

**CPPGROUP PLC**  
**19 MAY 2011**  
**INTERIM MANAGEMENT STATEMENT**

CPPGroup Plc ("CPP" or the "Group") today publishes its Interim Management Statement ("IMS"), for the period from 1 January 2011 to the date of publication. Comparative references are to the equivalent period in 2010 and exclude the impact of foreign exchange.

**Trading performance**

We have continued to grow in the period in the UK and overseas. Group revenue has grown by 12% to 30 April 2011. Northern Europe sales grew by 14% and UK sales by 12%, led by continued growth of our Packaged Accounts channel. Revenue reduced by 6% in Southern Europe, which includes a reduction of 9% in Spain, being impacted by the ongoing difficult economic and banking sector conditions. Despite these short term difficulties in Southern Europe, the region has maintained strong operating profit margins and the medium term pipeline of opportunities remains encouraging. North America revenues increased by 22% including the one-off benefit of a debit card rebranding and reissue activation campaign with Sovereign Bank. Asia Pacific grew revenues by 18% led by progress in Singapore and in India, where we have also signed GE Capital/State Bank of India Cards ("SBI Cards") as a new partner.

Since 28 March, revenues have been negatively impacted by our previously announced decision to suspend sales of Identity Protection through our UK voice channels in response to discussions with the FSA and the subsequent request from Barclaycard to suspend sales to their customers through our call to confirm channel.

The Group continues to focus on its KPIs. New Assistance Income has grown, led by our UK Packaged Accounts channel and our North American business. The Group renewal rate is 75.5%, which has remained stable compared to December 2010 on a constant territory mix basis at 75.9%. The UK rate has shown a small increase and we are also pleased to see signs of an increasing rate in Turkey as this market begins to mature. Underlying operating profit margin has decreased to 14.0% which is 0.3% lower than the same period in 2010, being impacted by the reduction in Identity Protection revenues.

**Financial position**

There has been no significant change in CPP's financial position since December with continued low net debt of £3.0 million at 30 April 2011.

**Launch of new Identity Protection product**

We are today launching our new non-insured Identity Protection product, Identity Safe, which is now available to purchase on our website. The product provides consumers with a comprehensive range of assistance services to help customers detect, prevent and resolve identity fraud. The National Fraud Authority, an executive agency of the Home Office, estimates that every year in the UK identity fraud costs more than £2.7 billion and affects over 1.8 million people. Initial Business Partner feedback on our new offering has been encouraging but launch dates have not yet been confirmed with our partners.

**Outlook**

We anticipate that revenue growth for the first half of 2011 will not continue at the level seen in the first four months of the year, being negatively impacted by the suspension of sales of Identity Protection through our UK voice channels since 28 March 2011. Group margins will be impacted by the lost sales, particularly in the first half of 2011.

We expect the non-insured Identity Safe product will be rolled out in the UK during the coming months. As outlined previously this new product is subject to deferral accounting. This change in accounting together with the impact of the period of suspension of Identity Protection voice sales will act as a drag on full year reported revenue growth.

Whilst the Board believes that new business volume uncertainty may remain whilst the FSA investigations progress, the Board continues to believe in the ongoing relevance and consumer appeal of its products and services and in the Group's long term growth prospects.

Eric Woolley, Group Chief Executive, commented:

"The Group delivered another strong underlying business performance in the first four months of 2011 with encouraging trading trends in Northern Europe, North America and Asia Pacific, and with Southern Europe maintaining its margins but impacted by the challenging economic conditions in Spain. We are working hard to make further progress in our new developing markets, which offer significant longer term potential, and we have seen a number of pleasing developments including the addition of a new business partner, SBI Cards, in India. Whilst the continuing uncertainty resulting from our ongoing discussions with the FSA is unwelcome, I remain confident that we have excellent products which fulfil a significant and growing need in our society, and a sound business model around which we will continue to grow both in the UK and internationally."

Charles Gregson, Chairman, comments at today's AGM on ongoing discussions with the FSA:

"CPP is committed to running its business with the highest levels of integrity and treating its customers fairly. We continue to work closely with the FSA in relation to its ongoing investigation and remain hopeful of a swift conclusion to these discussions to remove the ongoing uncertainty around the business. The Board continues to believe in the relevance and consumer appeal of its products and services, and we have been encouraged by the ongoing support received from our Business Partners. We are co-operating with the FSA and further announcements will follow once the Group has further clarity on the FSA's findings and conclusions."

A conference call for analysts will be held on 19 May 2011 at 8.00 a.m., dial-in details for which are as follows:

Dial in: 020 3140 0668  
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**Notes to Editors**

**1. Key facts on Identity Safe**

Identity Safe provides consumers with a comprehensive range of assistance services that help customers detect, prevent and resolve identity fraud, including:

- A consultation with an identity fraud expert identifying any immediate and long term risks and providing advice on how to keep their identity safe
- Web surveillance to help prevent the theft, loss or disclosure of vital personal information with the customer alerted if any personal information is found on illegal data trading sites and unsecure websites
- Unlimited access to credit reports delivered either online or paper
- Immediate e-mail or SMS alerts to notify policyholders of any changes to their credit reports that may indicate identity fraud

- A dedicated fraud expert to help prove that a fraud has taken place and to help identify and resolve the full extent of the fraud
- In more complex cases, if deemed necessary, engagement of a qualified investigator to visit the customer at home to complete a full on-site investigation
- Should the customer need to go to court to clear their name, compilation of a dossier of evidence to provide their solicitor with all information supporting the customer's case

## **2. About CPP**

CPPGroup Plc (CPP) is a fast-growing and leading international Life Assistance business with operations in 15 geographical markets in both developed and developing countries. Card protection was the first product the Group introduced 30 years ago. Since then CPP has launched mobile phone insurance, legal assistance and identity theft protection. CPP is also prominent in the provision of Packaged Accounts where we source products and services to create a tailored 'package' for bank account customers. We also provide a range of travel support services such as translation and lost-and-found luggage services as well as access to airport lounges worldwide. Our joint venture with Mapfre Asistencia provides assistance for plumbing, drainage, gas, electrical and other home-related emergencies.

### **Cautionary statement**

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

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