Final Results

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• News Release •

Helphire Group plc

Issue Date: 27 September 2013

Results for the Year ended 30 June 2013

Helphire returns to profit and net cash

Operational and financial headlines

- Adjusted* operating profit of £8.0m (2012: £1.4m)
- Adjusted* profit before taxation of £4.3m (2012: loss of £4.1m)
- Adjusted* basic EPS 1.25p (2012: EPS 1.13p loss)
- Net cash inflow from operating activities of £31.2m (2012: £21.1m)
- Net cash inflow to EBITDA ratio of 197.7% (2012:140.7%)
- Debtor days reduced to a record 126 days from 165 days
- Net cash of £1.1m (2012: net debt of £110.8m)
- Open case count reduced by a further 10,000 cases to 39,000 cases
- Return to dividend list - special dividend for the year of 0.165 pence paid on 24 July 2013
- First interim dividend for 2014 declared of 0.110 pence and payable on 25 October 2013
- £4.3m in dividends paid or declared since raising £25.6m in March 2013 placing

**Adjusted measures exclude the impact of those items described as exceptional in Note 6.*

Commenting on the Group's results and prospects, Martin Ward, Chief Executive Officer, said:

"We are pleased to report that the business has completed some significant changes to its financial structure, business model and cash profile during the year. The Group is now generating cash, is profitable and has shareholders' funds of over £77m. Significantly, we have returned to the dividend list with total dividends of £4.3m paid or declared. This is an outcome of the implementation of a number of changes made to build a more sustainable business model which has better secured the margins in the business as well as a renewed confidence from our long-standing shareholders who supported our financial restructuring plans in March 2013. Our people have played an important part in driving this change and we look forward to making further improvements going forward.

In a market that has remained challenging and competitive against a background of falling national accident rates our focus on providing a quality service to all of our Partners and their customers has been a key driver in our goal for success. The improvements in our operational systems and processes together with the efficiency and transparency achieved when presenting claims to insurers has also contributed to reducing debtor days to a record 126 days which is probably one of the best in the industry."

Enquiries

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Notes for Editors:

About Helphire Group plc:

Helphire Group plc is a market leader in the provision of accident management assistance to drivers involved in road accidents that were not their fault. Working with the UK's top insurance companies, its services include provision of like for like replacement vehicles, financing of vehicle repairs, and legal representation in respect of both motor and personal accident claims.

Chairman's statement

The period to 30 June 2013 has seen a number of considerable achievements that have transformed the financial profile of the Group and put the Group on a sound footing for the future.

On 28 February 2013 we concluded many months of negotiations with the Group's lending bankers by announcing that agreement had been reached on a set of refinancing proposals which was beneficial to the company, its shareholders and lenders. The refinancing, full details of which were contained in the resultant prospectus, involved raising equity finance and using the net proceeds, together with the issue of new shares to the banks, to settle in full the Group's senior debt facilities, leaving the Group debt free save for certain fleet and property facilities.

Since then the Group continued to trade at significantly improved levels of profitability compared to last year and has also continued to maintain a focus on cash collections and improving cash inflow. As a consequence I am pleased to report that the Group's receivables expressed in statutory debtor days were reduced to a record low of 126 days and the Group ended the year totally un-geared with net cash of £1.1m in its balance sheet and has also made a return to the dividend list.

The Group's main trading environment in credit hire continued to be challenging with a combination of proposed regulatory changes, review by regulatory authorities, continued competitive pressure, lower levels of accidents and the resultant overcapacity at repairers all contributing to a changing marketplace. Notwithstanding these pressures, I can report that hire length, which is a major driver in the Group's profitability, stabilised for much of the year following the decline seen in the previous two years and an average of 16.4 days was recorded during the period, unchanged from the average of 16.4 days reported for the year to 30 June 2012.

We have continued with our strategy to explore with our business partners and suppliers improved ways of working toward a business model that is more resilient to the changes being seen in the market to create a sustainable underlying model that better aligns the economic risk and reward in our business. I am also delighted to be able to report that the Group was granted by the regulatory authorities a licence to operate its own legal practice, Principia Law, as an Alternative Business Structure with effect from 22 August 2013. This now ensures that the Group is able to continue to offer a complete range of services that consumers require in a one stop environment. These measures have enabled the Group to continue to provide the high levels of service for which it is becoming known and also to better position itself to withstand fluctuations in hire length and in sharing this risk with its Partners in the future.

Results

Revenues were £204.8m (2012: £224.3m) and the adjusted operating profit for the year was £8.0m (2012: £1.4m).

The number of hire cases was stable at 129,000. The reduction in revenues principally reflects the reduction in the levels of personal injury cases handled in the run up to the ban on referral fees that came into force on 1 April 2013 and their cessation from that date as well as a reduction in the number of credit repair cases handled consequential upon the fall in accident rates nationally and also changes in associated referrer mix.

Pre-tax exceptional items resulted in a total net credit of £28.1m (2012: charge of £2.1m). This net credit comprises of:

- A charge of £4.9m in respect of exceptional operating costs of which £4.2m relates to the anticipated net cost resulting from the Group's decision to divest itself of its interests in all properties that are no longer occupied or required by the Group. The balance of the charge is in respect of legal and professional costs necessarily incurred as part of the restructuring together with redundancy costs and share based payment charges in accordance with IFRS2 in respect of share options issued during the year.
- A credit in respect of exceptional other income of £33.7m as a result of the required accounting presentation in accordance with IFRIC19 in respect of the difference in the fair value of shares issued to the banks as part of the refinancing mentioned above compared to the associated debt extinguished.
- A charge in respect of exceptional finance costs of £0.7m as a consequence of extinguishing the historical bank debt necessitating the associated write off of unamortised bank fees paid in relation to the cancelation of bank facilities that otherwise were due to expire in December 2014.

After the net operating exceptional charges of £4.9m above the statutory operating profit was £3.0m (2012: loss of £0.7m).

Adjusted finance costs were much lower at £3.7m (2012: £5.6m) reflecting the effect of the elimination of almost all of the corporate debt from 28 March 2013 as well as lower average debt during the year as a result of higher levels of cash collections.

The adjusted profit before taxation was £4.3m (2012: loss of £4.1m) and the statutory profit before taxation was £32.4m (2012: loss of £6.3m).

There was a net tax credit of £3.9m for the year which was principally in respect of the recognition of a deferred tax asset of prior years' losses, (2012: £0.4m) and as a result the statutory profit after tax is £36.3m (2012: loss of £5.9m).

The Board is encouraged by the progress that has been achieved over the past two years which has seen changes being implemented in the underlying business model. The resultant positive trend on trading is demonstrated in the comparison of each set of half year adjusted operating results in the table below:

	6 months to 30/06/2013 £000	6 months to 31/12/2012 £000	6 months to 30/06/2012 £000	6 months to 31/12/2011 £000
Turnover	**94,829**	**109,938**	**111,412**	**112,897**
Adjusted operating profit/(loss)*	**4,829**	**3,132**	**2,133**	**(695)**
Exceptional Costs - Property restructuring costs	(3,945)	(265)	(615)	(1,426)
Exceptional Costs - Other	(541)	(50)	(319)	(1,006)
Exceptional Costs - Share based payments	(106)	(18)	1,250	-
Exceptional credit - Other income	33,738	-	-	-
Exceptional Costs - Finance costs	(697)	-	-	-
Finance costs	(1,005)	(2,646)	(2,693)	(2,883)

Profit/(loss) before taxation	**32,273**	**153**	**(244)**	**(6,010)**
Gross margin %	**24.4%**	**20.9%**	**20.4%**	**17.8%**

**Adjusted measures exclude the impact of those items described as exceptional in Note 6.*

Dividend

As stated in the prospectus dated 28 February 2013 the Board intends to manage the Company so as to maximise its profit and cash generation and, in the absence of unforeseen circumstances, or other requirements or commitments to which the Directors should have regard, to distribute as much of the profits by way of dividend as it reasonably and legitimately can, provided sufficient cash is available to pay such dividends.

A special dividend of 0.165 pence per ordinary share in respect of the year ended 30 June 2013 and amounting to £2.6m was announced on 20 June 2013 and paid on 24 July 2013. This dividend satisfied the Board's commitment to pay a minimum dividend of at least £2.5m in respect of the year ended 30 June 2013 and the Board is not recommending the payment of any final dividend. However the Board is pleased to announce a first interim dividend of 0.110 pence per share on account of the year to 30 June 2014 which will be paid on Friday 25 October 2013 to those shareholders on the register at the close of business on Friday 11 October 2013. This dividend together with the dividend already paid amounts to 0.275 pence and a total of £4.3m paid or declared since the placing raising £25.6m was completed on 28 March 2013.

The Board intends, in the absence of unforeseen circumstances, to revert to a more normal dividend calendar going forward. In addition the Board intends to pay further special dividends should appropriate circumstances occur.

Net cash and debt

The Group's debt position was transformed upon completion of the Placing and Open Offer on 28 March 2013 which saw £64.5m of bank debt extinguished by a combination of pay down from the net proceeds of the share issue and the conversion of the residual debt into equity. Notwithstanding this the Group has continued to maintain a focus on cash collections and improving cash inflow. As a consequence the Group's historical net debt has been turned into a net cash position of £1.1m (June 2012: net debt of £110.8m), a turnaround of £111.9m since 30 June 2012.

Net trade receivables reduced by £28.8m to £69.2m and statutory debtor days have been reduced by 39 days to a record 126 days (2012: 165 days).

The Board is encouraged that a further 10,000 open claims have been closed, reducing the overall caseload to 39,000 outstanding cases which is now closer to a normal trading position.

Outlook

The Group continues to operate in a highly competitive marketplace that is currently experiencing exceptional commercial pressures as well as regulatory and political scrutiny and a continued fall in national accident rates.

The ban on referral fees in relation to personal injury cases, which came into effect on 1 April 2013 has seen a number of insurers and competitors in the market make changes in the way that business is conducted including participation in Alternative Business Structures by way of investment in, or joint ventures with, firms of solicitors to handle certain aspects of claims arising from motor accidents. The Group has also made the decision to form a majority owned legal practice, Principia Law Limited, to provide such services and has been granted its own licence to practise as solicitors with effect from 22 August 2013. In addition the Competition Commission is due to report on the workings of the private car insurance industry (including the effect of credit hire and repair on insurance premiums) by the end of September 2014 and in anticipation of this, the Group is examining and considering any possible further business model changes that may be required or appropriate depending upon the outcome of their report.

Notwithstanding the uncertainty around regulatory intervention, together with the difficult economy and falling national accident rates, the Board, in light of the steps that have been taken to transform, improve and safeguard the future business model and margins, as well as achieving a more secure financial structure during the year, remains optimistic.

Our people

We thank our employees for their continued support, hard work and loyalty during the year and recognise their drive to continually improve every aspect of our service delivery, which is reflected in the high feedback rating we receive from customers every month.

Annual General Meeting

The Group's Annual General Meeting will be held on Wednesday, 27 November 2013.

Avril Palmer-Baunack
Chairman
26 September 2013

Operating and Financial Review

The Group has continued to make good progress to gradually change the business model to include more flexible terms which more equitably share the risk and reward in a transaction but these initiatives have yet to mature fully. The Group anticipates that the majority of its business will now be conducted on this new basis. The ongoing improvement in the Group's working relationship with at-fault insurers has continued to remove frictional costs and has increased the number of claims being resolved and paid more quickly than has been the case in the past. A continued focus on cash recoveries together with an increased level of cooperation with a growing number of insurers with respect to the processes around the presentation and processing of claims for payment has seen further working capital improvements and debtor days have again improved substantially to a record low of 126 days.

Market and business model

The period has seen significant regulatory activity and, after the completion of an investigation by the Office of Fair Trading ("OFT") into the rising levels of car insurance premiums charged by insurers and the workings of the car insurance market the OFT has referred the UK market for the supply or acquisition of private motor insurance and related goods and services (which includes the credit hire industry) to the Competition Commission ("CC") for a market investigation and they are required to report by the end of September 2014.

The Group has been engaged with the CC in this respect and has provided numerous documents and a considerable amount of data in response to the various "theories of harm" that the CC hypothesise as being relevant in the market. However the existing overriding position under English Law is that parties that are not at fault in road accidents are entitled to be re-instated to their former position. It remains our view that insurers will not want to burden their own balance sheet by providing accident management services themselves or attempt to price for this upfront, in insurance premiums, lest they become uncompetitive. Claims for replacement vehicles will continue to require representation, are not simple to handle and require a detailed knowledge and skill to manage effectively, which is a core activity of Helphire's service provision.

Nothing in the Group's discussions with the CC to date has indicated that there is any evidence to support the various "theories of harm" to the consumer that the CC hypothesise as being relevant in the part of the market the group participates in.

In addition following changes to the law the ban on Personal Injury referral fees came into force from 01 April 2013 and as a consequence, many businesses in the market have made changes in their operations, including the way in which personal injury cases are to be processed going forward. A number of insurers have already formally changed their processes in the management of personal injury claims by way of an involvement with Alternative Business Structures ("ABS") that allow non solicitors to invest in legal firms that conduct regulated legal services and some competitors have been purchasing law firms in parallel to this. With effect from 22 August 2013 the Group was also granted a licence to operate its own majority-owned ABS solicitor firm utilising existing Group facilities and an appropriate corporate structure. Whilst this structure will service the lower number of personal injury cases that will now necessarily be available to the Group, these lower personal injury referrals should enable the Group to align the economic return earned from this business more closely with the level of services provided. It is anticipated that this, together with other ancillary opportunities, will secure an overall net benefit to the Group in the future.

Vehicle fleet

The Group continues to operate highly effective fleet services through a hybrid solution of ownership, contract hire and cross-hiring from daily rental companies for peak periods. This combination allows flexibility to dispose of excess fleet in the event of a downturn and to maximise fleet, without incurring ownership costs, in short peak periods.

The average age of the fleet has been reduced to 9 months (compared to just less than 12 months last year) with a broad spread of manufacturers and models and a greater mix of contract hire compared with HP funding. The Group's efforts to better balance the mix of the fleet to meet a changing demand profile continued and the average number of vehicles held during the year was reduced from 6,866 to 6,488, a reduction of 5.5% which contributed to a significant improvement in fleet utilisation to 80.7% (2012: 78.5%) and is considered an excellent performance for the year.

Settlement provision and case management

The total number of open claims has been further reduced by 22% in the year from 49,400 to 38,600 claims. Cases more than 120 days old have reduced by 27% to 21,900 cases (2012: 29,900 cases). Recovery rates during the period have been encouraging with approximately 70% of new claims now being settled within 90 days of request, which is testament to the better working relationships with at-fault insurers and improvements in procedures and processes that have been achieved over the last two years. This has been assisted by an increased number of settlement protocols that have been put in place with certain insurers to remove frictional costs and accelerate settlement. The number of cases with solicitors has also been more than halved in the year from 14,600 to 6,400 at 30 June 2013 and the reduction in cases continues, although there is still much to do. Sustaining this improving position on cash and recovery rates remains a key focus for the business.

Autofocus

As previously reported, the Group has been engaged in an ongoing process involving solicitors acting for the Autofocus Liquidators and the intervening insurers, Direct Line Group and RSA, to agree the process to extract the information required by the Group, and permitted under the court order granted on 26 June 2012, which will enable the Group to determine the appropriate level of damages suffered as a result of the unreliable evidence offered by Autofocus and then to seek recovery of those losses from defendant insurers. Following lengthy and protracted negotiations the intermediaries approved by the court were finally allowed restricted access to the required database of information held by the liquidators in late June 2013 and they have started to release data to the Group. The Group's work so far indicates that there are several thousand cases that will require further examination and evaluation to fully quantify the value that has been compromised and impaired as a result of the unreliable evidence. The Group will only begin settlement negotiations with defendant insurers when the full information is obtained.

It remains the Group's intention to make good its losses through negotiated settlements. A number of insurers have indicated that they would wish to enter into dialogue with the Group in this respect.

Financial Review

Performance

Certain items have been reported and disclosed as exceptional on the face of the Income Statement and these items are commented on separately as appropriate further in this announcement. The Income Statement captions excluding these exceptional items more properly reflect the comparable operating performance of the business and for ease of reference are referred to as 'adjusted'.

The financial results for the year to 30 June 2013 also reflect:

	12 months ended 30 June 2013	12 months ended 30 June 2012	Change %
Operational KPIs			
Hire cases	**128,739**	129,048	(0.2)
Credit hire	**100,373**	104,513	(4.0)
Standard hire	**28,366**	24,535	15.6
Repair cases	**41,419**	47,742	(13.2)
% of credit hire cases	**41.3%**	45.7%	(4.4)pt
PI cases	**16,763**	28,070	(40.3)
% of credit hire cases	**16.7%**	26.9%	(10.2)pt
Hire days	**2,113,439**	2,121,121	(0.4)
Average days hire	**16.4**	16.4	-
Average fleet revenue generating utilisation	**80.7%**	78.5%	2.2pt
Financial KPIs			
Revenue (£'000)	**204,797**	224,309	(8.7)
Gross profit (£'000)	**46,131**	42,740	7.9
Gross margin	**22.5%**	19.1%	3.4pt
Adjusted operating profit* (£'000)	**7,961**	1,438	453.6
Adjusted operating margin*	**3.9%**	0.6%	3.3pt
Debtor days	**126**	165	23.6

* Adjusted measures exclude the impact of the items described as exceptional in Note 6.

Revenue and hire length

Group revenue of £204.8m for the year ended 30 June 2013 (2012: £224.3m) was £19.5m or 8.7% lower than the prior year. The reduction in revenues principally reflects the reduction in the levels of PI cases handled in the run up to the ban on referral fees that came into force on 1 April 2013 and their cessation from that date together with a reduction in the number of credit repair cases handled consequential upon the fall in accident rates nationally and a change in associated referrer mix. Hire duration, which is a key driver of the Group's performance, remained stable during the year and an average of 16.4 days was recorded (2012: 16.4 days).

Gross profit and adjusted operating profit

With the number of hire cases stable at 129,000 and an unchanged average hire duration further efficiencies and reductions in fleet costs were able to be achieved. The Group has been able to further reduce the average number of vehicles by 5.5% from 6,866 to 6,488 and improve operational fleet utilisation from 78.5% to 80.7%. This together with further reductions in overheads and also improvements in overall margins achieved in other areas of the business including reductions in the levels of low margin business undertaken saw gross margins improve to 22.5% (2012: 19.1%).

Adjusted operating profit of £8.0m (2012: £1.4m) increased by £6.6m versus last year which was the result of the improvement in gross profit of £3.4m and a reduction of overheads of £3.2m.

Adjusted operating profit is reconciled to the Income Statement as follows:

	Audited 12 months ended 30 June 2013 £m	Audited 12 months ended 30 June 2012 £m
Adjusted operating profit - continuing operations	**8.0**	**1.4**
Adjustments		
Operational restructuring costs	(0.3)	(0.7)
Surplus property restructuring costs	(4.2)	(2.1)
Financial and share restructuring costs	(0.4)	(0.6)
Share based (payments) / credit	(0.1)	1.3
Statutory operating profit /(loss)	**3.0**	**(0.7)**

The adjusted operating profit margin was 3.9% (2012: 0.6%).

Exceptional items

The year has seen the final stage in the financial restructuring of the Group with the elimination of historical corporate bank debt and the decision to dispose of a number of properties that no longer housed ongoing Group operations. These events together with certain other initiatives have led to further exceptional items in the year. These are summarised below:

a) Operational restructuring costs

As part of the rationalisation of certain of the Group's operations undertaken during the year further consequential redundancy costs of £0.3m were incurred, (2012: £0.7m including professional fees).

b) Surplus property restructuring costs
As a consequence of the removal of substantially all of the historical bank debt and associated operating restrictions the board has been able to implement a strategic decision to dispose of all properties formerly occupied by the Group but either currently empty or subject to sub lets. At the same time the Group's interests in both the freehold and an associated lease of premises partially occupied by its operations in Northwich have been disposed of. A charge of £4.2m has been made to reflect the actual or anticipated costs of exit by way of disposal of a total of 5 freehold properties under this heading as has certain consequential adjustments in respect of provisions for onerous leases. The charge for 2012 is in respect of onerous leases.

c) Financial and share restructuring costs
The share placing completed on 28 March 2013 facilitated the elimination of much of the historical corporate debt of the Group. This process resulted in certain legal and professional costs and ancillary expenses amounting to £0.4m necessarily being incurred that under the Companies Act could not be charged against share premium account and have consequently been expensed. The charge of £0.6m in respect of 2012 is principally in respect of the restructure of bank facilities and associated professional fees.

d) Share based payments
Ancillary to the share placing completed on 28 March 2013 certain new share incentive schemes were approved by shareholders and new options issued to certain employees and directors. In accordance with IFRS2 the calculated charge in respect of these options amounts to £0.1m. The credit of £1.3m for 2012 relates to share-based payments linked to a service vesting condition for old closed schemes that had been forfeited by participants or where the non-market vesting condition is unlikely to be achieved.

e) Credit on capital restructuring
As more fully described in the prospectus issued on 28 February 2013, the Company raised equity finance and used the net proceeds, together with an issue of new shares to the banks, to settle in full the Group's senior debt facilities. As required by accounting standards (IFRIC 19) a credit of £33.7m has been recognised in the income statement as the difference between the carrying value of the bank debt extinguished as a result of the share placing and debt conversion announced on 28 February 2013 and the fair value of the shares issued to the banks as part of these arrangements. To comply with the requirements of UK company law a reserves transfer of £33.7m in respect of this technical accounting gain was then made between retained earnings into share premium account.

f) Bank loans restructuring costs
The elimination of much of the historical corporate debt of the Group consequential upon the completion of the share placing in March 2013 necessitated the write off of bank fees paid and unamortised and amounting to £0.7m in relation to facilities that otherwise would have had an expiry date of 31 December 2014.

The total net pre-tax exceptional credit for the year (including exceptional finance costs and exceptional other income) was therefore £28.1m (2012: charge of £2.1m), which after tax of £nil (2010: £nil) results in a post tax exceptional credit of £28.1m (2012: charge of £2.1m).

Net finance costs

Adjusted finance costs were much lower at £3.7m (2012: £5.6m) reflecting the effect of the elimination of almost all of the corporate debt from 28 March 2013 as well as lower average debt during the year as a result of higher levels of cash collections.

Adjusted profit before tax

The adjusted profit before tax of £4.3m (2012: £4.1m loss) is an improvement of £8.4m versus last year and is due to the much improved adjusted operating profit of £6.5m and a £1.9m reduction in the interest charge as outlined above

Statutory profit before and after taxation

The Statutory profit before tax was £32.4m (2012: loss of £6.3m). There was a net tax credit (principally in respect of the recognition of a deferred tax asset of prior years' losses) of £3.9m, (2012: £0.4m) and therefore the statutory profit after tax is £36.3m (2012: loss of £5.9m).

Earnings/(loss) per share - Basic and Diluted

Statutory basic EPS is 5.55p profit (2012: EPS 1.77p loss). Statutory diluted EPS is 4.66p profit (2012: EPS diluted 1.77p loss).

The adjusted EPS is 1.25p profit (2012: adjusted EPS 1.13p loss). The adjusted diluted EPS is 1.05p profit (2012: EPS diluted 1.13p loss).

Dividend

A special dividend of 0.165 pence per ordinary share in respect of the year ended 30 June 2013 was announced on 20 June 2013 and was paid on 24 July 2013. The Board has announced a first interim dividend of 0.110 pence per share on account of the year to 30 June 2014 which will be paid on Friday 25 October 2013 to those shareholders on the register at the close of business on Friday 11 October 2013. The shares will be ex-dividend on Wednesday 09 October 2013.

Balance sheet

The Group's debt position was transformed upon completion of the Placing and Open Offer on 28 March 2013 which saw £64.5m of bank debt extinguished by a combination of pay down from the proceeds of the share issue and the conversion of the residual debt onto equity. Notwithstanding this the Group has continued its focus on the reduction of operating working capital.

During the year net trade receivables have been reduced by £28.8m to £69.2m. Debtor days have been reduced as a result of improved settlement levels and associated cash collection and now stand at a record low of 126 days (2012: 165 days).

The Group also made greater use of vehicle contract hire which was available at very competitive rates during the year and as a consequencethere was a net reduction of £23.9m of vehicles held as fixed assets under finance leases.

Net assets at 30 June 2013 were £77.0m (2012: £10.5m).

Net debt and financing

Total net cash at 30 June 2013 was £1.1m and this compares with net debt of £110.8m at 30 June 2012. This comprised fleet related funding of £14.9m (30 June 2012: £43.8m) and other corporate borrowings of £5.2m (30 June 2012: £69.1m) net of unamortised bank facility arrangement fees, and £21.2m cash on hand (2012: £2.1m):

	Audited 12 months ended 30 June 2013 £m	Audited 12 months ended 30 June 2012 £m
Fleet		
Finance leases	12.3	39.1
Fleet facility	2.6	4.7
Total fleet debt	**14.9**	**43.8**
Corporate		
Working capital loans	-	25.0
Term loan	-	29.4
Share purchase loan	-	7.5
Mortgages	5.1	8.3
Finance leases	0.1	0.3
Unamortised debt arrangement fees	-	(1.4)
Total corporate debt	**5.2**	**69.1**
Total debt	**20.1**	**112.9**
Cash	(21.2)	(2.1)
Net (cash) /debt	**(1.1)**	**110.8**

Since the year end all of the amounts shown above in respect of mortgages have been extinguished as a result of disposals of the underlying assets held for sale at that date and contractual amortisations of debt**.**

Excluding the effects of the share placing and associated debt conversion the underlying reduction in debt was a very creditable £47.4m including a £28.9m reduction in fleet debt.

Cash flow

Cash generated from operating activities was £35.4m (2012: £29.2m), an increase of £6.2m principally due to the improvement in operating profits and the reduction in net working capital. After other net operating outflows of interest and taxation, net cash flow from operating activities was £31.2m (2012: £21.1m).

Net cash flow to EBITDA was 197% (2012: 141%).

Principal risks and uncertainties

The principal risks and uncertainties facing the group are set out in note 14 to this preliminary announcement.

Martin Ward
Chief Executive Officer
26 September 2013

Stephen Oakley
Chief Financial Officer
26 September 2013

Consolidated income statement
For the year ended 30 June 2013

	Note	**Year ended 30 June 2013 Adjusted* £'000**	**Year ended 30 June 2013 Exceptional items* £'000**	**Year ended 30 June 2013 £'000**	Year ended 30 June 2012 Adjusted* £'000	Year ended 30 June 2012 Exceptional items* £'000	Year ended 30 June 2012 £'000
Total Revenue		**204,767**	**-**	**204,767**	224,309	-	224,309
Cost of sales		**(158,636)**	**-**	**(158,636)**	(181,569)	-	(181,569)
Gross profit		**46,131**	**-**	**46,131**	42,740	-	42,740
Administrative expenses	*6*	**(38,170)**	**(4,925)**	**(43,095)**	(41,302)	(2,116)	(43,418)
Operating profit/(loss)		**7,961**	**(4,925)**	**3,036**	1,438	(2,116)	(678)
Other income	*6*	**-**	**33,738**	**33,738**	-	-	-
Finance costs	*6 & 7*	**(3,651)**	**(697)**	**(4,348)**	(5,576)	-	(5,576)

Profit /(loss) before tax		**4,310**	**28,116**	**32,426**	(4,138)	(2,116)	(6,254)
Tax credit	*8*	**3,891**	**-**	**3,891**	380	-	380
Profit /(loss) for the year attributable to equity holders of the Company		**8,201**	**28,116**	**36,317**	(3,758)	(2,116)	(5,874)
Profit /(loss) per share (p)							
Basic	*1*	**1.25**	**4.30**	**5.55**	(1.13)	(0.64)	(1.77)
Diluted	*1*	**1.05**	**3.61**	**4.66**	(1.13)	(0.64)	(1.77)

* Adjusted loss excludes the impact of those items described as exceptional, as set out in Note 6.

Consolidated statement of comprehensive income

For the year ended 30 June 2013

	2013	2012
	£'000	£'000
Profit /(loss) for the year	**36,317**	(5,874)
Other comprehensive income:		
Cash flow hedges		
Profits arising during the year	**-**	1,307
Total comprehensive income for the year attributable to equity holders of the Company	**36,317**	(4,567)

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Share Capital	Share Premium Account	Hedging Reserve	Equity Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 01 July 2011	16,567	107,103	(1,307)	6,652	(112,692)	16,323
Loss for the year	-	-	-	-	(5,874)	(5,874)
Other comprehensive income for the year	-	-	1,307	-	-	1,307
Total comprehensive income for the year	-	-	1,307	-	(5,874)	(4,567)
Debit to equity for equity settled Share-Based Payments	-	-	-	(6,652)	5,402	(1,250)
Balance at 30 June 2012	16,567	107,103	-	-	(113,164)	10,506
Profit for the year	-	-	-	-	36,317	36,317
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	36,317	36,317
Issue of Ordinary Shares	123	33,736	-	-	-	33,859
Issue of B Shares	10	-	-	-		10
Expenses on issue of Ordinary Shares		(3,808)				(3,808)
Transfer on exchange of debt for equity	-	33,738	-	-	(33,738)	-
Cancellation of Deferred Shares	(16,534)	-	-	-	16,534	-
Cancellation of Share Premium Account	-	(170,769)	-	-	170,769	-
Credit to equity for settled Share-Based Payments	-	-	-	-	124	124
Balance at 30 June 2013	166	-	-	-	76,842	77,008

Consolidated Statement of Financial Position

as at 30 June 2013

	Note	**2013**	2012
		£'000	£'000

	Note		
Non-current assets			
Goodwill		**18,950**	18,950
Property, plant and equipment (including vehicles)		**16,811**	51,784
Deferred tax asset		**5,150**	1,659
		40,911	72,393
Current assets			
Trade and other receivables	*8*	**77,561**	107,910
Assets held for sale	*9*	**4,830**	-
Cash and cash equivalents		**21,199**	2,082
		103,590	109,992
Total assets		**144,501**	182,385
Current liabilities			
Trade and other payables	*10*	**(40,529)**	(50,193)
Obligations under finance leases		**(7,329)**	(30,098)
Short-term borrowings		**(2,919)**	(3,092)
Provisions		**(2,005)**	(1,817)
		(52,782)	(85,200)
Net current assets/(liabilities)		**50,808**	24,792
Non-current liabilities			
Long-term borrowings		**(4,712)**	(70,449)
Obligations under finance leases		**(5,108)**	(9,269)
Deferred tax liability		**-**	(131)
Long-term provisions		**(4,891)**	(6,830)
		(14,711)	(86,679)
Total liabilities		**(67,493)**	(171,879)
Net assets		**77,008**	10,506
Equity			
Share capital	*12*	**166**	16,567
Share premium account	*12*	**-**	107,103
Retained earnings		**76,842**	(113,164)
Total equity		**77,008**	10,506

Consolidated statement of cash flows
for the year ended 30 June 2013

			2013		2012
	Note	**£'000**	**£'000**	£'000	£'000
Cash flows from operating activities					
Profit / (loss) for the year		**36,317**		(5,874)	
Tax (credit)		**(3,891)**		(380)	
Exceptional credit arising on debt for equity swap	*6*	**(33,738)**		-	
Finance costs	*7*	**4,348**		5,576	
Fleet finance lease interest	*7*	**1,835**		3,107	
Depreciation, amortisation and impairment charges	*13*	**10,496**		14,098	
Losses /(gains) on sale of property, plant and equipment		**270**		(305)	
Share-based payment charges/(credits)	*6*	**124**		(1,250)	
EBITDA		**15,761**		14,972	
Decrease in receivables		**30,349**		16,362	
Decrease in payables		**(8,955)**		(1,208)	
Decrease in provisions		**(1,751)**		(932)	
Cash generated from operating activities			**35,404**		29,194
Bank interest received	*7*	**20**		5	
Bank and loan interest paid	*7*	**(2,315)**		(4,971)	
Fleet finance lease interest	*7*	**(1,835)**		(3,107)	
Interest element of non-fleet finance lease rentals	*7*	**(38)**		(61)	
			(4,168)		(8,134)
Taxation paid			**(78)**		-
Net cash from operating activities			**31,158**		21,060
Cash flows from investing activities					
Purchase of property, plant and equipment		**(2,511)**		(720)	
Proceeds from sale of plant and equipment		**31,502**		25,703	
Net cash from investing activities			**28,991**		24,983

Cash flows from financing activities					
Proceeds from issue of share capital		**25,648**		-	
Expenses of share issue		**(3,373)**		-	
Repayment of borrowings	*12*	**(25,776)**		(3,813)	
Loan issue costs	*12*	**(984)**		(1,939)	
Finance lease principal repayments	*12*	**(36,547)**		(38,300)	
Net cash used in financing activities			**(41,032)**		(44,052)
Net increase in cash and cash equivalents			**19,117**		1,991
Cash and cash equivalents at beginning of year			**2,082**		91
Cash and cash equivalents at end of year			**21,199**		2,082
Cash and cash equivalents consist of:					
Cash at bank and in hand			**21,199**		2,082
Bank Overdrafts			**-**		-
Total			**20,199**		2,082

Notes to the Financial Information

1 Earnings / (loss) per share

The calculation of the basic and diluted earnings (2012: loss) per share is based on the following share volume information:

	2013 Number	2012 Number
Number of shares		
Weighted average number of ordinary shares for the purposes of earnings per share	**653,808,339**	331,347,667
Effect of 2013 share options scheme shares in issue	**12,262,723**	-
Effect of B shares in issue	**103,807,326**	-
Effect of shares to be issued in satisfaction fees	**10,200,000**	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**780,078,388**	331,347,667

All potential ordinary shares under option schemes prior to 2013 were anti dilutive at 30 June 2013 and 30 June 2012.

There are currently 1,561,636,364 ordinary shares of 0.01p each in issue as at 26 September 2013.

2 Segmental information

The activities of the Group are managed and operated primarily from a single operating platform. The entities within the Group contribute as part of the whole operation of the Group to provide services for the core business. The Board of Helphire Group plc, which is deemed to be the Chief Operating Decision Maker, considers the performance of the business by reference to contributions from all activities of the Group as a whole, and reviews requirements of the total Group when determining allocations of resources. IFRS8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance. The Group continues to identify that there is a single operating, and therefore reportable, segment being that of accident management services conducted in the United Kingdom.

3 Status of audit

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 June 2013 or 2012 but is derived from those accounts. Statutory accounts for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

4 Basis of preparation

The financial statements have been prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRSs) adopted in compliance with Article 4 of the EU IAS Regulation.

There are no newly adopted standards that have a material impact upon the accounts.

5 Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group has adequate resources to continue in operational existence for the foreseeable future.

6 Exceptional items

Exceptional items are items which due to their size, incidence or non recurring nature have been classified separately in order to draw them to the attention of the reader of the accounts and, in the opinion of the Board, to show more accurately the underlying results of the Group. Such items are disclosed separately on the face of the consolidated income statement.

	2013 £'000	2012 £'000
Exceptional items comprise the following:		
a) Operational restructuring costs	**(249)**	(685)
b) Surplus property restructuring costs	**(4,210)**	(2,041)

c) Financial and share restructuring expenses	**(342)**	(640)
d) Share based (payments) / credit	**(124)**	1,250
Impact on operating profit/(loss)	**(4,925)**	(2,116)
e) Other income - gain arising on debt for equity swap	**33,738**	-
f) Finance costs	**(697)**	-
Impact on loss before tax	**28,116**	(2,116)
Tax effect of exceptional items	**-**	-
Impact on profit (loss) for the financial year	**28,116**	(2,116)

a) Operational restructuring costs
As part of the rationalisation of certain of the Group's operations undertaken last year further consequential redundancy costs of £0.2m were incurred in the year (2012: £0.7m including professional fees).

b) Surplus property restructuring costs
As a consequence of the removal of substantially all of the historical bank debt and associated restrictions the Board has been able to implement a strategic decision to dispose of all properties formerly occupied by the Group but either currently empty (or subject sub lets) or subject to onerous leases. At the same time the Group's interests in both the freehold and an associated lease of premises partially occupied by its operations in Northwich have been disposed of. A charge of £4.2m has been made to reflect the actual or anticipated costs of exit by way of disposal of 5 freehold properties have been charged under this heading as has certain consequential adjustments in respect of provisions for onerous leases. The freehold properties unsold at the year end are shown under the heading "Assets held for sale" in current assets on the balance sheet but have all now been sold at the date of this report and the associated mortgages extinguished. The charge for 2012 is in respect to provisions for onerous leases.

c) Financial and share restructuring costs
The share placing completed on 28 March 2013 facilitated the elimination of much of the historical corporate debt of the Group. This process resulted in certain legal and professional costs and ancillary expenses amounting to £0.4m necessarily being incurred that under the Companies Act could not be charged against share premium account and have consequently been expensed. The charge of £0.6m in respect of 2012 is principally in respect of the restructure of bank facilities and associated professional fees.

d) Share based payments
Ancillary to the share placing completed on 28 March 2013 certain new share incentive schemes were approved by shareholders and new options issued to certain directors and staff. In accordance with IFRS2 the calculated charge in respect of these options amounts to £0.1m for the year. The credit of £1.3m for 2012 relates to share-based payments linked to a service vesting condition for old closed schemes that had been forfeited by participants or where the non-market vesting condition is unlikely to be achieved.

e) Credit on capital restructuring

As more fully described in the prospectus issued on 28 February 2013, the Company raised equity finance and used the net proceeds, together with an issue of new shares to the banks, to settle in full the Group's senior debt facilities. As required by accounting standards (IFRIC 19) a credit of £33.7m has been recognised in the income statement as the difference between the carrying value of the bank debt extinguished as a result of the share placing and debt conversion announced on 28 February 2013 and the fair value of the shares issued to the banks as part of these arrangements. To comply with the requirements of UK company law a reserves transfer of £33.7m in respect of this technical accounting gain was then made between retained earnings into share premium account.

f) Bank loans restructuring costs

The elimination of much of the historical corporate debt of the Group consequential upon the completion of the share placing in March 2013 necessitated the write off of bank fees paid and unamortised and amounting to £0.7m in relation to facilities that otherwise would have had an expiry date of 31 December 2014.

The tax effect of this exceptional charge is £nil (2012: credit of £nil).

7 Finance income and finance costs

	2013 £'000	2012 £'000
a) Finance income		
Interest receivable	**(20)**	(5)
b) Finance costs		
Interest on bank overdrafts and loans	**2,888**	5,404
Interest on obligations under finance leases	**1,873**	2,735
Loan issue costs charged in the year	**745**	549
	5,506	8,688
Transfer of interest on obligations under finance leases and fleet facilities to cost of sales	**(1,835)**	(3,107)
Finance costs payable before exceptional costs	**3,671**	5,581
Net finance costs payable before exceptional costs	**3,651**	5,576
c) *Exceptional Finance Costs*		
Bank loan arrangement fees written off (note 4)	**697**	-
Total finance costs	**4,348**	5,576

8 Tax

	2013 £'000	2012 £'000
Current tax		
UK corporation tax on profit/(loss) for the year	**-**	-
Adjustments in respect of prior years	**270**	374
Total current tax credit	**270**	374
Deferred tax		
Origination and reversal of temporary timing differences	**3,720**	138
Adjustments in respect of prior years	**-**	-
Impact of change in tax rate	**(99)**	(132)
Tax credit on profit/(loss) on ordinary activities	**3,891**	380

The weighted average tax rate of 23.75% reflects the reduction in the UK main corporation tax rate to 23.00% from 01 April 2013. The tax credit for the year arises due to an increased recognition of the deferred tax asset relating to prior period losses and a reduction in the tax creditor in relation to prior period issues.

9 Assets held for sale

As stated in note 6(b) as a consequence of the removal of substantially all of the historical bank debt and associated operating restrictions the Board has been able to implement a strategic decision to dispose of all freehold properties formerly occupied by the Group but either currently empty or subject sub lets. The freehold properties unsold at the year end are included under this heading on the balance sheet but have all now been sold at the date of this report and the associated mortgages extinguished.

10 Trade and other receivables

Net trade receivables comprise claims due from insurance companies and self insuring organisations and amounts invoices for the provision of services to customers. The Group's debtor days at 30 June 2013 were 126 days (2012: 165 days). This measure is based upon net trade receivables, other receivables and accrued income as a proportion of the related sales revenue multiplied by 365 days.

	2013 £'000	2012 £'000
Net trade receivables	**69,160**	97,975
Other receivables	**87**	1,094
Accrued income	**1,713**	2,114
Total receivables for debtor day calculation purposes	**70,960**	101,183
Prepayments	**6,601**	6,727
	77,561	107,910

11 Trade and other payables

	2013 £'000	2012 £'000
Trade payables	**21,034**	21,725
Other taxation and social security	**3,889**	7,515
Accruals and deferred income	**15,343**	20,895
Other creditors	**263**	58
	40,529	50,193

12 Share capital and share premium account

On 25 March 2013 at a general meeting of the company the existing 331,347,667 ordinary shares of 5p each then in issue were subdivided into 331,347,667 deferred shares of 4.99p each and 331,347,667 ordinary shares of 0.01p each. On 26 March 2013 a total 1,025,503,935 ordinary shares of 0.01p were then issued for cash of 2.5p per share and 17,388,398 ordinary shares of 0.01p each were issued in satisfaction of fees payable of £434,710. On 28 March 2013 a further 187,396,364 ordinary shares of 0.01p were issued in satisfaction of the extinguishment of Bank debt of £41,524,358. On 9 April 2013 a total of 104,109,091 B shares of 0.01p each were issued for cash at par.

On 19 June 2013 the entire number of deferred shares then in issue and the entire balance on Share Premium account were cancelled by the granting of an order upon application to the High Court and the resulting reserve applied toward cancelation of the deficit on profit and loss account.

The share issues above were issued at a total premium of £67.5m to par value (including £33.7m initially credited to profit and loss account) and incurred costs of £3.8m which were both transferred to the Share Premium account.

13 Cash flow information

a) Analysis and reconciliation of net debt

	01 July 2012 £'000	Cash flow £'000	Non cash changes £'000	**30 June 2013 £'000**
Net cash and cash equivalents	2,082	19,117	-	**21,199**
Debt due within one year	(3,648)	2,776	(2,047)	**(2,919)**
Debt due after more than one year	(71,283)	23,000	43,571	**(4,712)**
	(74,931)	25,776	41,524	**(7,631)**
Unamortised loan issue costs	1,390	984	(2,374)	**-**
	(73,541)	26,760	39,150	**(7,631)**
Finance leases	(39,367)	36,547	(9,617)	**(12,437)**
	(112,908)	63,307	29,533	**(20,068)**
Net cash / (debt)	(110,826)	82,424	29,533	**1,131**

	2013 £'000	2012 £'000
Increase in cash and cash equivalents in the year	**19,117**	1,991
Cash inflow from decrease in borrowings and lease financing	**63,307**	44,052
Change in net debt resulting from cash flows	**82,424**	46,043
New finance leases	**(9,617)**	(22,641)
Bank indebtedness converted to equity	**41,524**	-
Amortisation of loan issue costs	**(2,374)**	(549)
Movement in net debt in the year	**111,957**	22,853
Net debt at start of the year	**(110,826)**	(133,679)
Net cash/(debt) at end of the year	**1,131**	(110,826)

b) Depreciation, amortisation and impairment charges

	2013 £'000	2012 £'000
Depreciation of property, plant and equipment	**7,050**	14,098
Impairment of property, plant and equipment	**3,446**	-
	10,496	14,098

c) Cash impact of exceptional items

The cash flow impact of the exceptional items explained in Note 6 was a cash outflow of £1.2m (2012: £1.1m), comprising redundancy severance payments of £0.2m, (2012: £0.6m) other operational restructuring costs of £nil (2012: £0.5m), financial and share restructuring expenses of £0.3m (2012: £nil) and finance costs of £0.7m (2012: £nil).

14. Principal risks and uncertainties

The Group faces a range of risks and uncertainties. The processes that the Board has established to safeguard both shareholder value and the assets of the Group are described more fully in the Directors' Report in the Annual Report and Accounts. Set out here are those specific risks and uncertainties that the directors believe could have the most significant adverse impact on the Group's business. The risks and uncertainties described below are not intended to be an exhaustive list.

Adverse economic conditions

The Group's operating and financial performance is affected by the economic conditions in the United Kingdom. The current difficult economic conditions in the United Kingdom and globally and the volatility of international markets could result in continued or further changes to driving patterns, car usage and ownership and this may result in lower miles driven and lower numbers of accidents and therefore reduced business volumes. Any such adverse effects on the Group's business might affect its relationships and/or terms of business with, and ultimately even the loss of, some key business partners. The current economic uncertainty might also affect its key business partners and referrers and/or generally have an adverse impact on the insurance or other industries in which the Group's key trading partners operate. This in turn could lead to more onerous terms of business or the inability of the Group's debtors to pay monies due. The economic uncertainty may also have an adverse effect on the banking industry generally which may affect the Group's ability to obtain or maintain finance on suitable terms when needed.

Competition

Barriers to entry into the general credit hire and credit repair markets at a local level are low. Although barriers to establishing a national or specialist business in this sector are higher, there is no guarantee that these barriers will remain or will deter new entrants or existing competitors. In addition, there is the potential for local operators to overcome these barriers and establish national networks by forming alliances. Furthermore, competition could be intensified due to the activity of the Group's competitors or if insurance companies, brokers and/or providers of services to motorists or other consumer groups entered the market, either alone or in collaboration with existing providers. Increased competitive pressures such as these could result in a fall in the Group's revenues, margins and/or market share which could cause an adverse impact on its business, financial condition and operating results.

Customer and referrer relationships
Business is referred to the Group from a number of sources including insurance companies, insurance brokers, dealerships and body shops. The Group has agreements in place with many of these referrers which govern the flow of cases and the terms and commissions on which cases are introduced. These agreements are subject to periodic review, and once out of initial term can be terminated with short notice periods of typically 3 to 6 months. In the past, commission rates for new business have risen sharply increasing the costs of acquiring new business. Commission increases could adversely affect the Group's business and operating results. A significant proportion of the Group's business is referred from insurance companies. If insurance companies were to withhold business from the Group or credit hire providers generally or increase their referral commissions, whether alone or on a concerted basis, the operating results, business and prospects of the Group could be adversely impacted. Based upon profit contribution analysis, the Group may decide that renewal terms for certain existing contracts are uneconomic for the Group and consequently gross revenues may decline.

Insurance industry protocols
The Group is a subscriber to voluntary protocols developed by accident management companies and the ABI known as the General Terms of Agreement (GTA). There is no guarantee that insurers and accident management companies will continue to subscribe to the GTA and they may seek alternative arrangements.

Regulation
Certain of the Group's activities and arrangements are subject to regulation. Whilst the Group seeks to conduct its business in compliance with all applicable regulations, there remains a residual risk that regulators will find that the Group has not complied fully with all such regulations. Failure by the Group to comply with regulations may adversely affect its reputation (which could in turn lead to fewer referrals), may result in the imposition of fines or an obligation to pay compensation or may prevent the Group from carrying on a part of its business and could have a materially adverse effect on the Group's business, financial condition and operating results.

Legal
In the past, legal challenges have been brought on various grounds (mainly by insurance companies) seeking weaknesses in the legality of credit hire agreements and the hire rates and the periods of hire that can be recovered by credit hire companies. A number of historical legal cases relating to the provision of credit hire and related services have provided clarity and precedent. The majority of the Group's claims are now initially pursued under the terms of the GTA or bilateral protocols with individual insurers and the Group believes that it operates its business within the parameters laid down by the reported decisions of the courts such that its credit hire and repair arrangements are enforceable. Insurance companies may however bring further challenges to the legality of credit hire and repair arrangements or the rates payable.

Recovery of receivables
The business of credit hire involves the provision of goods and services on credit. The Group generally receives payment for the goods and services it has provided after a claim has been pursued against the party at fault (and the relevant third party insurer). This can mean that the Group can endure a long period before payment is received. Whilst significant progress has been made recently in obtaining prompt settlement of claims there is a risk that the Group will not be able to improve or maintain the pace of settlement of claims. In addition, third party insurers may seek to delay payments further in an attempt to achieve more favourable settlement terms for outstanding claims or, ultimately, to force the Group and other credit-hire providers out of the market. If the Group is unable to maintain existing settlement periods, if there are further delays in the receipt of payments or if settlement terms with insurers worsen, its business, financial condition and operating results could be adversely impacted.

Fleet costs and residual values
The cost to the Group of holding vehicles for hire is dependent upon a number of factors, including the availability of vehicle finance, the purchase price of those vehicles, the level of discounts available from dealers and manufacturers, financing costs (represented by LIBOR and applicable margins), and the expected residual value at the date of disposal. There is a risk that changes in any of these factors could mean that the Group's fleet costs are increased. The Group's fleet management system enables the business to manage the fleet effectively and maximise the utilisation of its vehicles in order to minimise the cost to the business of holding vehicles. Risk is further mitigated by managing vehicle holding periods.

Operational risks and systems
Operational risks are present in all of the Group's businesses, including the risk of direct and/or indirect loss resulting from inadequate or failed internal and external processes, systems, from fraud or human error or from external events. The Group's business is dependent on processing a large number of claims and vehicle hires across the country. The Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled. If there is any failure, weakness in or security breach of systems, processes or business continuity arrangements, the Group's business, financial condition and operating results could be materially affected.

Liquidity and Financial
The Group has made the decision not to have any committed working capital facilities at the present time and therefore manages its existing cash balances and operational cash flow surpluses to provide working capital headroom. The Group is also dependent upon the continued availability of both committed and uncommitted fleet finance facilities to finance replacement vehicle purchases. In addition the principal financial risks and uncertainties include capital risk, interest rate risk and credit risk.

Competition Commission investigation into the private motor car insurance industry
The Competition Commission is currently investigating the UK private motor insurance market, following a market referral by the OFT which was prompted by rising car insurance premiums over the last few years. The OFT last reviewed this area in 2004 as part of a study into the Association of British Insurers General Terms of Agreement ("GTA") and concluded at that time that the GTA was beneficial to consumers. In its latest review the OFT noted that there was a consensus that credit hire has addressed a gap in the market, improving the quality of the service that those not-at-fault drivers receive. At the same time the OFT in their report recognised that there is no readily implementable, comprehensive solution available to address the issues that they identified.

The investigation by the Competition Commission (due to report by the end of September 2014) includes scrutiny of replacement vehicle and repair services such as the credit hire and repair services supplied by the Group. It is possible that the Competition Commission may recommend changes that could affect the way in which the Group supplies its credit hire and repair services. In particular, commission fees paid for referral of cases may be seen as the wrong motivation for the placement of work. Motorists who have a non-fault accident have a legal entitlement to restitution and can utilise the services offered by the Group.

The Group has made representations to the CC in mitigation of this risk. At the same time the Group has been reviewing its business model and taking steps to improve the flexibility of the business model to accommodate as far as can be foreseen any possible changes in the market that may be consequential upon the final outcome of the investigation by the CC.

Going concern
The Group's business activities, analysis of its financial performance and position, and factors likely to affect its future development, are set out in the Operational and Financial Review above. The financial resources available to the Group are also discussed in detail in the Operational and Financial Review above. The forward risks faced by the Group are also discussed in the section on principal risks and uncertainties above.

The directors have assessed the future funding requirement of the Group and the Company, and have compared them to the levels of available cash and funding resources. The assessment included a review of current financial projections to June 2015, and a review of the forecast performance against the remaining financial asset cover covenant contained in the Group's residual historical banking arrangements (which are expected to be extinguished entirely in the period to March 2014). Recognising the potential uncertainties surrounding financial projections in the current economic environment, in particular with regard to the demand for the Group's services and the cash collection profiles from insurers, the directors have considered a number of scenarios and the mitigating actions the Group could take to limit any adverse consequences.

Having undertaken this work, the directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

15. Related party transactions
There were no related party transactions during the year that require disclosure.

Directors' responsibility statement

The responsibility statement below has been prepared in connection with the Company's full Annual Report for the year ended 30 June 2013. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

1. the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

2. the Business review and the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Martin Ward	**Stephen Oakley**
Chief Executive Officer	Chief Financial Officer
26 September 2013	26 September 2013

The Group's full financial statements for the year ended 30 June 2013 will be posted to shareholders and delivered to the Registrar of Companies in due course. A copy will be available from the Group's website: **http://www.helphire.com**