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

Preliminary results for the year ended 31 December 2018

Watchstone (AIM:WTG.L) today announces its results for the year ended 31 December 2018.

Financial/operational:
- Revenues of £38.0m (2017: £44.9m)
- Underlying* EBITDA loss of £4.6m (2017: £3.6m)
- Group operating loss of £20.5m (2017: £7.4m)
- Total loss after tax £18.9m (2017: £2.6m)
- Group net assets of £46.8m representing approximately 101 pence per share
- Group cash and term deposits at 31 December 2018 of £50.1m**
- Successful resolution of a number of legacy tax matters and other obligations resulting in the release of provisions of £1.9m (2017: £10.3m)
- Mark Williams, Group Finance Director, to step down from the Board on 30 June 2019 in line with further simplication of Group operations

Current trading (unaudited):
- As at 26 April 2019, Group cash and term deposits (unaudited) of £43.9m**
- Cash outflows since 31 December 2018 include:
    - £1.9m of legal costs
    - £0.4m to redeem pt Preference Share liabilities
- Unaudited total underlying Group revenue for Q1 2019 is down vs. Q1 2018, due to lower ingenie revenues
- Healthcare Services:
    - continued emphasis on clinic optimisation in ptHealth and on InnoCare sales
    - Q1 2019 revenue in line with Q1 2018 despite clinic closures due to severe February weather
- ingenie
    - significant actions taken during 2018 and in Q1 2019 are beginning to show positive signs

** Underlying comprises Healthcare Services, ingenie and Central. See Note 2 for details on Underlying and Non-Underlying classification.*
*** Cash excludes escrow monies of £50.2m*

The Annual Report and Accounts for the year ended 31 December 2018 will be released by 29 May 2019 and posted to registered shareholders. Once published, the Annual Report and Accounts will be available at www.watchstonegroup.com/investors.

The 2019 AGM will be held at 1.30 pm on 26 June 2019 in Room LGA, WeWork, Aviation House, 125 Kingsway, Holborn, London WC2B 6NH.

For further information:

Watchstone Group plc investor.relations@watchstonegroup.com	Tel: 03333 448048
Peel Hunt LLP, Nominated Adviser and broker Dan Webster, George Sellar	Tel: 020 7418 8900

Notes to editors:

About Watchstone

Watchstone Group plc is a company focused on managing the Group's businesses, cash and other corporate assets and legacy issues in order to achieve maximum shareholder value, whilst ensuring good governance.

The sectors in which the Group operates are within healthcare in Canada and insurance telematics. The markets are addressed through the following businesses:

- **Healthcare Services**
    - **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-centred 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 alongside ptHealth. InnoCare uses its established industry expertise to enable third-party clinic owners to transform their patients' 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 use the road safely and affordably. Using telematics technology, ingenie gives its community discounts, feedback and bespoke advice via its Driver Behaviour Unit to help them improve their driving skills whilst staying safe. It provides its telematics technology to certain third parties as a technology solutions provider.

Chairman's Report

During the year, we largely completed the work to simplify and rationalise the operating assets of the Group and significantly reduced the size of the central overhead. In line with this, Mark Williams, Group Finance Director has notified the Group of his intention to step down from the Board on 30 June 2019. It is not currently envisaged that Mark will be replaced on the Board.

We remain on track with the execution of our plan to prepare our businesses for future disposal. These potential divestments will be determined with a view to maximising shareholder value taking all factors into consideration.

Our Canadian physiotherapy clinic and technology business, ptHealth, trades profitably with future opportunities for profit improvement from both organic growth and margin enhancement. Our UK based specialist insurance broker, ingenie, has emerged from a challenging period and its new management team has formulated a turnaround plan and although we remain in the early stages, we are beginning to see shoots of recovery.

We will continue to address the legal and regulatory matters that face the Group with resolve, focus and determination.

There is still much work to be done, both at the Group level and within our businesses, and I would like to thank our colleagues for their commitment. I would particularly like to thank Mark for his dedication and effectiveness in dealing with a multitude of complex legacy issues.

I would also like to thank our shareholders who have been patient and maintained support for the Company as the intense work to maximise value from all our assets has continued. The Board remains confident that we will go on to reward that support.

Richard Rose
Non-executive Chairman

Group Chief Executive's Update

Our focus remains on resolving all of our legacy matters as efficiently as possible and generating as much value as we can from our remaining businesses, ptHealth and ingenie.

Each business has a clear strategy as well as high quality and ambitious management teams and our plan is to achieve maximum value from an exit at the appropriate time.

Until we resolve the Slater & Gordon litigation we will not be able to distribute capital to shareholders but that remains our ultimate aim. Later this year, we will robustly defend in court what we consider a wholly unmeritorious claim. Further, we remain in communication with Slater & Gordon regarding any deferred consideration due from Noise Induced Hearing Loss ("NIHL") cases.

Business Review:

Taking each of the operating businesses in turn:

1. Healthcare Services

Our Healthcare Services activities consist of our ptHealth clinics business as well as InnoCare, which sells software and services to independent clinics in Canada. Healthcare Services performed satisfactorily in 2018, with revenue, excluding the impact of foreign exchange, increasing by 2% and an EBITDA of £0.9m.

Healthcare Services in 2018 at a glance

- *In 2018, ptHealth and InnoCare treated an average of 2,810 patients a day with over 705,000 visits for the year*
- *Of the 4,933 patients surveyed 97% said they would recommend us (up 7% from 2017)*
- *Over 1,124 Practitioners use InnoCare software, an increase of 17% over 2017*

2. ingenie

As previously announced, ingenie had a challenging 2018 continuing the issues of H2 2017 with revenue falling to £7.8m (2017: £14.4m) with an EBITDA loss of £1.9m (2017: EBITDA profit of £1.3m). The business has taken significant actions during the year to return the business to profit and it is now trading with a revised structure and business model. Whilst there are positive signs, visible results are only expected later this year. This limited history creates inherent uncertainty in future forecasts and has resulted in a further impairment charge of £9.1m to goodwill and £0.3m to intangibles in the year ended 31 December 2018.

We are investing prudently in the business to achieve the anticipated turnaround and in March 2019, ingenie completed a transformational move of its policy management platform to a new provider. This significant development allows ingenie's consumer business to better control its proposition including pricing; to respond rapidly to customer and market demands; and to facilitate new product deployment at a lower cost. We have seen positive signs in new business volumes albeit we remain at an early stage following this move. The programme supporting our external customer in the Netherlands, ANWB, continues to perform well, endorsing our technology developments and market leading approach to road safety and motor insurance pricing.

ingenie in 2018 at a glance

- *Driving and safety improvements achieved by the combination of technology and psychology:*
    - *99% ingenie drivers activate their feedback account*
    - *90% of ingenie drivers view their driving feedback at least once a month*
    - *91% drivers proven to improve after ingenie coaching on driving speed*
    - *89% of drivers proven to improve after ingenie coaching on braking behaviours*
- *Social followers exceed 50,000*
- *Over 2,000,000 visits to ingenie.com*
- *B2B policies increased by 230%*

Update on legacy matters

Whilst we continue to resolve historic legal matters, the Slater & Gordon claim is ongoing and we are preparing for trial commencing in October 2019. In November 2018 we received Slater & Gordon's disclosure which reaffirms the position set out in our filed defence to the claim. Our position remains that Slater & Gordon's allegations of deceit and the associated breach of warranty claim are wholly without merit and should never have been advanced. Our preparation for trial is well advanced and it has been necessary to invest considerable financial resource to ensure we are fully prepared.

The SFO investigation continues and we are cooperating fully. It remains the only regulatory inquiry to which the Group is subject.

There have been no further developments on the threatened (but not commenced) class action litigation first announced in September 2015 and the Group has received no communication regarding class action litigation since mid 2016.

2019 outlook

ptHealth continues to make satisfactory progress in operational improvements generating more appointments and treatments from its existing clinics. In addition, more third-party clinics are using our services to meet patient needs.

ingenie's current volumes are being addressed in partnership with its underwriting panel and by the development of new product and technology offerings that will launch during 2019.

Central costs will be carefully managed at greatly reduced levels consistent with the unresolved legacy matters and the needs of the organisation. The result of the Slater & Gordon trial is unlikely to be known until 2020 and as such it may not affect the outcome of the 2019 financial year (save for the costs in defending the claim).

Stefan Borson
Group Chief Executive Officer

Consolidated Income Statement

for the year ended 31 December 2018

	2018	**2018**	**2018**	2017	2017	2017
	Underlying	**Non-Underlying***	**Total**	Underlying	Non-underlying*	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	**38,031**	**-**	**38,031**	44,880	-	44,880
Cost of sales	**(21,140)**	**-**	**(21,140)**	(24,582)	-	(24,582)
Gross profit	**16,891**	**-**	**16,891**	20,298	-	20,298
Administrative expenses	**(23,232)**	**(14,118)**	**(37,350)**	(24,979)	(2,737)	(27,716)
Group operating loss	**(6,341)**	**(14,118)**	**(20,459)**	(4,681)	(2,737)	(7,418)
Finance income	**346**	**-**	**346**	270	-	270
Finance expense	**8**	**-**	**8**	(22)	2,220	2,198
Loss before taxation	**(5,987)**	**(14,118)**	**(20,105)**	(4,433)	(517)	(4,950)
Taxation	**172**	**-**	**172**	754	-	754
Loss after taxation for the year from continuing operations	**(5,815)**	**(14,118)**	**(19,933)**	(3,679)	(517)	(4,196)
Net gain on disposal of discontinued operations	**-**	**558**	**558**	-	4,930	4,930
Profit/(loss) for the year from discontinued operations, net of taxation	**-**	**471**	**471**	-	(3,378)	(3,378)
(Loss)/profit after taxation for the year	**(5,815)**	**(13,089)**	**(18,904)**	(3,679)	1,035	(2,644)
Attributable to:						
Equity holders of the parent	**(5,815)**	**(13,089)**	**(18,904)**	(3,679)	1,047	(2,632)
Non-controlling interests	**-**	**-**	**-**	-	(12)	(12)
	(5,815)	**(13,089)**	**(18,904)**	(3,679)	1,035	(2,644)
Loss per share (pence):						
Basic	**(12.6)**		**(41.1)**	(8.0)		(5.7)
Diluted	**(12.6)**		**(41.1)**	(8.0)		(5.7)
Loss per share from continuing operations (pence):						
Basic			**(43.3)**			(9.1)
Diluted			**(43.3)**			(9.1)

*Non-underlying results have been presented separately to give a better guide to underlying business performance.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2018

	2018 **£'000**	2017 £'000
Loss after taxation	**(18,904)**	(2,644)
Items that may be reclassified in the Consolidated Income Statement		
Exchange differences on translation of foreign operations	**(365)**	136
Total comprehensive loss for the year	**(19,269)**	(2,508)
Attributable to:		
Equity holders of the parent	**(19,234)**	(2,481)
Non-controlling interest	**(35)**	(27)
	(19,269)	**(2,508)**

Consolidated Statement of Financial Position

as at 31 December 2018

	2018 £'000	2017 £'000
Non-current assets		
Goodwill	**8,157**	17,443
Other intangible assets	**3,144**	4,825
Property, plant and equipment	**1,854**	3,819
Other receivables	**759**	759
	13,914	26,846
Current assets		
Inventories	**760**	1,283
Trade and other receivables	**5,110**	6,144
Term deposits	**40,000**	40,000
Cash	**10,113**	22,808
	55,983	70,235
Assets of disposal group classified as held for sale	**-**	833
Total current assets	**55,983**	71,068
Total assets	**69,897**	97,914
Current liabilities		
Cumulative redeemable preference shares	**(2,209)**	(2,203)
Trade and other payables	**(8,201)**	(11,710)
Obligations under finance leases	**-**	(4)
Provisions	**(11,319)**	(13,024)
	(21,729)	(26,941)
Liabilities of disposal group classified as held for sale	**-**	(851)
Total current liabilities	**(21,729)**	(27,792)
Non-current liabilities		
Cumulative redeemable preference shares	**(1,278)**	(3,795)
Provisions	**(85)**	(87)
Deferred tax liabilities	**(1)**	(167)
	(1,364)	(4,049)
Total liabilities	**(23,093)**	(31,841)
Net assets	**46,804**	66,073
Equity		
Share capital	**4,604**	4,604
Other reserves	**137,827**	136,618
Retained earnings	**(96,288)**	(76,095)
Equity attributable to equity holders of the parent	**46,143**	65,127
Non-controlling interests	**661**	946
Total equity	**46,804**	66,073

Consolidated Cash Flow Statement

for the year ended 31 December 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Cash used in operations before exceptional costs, net finance expense and tax	**(1,672)**	(11,289)
Non underlying cash out flows excluding discontinued operations	**(6,834)**	(5,266)
Cash used in operations before net finance expense and tax	**(8,506)**	(16,555)
Corporation tax received	**-**	622
Net cash used by operating activities	**(8,506)**	(15,933)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,411)**	(4,417)
Purchase of intangible fixed assets	**(1,057)**	(1,816)
Proceeds on disposal of property, plant and equipment	**-**	1,260
Disposal of subsidiaries net of cash foregone	**87**	2,560
Investment in term deposits	**(100,000)**	(70,000)
Maturity of term deposits	**100,000**	67,500
Interest income	**349**	178
Recovery of fully impaired investment	**250**	-
Net cash used in investing activities	**(1,782)**	(4,735)
Cash flows from financing activities		
Finance expense paid	**-**	(20)
Finance income received	**(2,454)**	-
Finance lease repayments	**(4)**	(94)
Net cash (used in)/generated by financing activities	**(2,458)**	(114)
Net decrease in cash and cash equivalents	**(12,746)**	(20,782)
Cash and cash equivalents at the beginning of the year	**22,808**	43,714
Exchange gains on cash and cash equivalents	**51**	(124)
Cash and cash equivalents at the end of the year	**10,113**	22,808
Cash and cash equivalents		
Cash	**10,113**	22,808
	10,113	22,808

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

As at 31 December 2018, the Group had cash and cash equivalents of £10,113,000 (2017: £22,808,000) and term deposits of £40,000,000 (2017: £40,000,000).

Notes:

1. Results announcement

The Financial Statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations adopted by the European Union (EU) (adopted IFRS). However, this announcement does not contain sufficient information to comply with adopted IFRS. The Group will publish its Annual Report and Financial Statements by 29 May 2019 and these will appear on the Group's website at www.watchstonegroup.com and be posted to shareholders. The auditors have reported on those accounts; their report was (i) unqualified, (ii) drew attention by way of emphasis without qualifying their report to an uncertain outcome of Slater & Gordon claim; and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The financial information set out in this announcement does not constitute the Group's statutory accounts for the year ended 31 December 2018. Statutory accounts for the year ended 31 December 2017 have been delivered to the Registrar of Companies and those for the year ended 31 December 2018 will be delivered following the AGM. This preliminary announcement was approved by the Board of Directors on 8 May 2019 and these preliminary results have been extracted from the audited results for the year ended 31 December 2018.

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 different years, including increases in or reversals of items recorded, are disclosed in a consistent manner.

3. Business segments

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

- ingenie: Telematics based insurance broking and technology solutions provider; and

- Healthcare Services: Comprising ptHealth and InnoCare. ptHealth is a national healthcare company that owns and operates physical rehabilitation clinics across Canada. InnoCare is a proprietary clinic management software platform and call centre and customer service operation, also based in Canada.

Segment information about these businesses is presented below.

	ingenie	Healthcare Services	Central	Total
	£'000	**£'000**	**£'000**	**£'000**
Year ended 31 December 2018				
Underlying revenue	**7,841**	**30,190**	**-**	**38,031**
Underlying cost of sales	**(4,375)**	**(16,765)**	**-**	**(21,140)**
Underlying gross profit	**3,466**	**13,425**	**-**	**16,891**
Underlying administrative expenses excluding depreciation and amortisation*	**(5,391)**	**(12,555)**	**(3,514)**	**(21,460)**
Underlying EBITDA	**(1,925)**	**870**	**(3,514)**	**(4,569)**
Depreciation and amortisation*				**(1,772)**
Underlying Group operating loss				**(6,341)**
Net finance income				**354**
Underlying Group loss before tax				**(5,987)**
Non-underlying adjustments				**(14,118)**
Total Group loss before tax from continuing operations				**(20,105)**

	ingenie	Healthcare Services	Central	Total
	£'000	£'000	£'000	£'000
Year ended 31 December 2017				
Underlying revenue	14,429	30,451	-	44,880
Underlying cost of sales	(7,983)	(16,599)	-	(24,582)
Underlying gross profit	6,446	13,852	-	20,298
Administrative expenses excluding depreciation and amortisation*	(5,130)	(13,145)	(5,633)	(23,908)
Underlying EBITDA	1,316	707	(5,633)	(3,610)
Depreciation and amortisation*				(1,071)
Underlying Group operating loss				(4,681)
Net finance income				248
Underlying Group loss before tax				(4,433)
Non-underlying adjustments				(517)
Total Group loss before tax from continuing operations				(4,950)

* Depreciation added back above when calculating Underlying EBITDA from continuing operations excludes depreciation on telematics devices of £1,497,000 (2017: £3,090,000) which is included within cost of sales. The depreciation of telematics devices is included within cost of sales since they directly generate revenue for the business and are therefore included in gross margin.

4. Non-underlying results

The non-underlying results of the business include the income and expenses of businesses classified as non-underlying by virtue of these not forming part of the long term plans for the Group and as such are being wound down or disposed of. This includes Maine Finance and ingenie Canada. Businesses meeting this criterion which also meet the definition of a discontinued operation under IFRS 5 have been further classified as discontinued operations within the non-underlying results. This includes Hubio and additionally in 2017, BAS.

Items which are considered to be exceptional in size, nature or incidence, or have potential significant variability year on year in non-cash items which might mask underlying trading performance are also included within non-underlying. In 2018, this primarily relates to an impairment charge to goodwill, legal fees, movements in provisions for legal fees and the settlement of historic tax and legal matters. The classification of provision releases as underlying or non-underlying are consistent with their initial establishment.

Non-underlying administrative expenses are analysed as follows:

Year ended 31 December	**2018** **£'000**	2017 £'000
Exceptional items:		
- Legal expenses	**5,688**	2,913
- Legal settlements	**(160)**	604
- Tax related matters	**(1,612)**	(9,036)
- Net impairments of non-cash assets	**9,148**	5,633
- Restructuring	**71**	67
Total exceptional items	**13,135**	181
Other adjustments:		
- Share based payments	**-**	43
- Amortisation of acquired intangibles	**983**	1,434
- Other non-underlying administrative expenses	**-**	1,079
Total other adjustments	**983**	2,556
Total non-underlying administrative expenses	**14,118**	2,737

Other adjustments are not exceptional in size, nature or incidence, however they do not relate to the ongoing future trade of the Group and can vary significantly from year to year. Amortisation represents a non-cash charge relating to acquisition accounting and is not taken into account by management when reviewing operational performance of the Group.

During 2017 other non-underlying administrative expenses relate principally to the costs of businesses classified as non-underlying and central costs associated with the same. These are specifically identifiable external costs and do not include allocations of internal amounts. Since the majority of non-underlying businesses have wound down or ceased by 31 December 2017 there were no such costs during 2018.

The legal expense includes £3,743,000 of additional legal fee provisions in respect of recovery of the Warranty Escrow and defence of the claim of fraudulent misrepresentation. There is a further £857,000 expense in respect of a tax indemnity claim against the Group. In 2017, this represented £2,940,000 of additional legal fee provisions in respect of recovery of the Warranty Escrow.

The legal settlement credit for the period ended 31 December 2018 of £160,000 includes credits of £1,328,000, being two settlements with former management. This is partially offset by an expense of £1,168,000, also relating to a settlement with former management. In 2017 the legal settlements were a contribution to costs in relation to the judgement on OS3 Distribution Limited litigation.

Tax related matters in both 2018 and 2017 mainly comprises the release of unused provisions which were created in previous periods.

The restructuring expense of £71,000 is stated after taking into account the release of unused provisions of £248,000.

Net impairments of non-cash assets above relates to:

Year ended 31 December	**2018**	2017
	£'000	£'000
Goodwill	**9,081**	5,593
Other intangible assets	**317**	-
Tangible fixed assets	**-**	40
Investments	**(250)**	-
	9,148	5,633

5. Goodwill

The movement in goodwill is as follows:

	Goodwill
	£'000
Cost	
At 1 January 2017	193,894
Disposals	(96,071)
Exchange differences	(834)
At 1 January 2018	**96,989**
Exchange differences	**(926)**
At 31 December 2018	**96,063**
Impairment	
At 1 January 2017	170,673
Disposals	(96,071)
Charge	5,593
Exchange differences	(649)
At 1 January 2018	**79,546**
Charge	**9,081**
Exchange differences	**(721)**
At 31 December 2018	**87,906**
Net book value	
31 December 2018	**8,157**
31 December 2017	17,443

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

	2018	2017
	£'000	£'000
ingenie	**-**	9,081
Healthcare Services	**8,157**	8,362
	8,157	17,443

Basis of valuation and key assumptions for impairment testing of goodwill and intangible assets

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 explicit forecast periods of 3 years (2017: 3 to 4 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 its annual planning cycle, with reference to other market participants. In particular changes in revenues and pre-tax discount rate are key assumptions.

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.

2018	ingenie	Healthcare Services
Long term growth rate	2%	2%
DCF appraisal period	3 years	3 years
Annualised revenue growth over DCF appraisal period	20%	5%
Pre-tax discount rate	14%	9%

The 20% annualised revenue growth for ingenie in the forecast period appears high as a result of recovering from poor volumes in 2018.

2017	ingenie	Healthcare Services
Long term growth rate	2%	2%
DCF appraisal period	4 years	3 years
Annualised revenue growth over DCF appraisal period	3%	4%
Pre-tax discount rate	13%	11%

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 cash flows. Pre-tax discount rates have been assessed for each CGU.

Market challenges noted at the end of 2017 in respect of ingenie continued in to 2018 with volumes continuing to fall during the year. A number of mitigating actions have been taken to regain competitiveness within its chosen market which, if effective, will return the business to growth. It is accepted that there are risks in the successful delivery of these actions and that significant improvements to cash flows are required to support the carrying value of the business. Consequently, the goodwill of ingenie has been fully impaired at 31 December 2018.

Movement in goodwill by CGU

The movement in goodwill by CGU is as follows:

	2017 £'000	Foreign exchange movements £'000	Impairment £'000	2018 £'000
ingenie	9,081	-	(9,081)	-
Healthcare Services	8,362	(205)	-	8,157
Total	**17,443**	**(205)**	**(9,081)**	**8,157**

For Healthcare Services neither an increase in the pre-tax discount rate of 1 percentage point or a decrease of 1 percentage point in the long term growth rate would result in an impairment to the carrying value of goodwill.

6. Provisions

	Tax related matters £'000	Legal disputes £'000	Onerous contracts £'000	Other £'000	Total £'000
At 1 January 2017	**15,093**	**6,114**	**2,719**	**4,315**	**28,241**
Additional provisions	-	2,927	126	936	3,989
Unused amounts released	(9,086)	(46)	(227)	(973)	(10,332)
Used during the year	(2,814)	(1,553)	(2,092)	(2,282)	(8,741)
Exchange movements	-	-	(34)	(12)	(46)
At 1 January 2018	**3,193**	**7,442**	**492**	**1,984**	**13,111**
Additional provisions	**-**	**3,752**	**-**	**430**	**4,182**
Unused amounts released	**(1,493)**	**(96)**	**(156)**	**(167)**	**(1,912)**
Used during the year	**-**	**(2,891)**	**(272)**	**(836)**	**(3,999)**
Exchange movements	**-**	**-**	**23**	**(1)**	**22**

At 31 December 2018	**1,700**	**8,207**	**87**	**1,410**	**11,404**

Split:

Non-current	-	-	85	-	85
Current	1,700	8,207	2	1,410	11,319

Tax related matters

A provision for tax-related matters had been established in previous years with respect to judgemental tax positions primarily in relation to historic PAYE and VAT issues. During the year ended 31 December 2018, the remaining outstanding PAYE issues were resolved and resulted in £693,000 of provision being released to the income statement. In respect of the remaining provision key judgements exist around the classification of certain transactions and therefore the related tax treatment. Further information has become available during the year allowing an improved estimate to be made of the liability. This resulted in £800,000 of the provision being released to the income statement. The amount provided represents the Directors' estimate of the likely outcome based upon the information available; however the ultimate settlement may be different. The Group continues to take steps to resolve these outstanding items and believe the majority will be settled within twelve months from the balance sheet date.

Legal disputes and regulatory matters

In legal cases where the Group is (or would be) the defendant, defence costs are provided as the Group is committed to defending the actions. Such costs are provided for at the mid-range of possible eventualities given the uncertainty of the outcome, this range is reassessed on a continuous basis. If the Group is successful in defending such actions, then the final costs may be lower than the total provision recognised above. Additional provisions in the table above relate to an increase in the expected legal costs to defend these actions and do not represent providing against additional legal disputes. No amounts have been provided for the costs of any settlement, fine or award of damages, however a contingent liability of £637,000,000 has been disclosed.

Amounts used during the year represent legal costs incurred to date as a result of the above items. The provisions will be utilised further as the matters progress.

In legal cases where the Group is the claimant (or counter claimant), costs are not provided as there is no obligation to proceed and the Group is not contractually committed to incur costs.

Onerous contracts

Where contracted income is expected to be less than the related expected expenditure the difference is provided in full. The majority of the provision at 31 December 2017 related to non-property obligations which were settled during 2018 resulting in provisions used, and the release of £156,000 where the amount settled was less than managements estimate at 31 December 2017. At 31 December 2018 the provision relates exclusively to the maximum exposure remaining under a single onerous property lease, the timing of which may be reliably determined.

Other

Provisions have been established for expected costs where a commitment has been made at the balance sheet date and for which no future benefit is anticipated. These primarily relate to two areas, commission clawback relating to non-underlying businesses and warranties provided by the Group. The exact timing and quantum of the amounts is uncertain and the provision is based upon historic trends in these businesses.

£430,000 of the additional provision in the year and £494,000 of provisions used in the year relates to the normal ongoing business activities of the Group. The amount provided at 31 December 2017 related to restructuring has been used or released during the year such that no balance remains at 31 December 2018.