results arising in future years, including increases in or reversals of items recorded, will be disclosed in a consistent manner.

3. Restatement of prior year

(a) Classification of depreciation on Telematics devices

Telematics devices awaiting fitment are held as inventory until they generate revenue for the business, at which point they are transferred to property, plant and equipment and depreciated. In the previously presented Annual Report and Financial Statements for the year ended 31 December 2014, £1,305,000 of depreciation on these devices was included within normal administrative expenses. This depreciation should have been classified within cost of sales, since this directly relates to the revenue earned from the device. The amounts presented relating to the year ended 31 December 2014 have therefore been restated to reflect this change. The impact of this is to reduce gross profit for the year ended 31 December 2014 by £1,305,000 and to reduce normal administrative expenses by £1,305,000. There is no impact upon the loss for that year or upon the Consolidated Statement of Financial Position as at 31 Decmber 2014.

(b) Classification of a provision within Trade and other Payables

In the previously presented Annual Report and Financial Statements for the year ended 31 December 2014 a number of provisions totalling £1,958,000 were incorrectly included within Trade and Other Payables at 31 December 2014. This has been re-categorised to provisions within the Statement of financial position at 31 December 2014 within these Financial Statements. There is no impact upon on the loss for that year or the net assets as at 31 December 2014.

4. Business segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and represent four divisions supported by a Group cost centre (denoted as Central below). The principal activities of each segment are as follows:

- Hubio: a provider of telematics and insurance technology solutions.
- Ingenie: Telematics based insurance broking.
- Healthcare Services: A Canadian based physiotherapy network.
- Other: includes a number of businesses including Business Advisory Service Limited ("BAS"), an energy brokerage and Maine Finance Limited ("Maine Finance"), a life insurance broker.

Within the results of the discontinued operation are the PSD, disposed of to Slater and Gordon UK (1) Limited in May 2015, and Quintica Holdings Limited ("Quintica") and the Property Services Division both disposed of in 2016.

Segment information about these businesses is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. Intra-segmental transactions have been eliminated in analysis below.

	Hubio	Ingenie	Health care services	Other	Central	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 31 December 2015						
Revenue	**17,341**	**12,530**	**25,147**	**3,238**	**-**	**58,256**
Cost of sales	**(9,600)**	**(7,451)**	**(13,864)**	**(2,110)**	**-**	**(33,025)**
Gross profit	**7,741**	**5,079**	**11,283**	**1,128**	**-**	**25,231**
Administrative expenses excluding depreciation and amortisation*	**(14,966)**	**(4,262)**	**(11,288)**	**(1,920)**	**(8,875)**	**(41,311)**
Underlying EBITDA before central cost allocation	**(7,225)**	**817**	**(5)**	**(792)**	**(8,875)**	**(16,080)**
Allocation of central costs	**(1,983)**	**(333)**	**(319)**	**(876)**	**3,511**	**-**
Underlying EBITDA	**(9,208)**	**484**	**(324)**	**(1,668)**	**(5,364)**	**(16,080)**
Depreciation and amortisation*						**(6,230)**
Share of results from associates						**103**

	Hubio	Ingenie	Health care services	Other	Central	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Underlying group operating loss						**(22,207)**
Net finance expense						**(339)**
Underlying group loss before tax						**(22,546)**
Non-underlying adjustments						**(155,442)**
Total group loss before tax from continuing operations						**(177,988)**
Restated year ended 31 December 2014						
Revenue	17,505	5,933	27,712	5,351	-	56,501
Cost of sales	(11,091)	(4,035)	(15,323)	(7,120)	-	(37,569)
Gross profit	6,414	1,898	12,389	(1,769)	-	18,932
Administrative expenses excluding depreciation and amortisation*	(11,648)	(2,318)	(12,577)	(1,194)	(7,975)	(35,712)
Underlying EBITDA before central cost allocation	(5,234)	(420)	(188)	(2,963)	(7,975)	(16,780)
Allocation of central costs	(850)	(400)	(109)	(326)	1,685	-
Underlying EBITDA	(6,084)	(820)	(297)	(3,289)	(6,290)	(16,780)
Depreciation and amortisation*						(6,489)
Share of results from associates						278
Underlying group operating loss						(22,991)
Net finance expense						(465)
Underlying group loss before tax						(23,456)
Non-underlying adjustments						(181,852)
Total group loss before tax from continuing operations						(205,308)

* Depreciation added back above when calculating Underlying EBITDA from continuing operations excludes depreciation on telematics devices of £4,176,000 (2014: £2,405,000) which is included within cost of sales.

5. Non-underlying administrative expenses

	2015	2014
	£'000	£'000
Exceptional items:		
- Corporate restructuring	**8,724**	8,937
- Business restructuring	**2,763**	2,910
- Legal and regulatory	**7,055**	7,961
- Share based payments	**3,914**	13,283
- Impairments of non-cash assets	**113,510**	129,116

- Loss of control over subsidiary	**-**	5,841
Total exceptional items	**135,966**	168,048
Other adjustments:		
- Share based payments	**7,874**	5,867
- Amortisation of acquired intangibles	**10,957**	12,141
- Other non-underlying administrative expenses	**2,771**	14,341
Total other adjustments	**21,602**	32,349
Total non-underlying administrative expenses	**157,568**	200,397

Impairments of non-cash assets above relates to:

	2015	2014
	£'000	£'000
Goodwill	**61,836**	99,151
Other intangible assets	**44,616**	8,971
Tangible fixed assets	**1,861**	661
Associated undertakings	**-**	1,338
Investments	**2,691**	1,830
Stocks	**2,506**	1,079
Loans	**-**	16,086
	113,510	129,116

The corporate restructuring costs of £8,724,000 (2014: £8,937,000) for the year ended 31 December 2015 are stated after taking into account the release of unused provisions of £2,586,000 (2014: £nil). These provisions were established prior to the year ended 31 December 2014. Corporate restructuring costs consist of acquisition related fees of £12,000 credit (2014: £2,798,000 charge), employers national insurance contributions in respect of the cashing out of options of £243,000 (2014: £nil), costs of raising finance of £nil (2014: £6,139,000), working capital and strategic review costs of £6,666,000 (2014: £nil) and costs associated with the return of capital of £1,827,000 (2014: £nil).

Business restructuring includes costs in relation to the creation of Hubio and the revised structure of the Group.

The legal and regulatory costs of £7,055,000 for the year ended 31 December 2015 are stated after taking into account the release of unused provisions of £5,538,000, which were created in 2014 and £12,593,000 of costs in relation to the known historical issues.

6. Impairments

During the year, the Group refocused its businesses with the creation of Hubio, focusing on delivering technology services to businesses in the insurance and automotive sectors.

The creation of Hubio coincided with a thorough assessment of the markets it operates in, its customers and how best to deploy its products and other assets to serve them. In addition to business restructuring comprising rationalisation of staff, property and inventory, we revisited the market developments, assumptions and projections inherent in our valuations of goodwill and other intangible assets. This has resulted in the following impairments to those assets deployed within Hubio:

£'m	**Goodwill**	**Other intangibles**	**Total**
Net at 31 December 2015 before impairment			
• Himex	46,525	38,675	85,200
• QETS	4,896	4,728	9,624
• QSI	0	3,057	3,057
Impairments			
• Himex	(43,553)	(37,962)	(81,515)
• QETS	(4,725)	(2,899)	(7,624)
• QSI	0	(2,638)	(2,638)
As at 31 December 2015 Total Hubio	**3,143**	**2,961**	**6,104**

The acquisition of ingenie in 2014, resulted in total intangible assets of £32.7m at the 2014 year end, which have been reviewed for indicators of impairment, with the following results.

£'m	Goodwill	Other intangibles	Total
Net at 31 December 2015 before impairment	28,232	4,201	32,433
Impairment	(13,558)	(1,315)	(14,873)
As at 31 December 2015	14,674	2,886	17,560

7. Goodwill

The movement in goodwill is as follows:

	Goodwill £'000
Cost	
At 1 January 2014	194,969
Additions – purchased	159
Arising on acquisition of subsidiaries	219,760
Arising on acquisition of subsidiaries – 2013 acquisitions assessment period change	1,010
Disposal of a subsidiary	(62,589)
Transfer of assets of disposal group classified as held for sale	(125,851)
Exchange differences	(972)
At 1 January 2015	226,486
Additions – purchased	**511**
Arising on acquisition of subsidiaries	**4,325**
Disposal of a subsidiary	**(4,875)**
Transfer to assets of disposal group classified as held for sale	**(36,028)**
Exchange differences	**(4,503)**
At 31 December 2015	**185,916**
Impairment	
At 1 January 2014	2,022
Charge for the year	126,632

Transfer to assets of disposal group classified as held for sale	-
At 1 January 2015	**128,654**
Charge for the year	**61,836**
Disposal of a subsidiary	**(1,836)**
Transfer to assets of disposal group classified as held for sale	**(27,487)**
Exchange differences	**(3,628)**
At 31 December 2015	**157,539**
Net book value	
31 December 2015	**28,377**
31 December 2014	97,832

Goodwill is allocated to the Group's CGUs as follows:

	2015	2014
	£'000	£'000
Hubio USA	**-**	36,670
Hubio UK	**171**	4,896
Hubio Canada	**-**	-
Road Angel	**2,972**	9,855
Total Hubio	**3,143**	51,421
Ingenie	**14,674**	28,232
Healthcare services	**6,889**	7,253
Other UK	**3,671**	6,710
Other non-UK	**-**	4,216
	28,377	97,832

The categorisation and description of the Group's CGUs has been revised in 2015 following a recent strategic review performed by management.

The Road Angel business (providers of GPS based safety camera and other such products for the UK consumer and commercial markets) which formed part of the Himex acquisition in 2014 is now treated as a separate CGU. The remaining Himex businesses (which currently operate largely in the Usage Based Insurance (UBI) markets in the USA) form the 'Hubio USA' CGU.

The other core strategic CGUs have been renamed in line with the Group's recent branding changes: 'Solutions UK' is now 'Hubio UK', 'Solutions Non-UK' is 'Hubio Canada' and 'Services Non-UK' is 'Healthcare Services'.

'Other' continues to represent those other businesses which have not been integrated as a result of the change in strategy and focus of management on other operational matters. This 'Other' category now, as a result of the change in strategic focus, also includes both the BAS and Maine Finance operations (which were categorised as 'Services UK' at 31 December 2014). At 31 December 2015, these are the only two businesses in the 'Other' category as 360 was disposed in 2015 and both Quintica and the property services businesses are treated as held for sale at the year end. All of the businesses in the 'Other' category continue to be monitored at an entity level and not measured as one CGU.

Basis of valuation and key assumptions

The recoverable amount of goodwill for businesses at the year-end is determined on the basis of Value in Use, using a discounted cash flow ("DCF") appraisal based on periods of between 5 and 7 years (2014: all were based on 11 years) to reflect the maturity of the businesses and/or markets they operate in. External market data has been used where possible and the Group has also drawn upon data used in the strategic review. Other CGUs use growth assumptions which are more reflective of past experience.

For each of the CGUs with significant amount of goodwill, the key assumptions used in the Value-in-Use calculations and recoverable amounts of goodwill are stated below.

2015	**Hubio USA**	**Road Angel**	**Hubio UK**	**Ingenie**	**Healthcare Services**	**Other***
Long term growth rate	2%	2%	2%	2%	2%	2%
DCF appraisal period	7 years	7 years	7 years	7 years	5 years	5 years
Annualised revenue growth over DCF appraisal period	21%	9%	9%	6%	8%	6%
Pre-tax discount rate	32%	17%	17%	18%	13%	12%
Recoverable amount of goodwill (m)	£nil	£3.0	£0.2	£14.7	£6.9	£3.7

2014	**Hubio USA**	**Road Angel**	**Hubio UK**	**Ingenie**	**Healthcare Services**	**Other***
Long term growth rate	2%	2%	2%	2%	2%	2%
DCF appraisal period	11 years	11 years	11 years	11 years	11 years	11 years
Annualised revenue growth over DCF appraisal period	44%	44%	10%	17%	5%	5% & 8%
Pre-tax discount rate	50%	50%	15%	19%	13%	13%
Recoverable amount of goodwill (m)	£36.6	£9.9	£4.9	£28.2	£7.3	£7.9

* In 2014 only, ‘Other’ relates to just Quintica and BAS, for which annualised revenue growth was 5% and 8% respectively. 360GlobalNet Group had been omitted from the table (as goodwill was carried at the recoverable amount based on its post year end sale) and Maine Finance was fully impaired at 31 December 2014. In 2015, ‘Other’ relates to BAS only

Annualised revenue growth rates vary by operating division depending on the current development to maturity of the CGU. In determining the applicable discount rate, management has applied judgement in respect of several factors, including, inter alia, assessing the risk attached to future cashflows. Pre-tax discount rates have been assessed for each CGU. The discount rate for Hubio USA reflects uncertainty caused by the Evogi litigation and the risks associated with developing an immature market. The discount rate for Ingenie also reflects uncertainty in developing an immature market. Discount rates in the Road Angel, Hubio UK and Healthcare Services CGUs, as well as in the ‘Other’ category, are generally lower reflecting the reduced risk associated with those more mature markets.

Movement in Goodwill by CGU

The movement in goodwill by CGU is as follows:

	2014	**Arising in the year less disposal**	**Asset group held for sale**	**Other**	**Impairment**	**2015**
	£'000	£'000	£'000	£'000	£'000	£'000
Hubio USA	36,670	-	-	-	(36,670)	**-**
Hubio UK	4,896	-	-	-	(4,725)	**171**
Hubio Canada	-	-	-	-	-	**-**
Road Angel	9,855	-	-	-	(6,883)	**2,972**
Total Hubio	**51,421**	**-**	**-**	**-**	**(48,278)**	**3,143**
Ingenie	28,232	-	-	-	(13,558)	**14,674**
Healthcare Services	7,253	511	-	(875)	-	**6,889**
Other (continuing)	6,710	(3,039)	-	-	-	**3,671**
Continuing operations	**93,616**	**(2,528)**	**-**	**(875)**	**(61,836)**	**28,377**
Other (discontinued)	4,216	4,325	(185)	-	(8,356)	-
	97,832	**1,797**	**(185)**	**(875)**	**(70,192)**	**28,377**

Impairment charges of £36.7m and £6.9m arose in Hubio USA and Road Angel respectively following an in depth review of the strategic direction of these businesses, its underlying operations and development activity. This has resulted in a major rebasing of the Hubio USA forecasts that had been previously provided by local management, all of whom are now no longer involved in these businesses. Goodwill allocated to the Road Angel CGU would be impaired by a further £311,000 if there was an increase in the pre-tax discount rate of 1 ppt or would be impaired by a further £209,000 if the long term growth rate was reduced by 1 ppt.

An impairment charge of £13.6m arose in Ingenie which largely reflects a different strategic direction adopted for this business together with certain trading assumption changes which have lowered the forecasts down to more attainable levels. Goodwill allocated to the Ingenie CGU would be impaired by a further £1,172,000 if there was an increase in the pre-tax discount rate of 1 ppt or would be impaired by a further £747,000 if the long term growth rate was reduced by 1 ppt.

Goodwill within Hubio UK has been impaired by a charge of £4.7m during the year to take into account the impact of the adverse publicity surrounding the Group during 2014 and disruption to its development program which has caused delays to securing contracts and implementing pipeline opportunities. Goodwill allocated to the Hubio UK CGU would be fully impaired if there was an increase in the pre-tax discount rate of 0.3 ppt or if the long term growth rate was reduced by 0.4 ppt.

£8.4m of impairment charges have been reflected in discontinued activities to reduce these goodwill assets to realisable value based on the terms of the post year-end sales of Quintica, BE Insulated (UK) Limited and Carbon Reduction Company (UK) Limited.