

FINANCIAL RESULTS

for the six months ended 30 June 2018



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Key summary

- Underlying business revenues at £19.7m (2017: £22.9m)
 - Underlying comprises Healthcare, ingenie and Central
- Underlying EBITDA loss of £2.1m (2017: £1.7m)
- Group operating loss of £3.6m (2017: £0.2m profit)
- Total loss after tax of £3.4m (2017: £0.6m profit)
- Group net assets (excluding escrow and contingent liabilities) of £63.2m representing approximately 135 pence per share (excluding minorities)
- Group cash including term deposits at 30 June 2018 of £58.4m (£58.2m as at 10 August 2018)
- Continued reduction in Group complexity through sale of Hubio Fleet and Canadian non-telematics assets (iter8)
- Successful resolution resulting in the release of provisions of £0.8m (2017: £7.5m)

Consolidated Income Statement

for the six months ended 30 June	2018	2018	2018	2017	2017	2017
	Underlying	Non-underlying	Total	Underlying	Non-underlying	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Revenue	19.7	-	19.7	22.9	-	22.9
Cost of sales	(11.1)	-	(11.1)	(12.3)	-	(12.3)
Gross profit	8.7	-	8.7	10.6	-	10.6
Administrative expenses	(11.5)	(0.8)	(12.3)	(12.9)	2.4	(10.4)
Group operating (loss)/profit	(2.8)	(0.8)	(3.6)	(2.3)	2.4	0.2
Finance income	0.2	-	0.2	0.2	-	0.2
Finance expense	(0.1)	-	(0.1)	(0.3)	(0.1)	(0.4)
(Loss)/profit before taxation	(2.7)	(0.8)	(3.5)	(2.3)	2.3	-
Taxation	0.1	-	0.1	0.5	0.1	0.6
(Loss)/profit after taxation for the period from continuing operations	(2.6)	(0.8)	(3.4)	(1.8)	2.4	0.6
Net gain on disposal of discontinued operations	-	0.6	0.6	-	-	-
Profit/(loss) for the period from discontinued operations	-	0.3	0.3	-	(2.2)	(2.2)
(Loss) /profit after taxation for the period	(2.6)	-	(2.6)	(1.8)	0.2	(1.6)

NOTES

- Underlying split from Non-underlying
- Underlying comprises: Healthcare, ingenie and Central
- Discontinued during the year:
 - Hubio Fleet sold
 - Canadian non-telematics sold
- Non-underlying includes exceptional and other non-recurring items as well as discontinued business
- Rounding differences have been uncorrected

Underlying business results

for the six months ended 30 June	ingenie	Health	Central	Total
	£'m	£'m	£'m	£'m
2018				
Revenue	4.8	15.0	-	19.7
Cost of sales	(2.7)	(8.4)	-	(11.1)
Gross profit	2.1	6.6	-	8.7
Administrative expenses excluding depreciation and amortisation	(2.6)	(6.2)	(1.9)	(10.7)
Underlying EBITDA	(0.6)	0.4	(1.9)	(2.1)
Depreciation and amortisation				(0.8)
Underlying group operating loss				(2.8)
2017				
Revenue	7.7	15.2	-	22.9
Cost of sales	(4.1)	(8.2)	-	(12.3)
Gross profit	3.7	6.9	-	10.6
Administrative expenses excluding depreciation and amortisation	(2.8)	(6.4)	(3.1)	(12.3)
Underlying EBITDA	0.9	0.5	(3.1)	(1.7)
Depreciation and amortisation				(0.6)
Underlying group operating loss				(2.3)

NOTES

- No longer includes Hubio as discontinued
- Central costs reduced in line with reduction in central team
- Roundings have been left uncorrected

Exceptional and other non-underlying items

for the six months ended 30 June	2018	2017
	£m	£m
Exceptional items		
- Legal and regulatory expenses	2.6	2.7
- Legal settlements	(1.3)	-
- Tax related matters	(0.8)	(7.0)
- (Realisation)/Impairment of non-cash assets	(0.3)	0.1
- Restructuring	-	0.2
Total exceptional items	0.2	(4.1)
Other adjustments		
- Share based payments	-	-
- Amortisation of acquired intangibles	0.6	0.7
- Other non-underlying administrative expenses	-	0.9
Total other adjustments	0.6	1.6
Total non-underlying administrative expenses	0.8	(2.4)

NOTES

- Legal and regulatory includes S&G increase provision £1.9m
- Settlements: RT and Himex
- Realisation of non-cash: Glanty

Profit after tax bridge

	£'m	£'m	
2017 profit after tax		(1.6)	
Underlying business loss after tax deterioration		(0.8)	ingenie
Non-underlying loss after tax deterioration		(3.2)	Tax provisions
Discontinued operations			
Profit on sale increase	0.6		
Reduction in losses for the year	2.4	3.0	Hubio
2018 loss after tax		(2.6)	

Cash Flow

for the six months ended 30 June	2018	2017
	£m	£m
Net cash used by operating activities	(3.3)	(9.1)
Net cash generated by investing activities	9.2	3.9
Net cash used in financing activities	(0.4)	(0.6)
Net increase/(decrease) in cash and cash equivalents	5.5	(5.8)
Cash and cash equivalents at the end of the period	28.4	37.6
Term deposits	30.0	40.0
Cash including term deposits	58.4	77.6

NOTE

- Investing activities include movement in term deposits

Provisions

£'m	Tax related matters	Legal and regulatory disputes	Onerous contracts	Other	Total
At 1 January 2018	3.2	7.4	0.5	2.0	13.1
Additional provisions	-	1.9	-	0.3	2.2
Unused amounts released	(0.7)	-	(0.2)	-	(0.8)
Used during the year	-	(0.7)	(0.3)	(0.5)	(1.4)
At 30 June 2018	2.5	8.7	0.1	1.7	13.0

Analysis of Balance Sheet

Assets/liabilities by proximity to cash

as at	30 June 2018	31 December 2017
	£'m	£'m
Cash including term deposits	58.4	62.8
PSD escrow balance (<i>gross £50.2m less impairment £50.2m</i>)	-	-
Other net current liabilities/assets	(16.8)	(19.6)
Creditors, loans and provisions over one year	(2.6)	(4.0)
Non-current assets	24.3	26.8
Net assets	63.2	66.1

NOTES

- Included in liabilities are legal, taxation and other provisions of £13.0m.
- Non current assets include:
 - Goodwill £17.2m
 - Intangibles £4.0m
 - PPE £2.4m



Ongoing actions and plans

- Support management teams in growing businesses for future disposal
- Resolve and mitigate legacy matters principally at the plc level
- Manage cash and other assets with care and prudence
- Defend litigation and optimise returns from NIHL assets
- Operate with strong corporate governance

Watchstone.