# Interim Report for the six months Ended 31 December 2014

# Introduction

## Financial and Operational headlines

### Financial headlines

- Turnover £122.0m (2013: £92.3m) - Increase of 32%
- Adjusted* operating profit of £11.2m (2013: £4.2m) - Increase of 166%
- Adjusted* profit before tax of £11.5m (2013: £4.2m) - Increase of 172%
- Net operating cash flow to EBITDA 114% (2013: 78%)
- Debtor days 108 days (2013: 135 days)
- Total cash balances of £63.2m (2013: £75.7m)
- Total working capital cash balances £38.4m (2013: £18.2m)
- Net cash of £38.1m (2013: £62.0m)
- Net working capital cash balances £13.3m (2013: 4.4m)
- Shareholders funds £149.3m (2013: £136.6m)
- Adjusted* basic EPS 4.30 pence (2013: 3.07 pence) - Increase of 39.7%
- Statutory basic EPS 4.14 pence (2013: 3.40 pence) - Increase of 21.5%
- Interim dividend 4.00 pence (2013: 3 interim dividends totalling 3.35 pence) - Increase of 19.40%
- Total dividends of 12.5p per share in two years since placing in March 2013 at 25p per share

### Operational headlines

- 3.9% growth in Credit hire cases
- Total hire days increased by 1.3%
- 7.9% growth in Repair cases
- Open case count reduced by 10%
- Cases >120 days reduced by 19%
- Revenue generating fleet utilisation 81.0% (2013: 81.6%)
- Protocol case settlement with insurers continuing to grow for mutual benefit
- NewLaw acquisition performing to expectations

* Adjusted measures exclude the impact of the items described as exceptional in Note 5 of the Interim Report and Accounts.

## Chairman's Statement

**I am pleased to be able to report to shareholders that our GPS strategy (Growth, Profitability and Sustainability) set in motion in 2013 has continued to deliver its objectives and as a consequence the Group achieved a profit before taxation for the six months to 31 December 2014 of £11.0 million compared to £4.7 million in the corresponding period last year.**

**Results**

Revenues were £122.0m (2013: £92.3m), an increase of £29.7m (32.2%) of which 16.4% represents like for like growth in our accident management businesses which includes 3.9% growth in the number of credit hires and a 7.9% increase in the volume of business transacted in credit repairs against the corresponding period last year.

The adjusted operating profit for the period was £11.2m with a much improved operating margin of 9.1% (2013: £4.2m and 4.2%). Operating margins in our accident management businesses improved to 7.2% reflecting the increased sales and resultant contribution mentioned above as well as changes in the mix of business handled, improvements in our supply chain and further cost savings including a 1.7% saving in overheads.

There was a net adjusted interest credit in the period of £0.2m compared to £0.02m last year as a result of the increased average cash balances principally held as a consequence of the strong cash generation by the Group.

Adjusted profit before tax for the period was therefore £11.5m, an increase of 171.9% over the £4.2m achieved in the corresponding period last year.

A pre-tax exceptional net charge of £0.5m (2013: credit of £0.5m) was recorded in the period reflecting a £0.3m cost (2013: £0.4m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes and a charge of £0.2m (2013: £nil) in respect of the unwind of discount charges on certain provisions. Last year's net credit was influenced by a write back of provisions held as a result of the reassessment of liabilities in relation to onerous leases following their surrender.

After exceptional items, statutory profit before tax was £11.0m (2013: £4.7m) an increase of 131.3%. There was a net tax credit (principally in respect of the further recognition of a deferred tax asset relating to prior years' losses and unused allowances) of £0.6m (2013: £0.7m), and therefore the statutory profit after tax is £11.6m (2013: £5.5m).

**Earnings Per Share**

Statutory basic EPS is 4.14p (2013: 3.40p). Statutory diluted EPS is 3.84p (2013: 3.15p).

The adjusted EPS is 4.30p (2013: 3.07p). The adjusted diluted EPS is 3.99p (2013: 2.84p).

The adjusted figures exclude the impact of those items described as exceptional in Note 5 and the 2013 comparatives for EPS and dividends (below) have been adjusted to take into account the effects of the 1 for 10 share consolidation that was completed on 23 May 2014.

**Dividends**

The Board has pleasure in declaring an interim dividend of 4.00 pence per share payable on 26 March 2015 to those shareholders on the register on 6 March 2015 (2013: 3 interim dividends totalling 3.35 pence). The ex-dividend date is 5 March 2015. This will make a total of 12.50 pence per share paid in dividends in the two years since the completion of the placing of shares at 25.0 pence in March 2013.

The Board expects to declare any final dividend with its full year results for the year ended 30 June 2015 in September 2015.

**Receivables**

Net income generated receivables reduced to £68.5m, an improvement of £0.8m over the prior year notwithstanding the increase in sales in the period under review. Statutory debtor days were in line with our seasonal expectations at 108 days and compare to 135 days at 31 December 2013 and 108 days at 30 June 2014.

**Cash flow and Net Cash**

The Group has continued to meet its targets for cash collections and improving cash inflow. Adjusting for the 2014 final dividend of £9.8m paid in the period, total cash balances have increased by £14.6m since 30 June 2014 to £63.2m (30 June 2014: £58.4m).

After taking into account increases in fleet financing leases relating to increased fleet activity net cash balances at 31 December 2014 were £38.1m compared to £41.6m at 30 June 2014.

Net operating cash flow to EBITDA was 114% compared to 78% for the corresponding period last year and 153% for the year ended 30 June 2014.

**Outlook**

The second half of the year has already started well. The combination of strategic acquisitions, as demonstrated above, as well as continuing to deliver organic growth and further improvements in operational efficiency from our new business model, gives the Board great encouragement for the future.

**Our people**

Once again we thank our employees for their support, hard work and loyalty during the period.

**Avril Palmer-Baunack**
Chairman
25 February 2015

# Operational and Financial Review

## Operational review

At the end of 2013 the Group launched a strategy to Grow its business Profitably and Sustainably. This initiative has been progressed and is known as the 'GPS Strategy'.

In accordance with this GPS strategy, the Group's focus has remained on sustainable, profitable, cash generative business, if necessary at the expense of volume and we avoid low-margin, high-volume business which relies principally upon price in priority to service quality. In addition the Group has acquired businesses that meet the Group's criteria of being profitable, cash generative and supportive of the dividend policy and also provide cross fertilisation of business opportunities within the sectors in which we operate. Consequently the Group has continued to employ its assets more effectively and has improved margins.

The continued improvement in the Group’s operational practices and systems has facilitated excellent working relationships with many insurers and has provided opportunities for new and enhanced business services. In addition the Group has continued to successfully implement a growing number of bi-lateral protocol agreements with insurers who have confidence in the representations made on claims to be settled. At the end of the period the level of the Group’s business subject to bilateral protocol arrangements has continued to increase providing further savings in frictional costs for both insurers and ourselves and further improvements to cash collection profiles. The protocol arrangements with insurers is an effective way to reduce their combined operating ratios which is a key performance measure for them. Recoveries during the period under review have been increasingly encouraging with an average of 72.5% of new claims being settled within 90 days of request compared to 70.5% for the corresponding period last year. This has contributed to debtor days in our accident management business being reduced to a new record low of 116 days compared with 135 days at 31 December 2013. Including NewLaw, statutory debtor days were 108 days based upon the past 12 months turnover of the combined Group.

## Settlement provision and case management

The total number of open cases has been further reduced by 10% in the twelve month period reflecting a more efficient and effective relationship with insurers which deals with claims more quickly than in the past.

## Autofocus

During the period and by using data obtained under the court order the Group has been able to formulate its claims against insurers by evaluating the evidence provided that potentially supports the several thousand cases that have been identified that may have been compromised as a result of unreliable evidence used by defendant insurers. The period saw agreement in respect of numerous cases with certain insurers, with active resolution ongoing with others. The Group is confident that substantial progress toward a final conclusion on the majority of claims will be achieved during 2015. We still intend, where possible, to resolve matters with insurers without litigation. It would not be appropriate to speculate on the financial outcome of any of these negotiations at this stage, but we will provide an update when we are able to do so.

## Vehicle fleet

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

Our efforts to balance the mix of the fleet to meet a changing mix of demand were assisted by advantageous funding programmes and the average number of vehicles held during the period was reduced by 1.5% from 5,837 for the six months ending 31 December 2013 to 5,750 for the six months to 31 December 2014, with the average age of the fleet continuing to be maintained at between 9 and 12 months across a broad spread of manufacturers and models. Fleet utilisation was maintained above our 80% target at 81.0% and compares to 81.6% for the corresponding period last year. At the end of the period our fleet comprised 6,421 vehicles at 31 December 2014 compared to 6,567 at 31 December 2013 and 5,428 at 30 June 2014.

## Legal Services

NewLaw has continued its encouraging start since acquisition and has given rise to a number of potential additional opportunities for the Group to pursue which gives the Board confidence for the future in this area.

A further three partnerships with insurer and other related brands via ABS structures are in the pipeline.

Principia Law, our other legal services business, has continued its good progress during its start-up phase in the area of personal injury cases and has continued to provide the Group with additional opportunities in relation to credit hire recoveries, particularly those cases requiring more specialist attention.

During the period the Group took on 13,000 new personal injury cases on behalf of clients and currently has 24,000 cases in progress.

**Acquisitions**

During the period the Group has continued to examine opportunities to expand the range and scale of its activities by way of acquisition. The Group has been cautious in its approach in seeking opportunities that satisfy the Group's criteria of being profitable, cash generative and supportive of the dividend policy and that also provide cross fertilisation of business opportunities within the sectors in which we operate. The Group therefore still retains approximately £25 million of cash earmarked for such acquisitions and will continue to examine opportunities that will benefit the Group.

**Financial review**

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 Financial Review. 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'.

For the six months ended 31 December 2014, the Group recorded an adjusted operating profit of £11.2m (2013: £4.2m) together with an adjusted profit before tax of £11.5m (2013: £4.2m) and a statutory profit before tax of £11.0m (2013: £4.7m).

A summary of the key performance indicators is set out in the table below.

| | 6 months ended 31 December 2014 | 6 months ended 31 December 2013 | 12 months ended 30 June 2014 |
|---|---|---|---|
| **Financial KPIs** | | | |
| Revenue (£'000) | **121,984** | 92,260 | 197,419 |
| Gross profit (£'000) | **38,024** | 21,608 | 52,192 |
| Gross margin | **31.2%** | 23.4% | 26.4% |
| Adjusted operating profit* (£'000) | **11,155** | 4,195 | 11,608 |
| Adjusted operating margin* | **9.1%** | 4.5% | 5.9% |
| EBITDA | **14,283** | 7,770 | 16,215 |
| Operating cash flow/EBITDA | **113.7%** | 78.2% | 153.0% |
| Debtor days | **108** | 135 | 108 |

* Adjusted measures exclude the impact of the items described as exceptional in Note 5.

**Revenues**

Revenues were £122.0m (2013: £92.3m), an increase of £29.7m (32.2%) of which 16.4% represents like for like growth in our accident management businesses which includes 3.9% growth in the number of credit hires and a 7.9% increase the volume of business transacted in credit repairs against the corresponding period last year.

The total number of hire cases were 0.5% higher with hires in respect or our core credit hire business increasing by 3.9% whilst hires in relation to our lower margin direct hire business showed a further managed reduction of 22.6% in line with our aim to reduce low margin activity.

As a result of changes in the mix of claims handled, total average hire length, which is a major driver in the Group's profitability, was almost unchanged at an average of 17.0 days during the period, compared to the 16.9 days seen in the corresponding period last year and an average of 17.2 days reported for the year to 30 June 2014.

**Gross profit and adjusted operating profit**

Gross profit was £16.3m higher than the corresponding period last year and at a much improved gross margin of 31.2% (2013: 23.4%) reflecting the inclusion of the NewLaw group of companies. Excluding NewLaw gross margin was broadly maintained at 23.1% principally reflecting changes in the mix of business handled.

Adjusted operating profit of £11.2m (2013: £4.2m) increased by £7.0m or 166% versus the corresponding period last year half of which represents increased growth in our accident management business.

Adjusted operating profit margin was 9.1% (2013: 4.5%) and EBITDA was £14.3m (2013: £7.8m).

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

| | Unaudited 6 months ended 31 December 2014 £m | Unaudited 6 months ended 31 December 2013 £m | Audited 12 months ended 30 June 2014 £m |
|---|---|---|---|
| Adjusted operating profit – continuing operations | **11.2** | 4.2 | 11.6 |
| **Adjustments** | | | |
| Surplus property restructuring credit | **-** | 0.9 | 0.4 |
| Acquisition costs | **-** | - | (0.9) |
| Share based payments | **(0.3)** | (0.4) | (0.9) |
| **Statutory operating profit** | **10.9** | 4.7 | 10.2 |

**Net finance income**

There was an adjusted net interest credit in the period of £0.2m compared to £0.02m last year as a result of the increased average cash balances held consequent upon the strong cash generation by the Group. Including exceptional net finance charges in relation to the unwind of discounts held against provisions of £0.1m the net interest credit for the period was £0.1m.

**Adjusted profit before tax**

Adjusted profit before tax for the period was therefore £11.5m, an increase of 171.9% over the £4.2m achieved in the corresponding period last year.

**Exceptional items**

A pre-tax exceptional net charge of £0.5m (2013: credit of £0.5m) was recorded in the period reflecting a £0.3m cost (2013: £0.4m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes and a charge of £0.2m (2013: £nil) in respect of the unwind of discount charges on certain provisions. Last year's new credit was influenced by a write back of provisions held as a result of the reassessment of liabilities in relation to onerous leases following their surrender.

**Statutory profit before and after taxation**

Statutory profit before tax was £11.0m (2013: £4.7m). There was a net tax credit (principally in respect of the further recognition of a deferred tax asset relating to prior years' losses and unused allowances) of £0.6m, (2013: £0.7m) and therefore the statutory profit after tax is £11.6m (2013: £5.5m).

**Earnings per share**

Statutory basic EPS is 4.14p (2013: 3.40p). Statutory diluted EPS is 3.84p (2013: 3.15p)

The adjusted EPS is 4.30p (2013: 3.07p). The adjusted diluted EPS is 3.99p (2013: 2.84p)

The adjusted figures exclude the impact of those items described as exceptional in Note 5 and the 2013 comparatives have been adjusted to take into account the effects of the 1 for 10 share consolidation that was completed on 23 May 2014.

**Dividends**

The Board has declared an interim dividend of 4.00 pence per share payable on 26 March 2015 to those shareholders on the register on 6 March 2015 (2013: 3 interim dividends totalling 3.35 pence - adjusted for the 1 for 10 share consolidation that took place on 23 May 2014). The ex-dividend date is 5 March 2015.

**Balance sheet**

The Group has continued its focus on the reduction of operating working capital. Net income generated receivables reduced to £68.5m, an improvement of

£0.8m over the prior year comparable period (2013: £69.3m) notwithstanding the increase in sales in the period under review. Statutory debtor days have continued to be reduced as a result of improved settlement levels and associated cash collection following a further increase in the number of protocol arrangements and now stand at a record seasonal low of 108 days (31 December 2013: 135 days) and compares to 108 days at 30 June 2014.

The Group also made greater use of vehicle leasing finance arrangements which have been available at increasingly competitive rates during the period and as a consequence there was a net increase of £9.8m of vehicles held as fixed assets under finance leases compared to 31 December 2013.

Net assets at 31 December 2014 were £149.3m (2013: £136.6m).

**Net cash and financing**

Total working capital net cash at 31 December 2014 (excluding the residual net proceeds of the placing that was completed on 24 December 2013) was £13.3m. On a comparable basis this compares with net cash of £4.4m at 31 December 2013 and net cash of £16.8m at 30 June 2014. In addition there was £24.8m of cash representing the net un-invested proceeds of the placing that was completed on 24 December 2014 and so total cash balances were £63.3m and total net cash balances were £38.1m.

Net cash is analysed as follows:

| | Unaudited 6 months ended 31 December 2014 £m | Unaudited 6 months ended 31 December 2013 £m | Audited 12 months ended 30 June 2014 £m |
|---|---|---|---|
| **Fleet** | | | |
| Finance leases | (24.4) | (13.7) | (16.0) |
| **Total fleet funding debt** | **(24.4)** | **(13.7)** | **(16.0)** |
| **Corporate** | | | |
| Other finance leases | (0.3) | (0.1) | (0.5) |
| Other unsecured loans | (0.4) | - | (0.4) |
| **Total corporate debt** | **(0.7)** | **(0.1)** | **(0.9)** |
| **Total debt** | **(25.1)** | **(13.8)** | **(16.9)** |
| Working capital cash | 38.4 | 18.2 | 33.7 |
| **Net working capital cash** | **13.3** | **4.4** | **16.8** |
| Net cash balances from placing | 24.8 | 57.6 | 24.8 |
| **Net cash** | **38.1** | **62.0** | **41.6** |
| **Total cash balances** | **63.2** | **75.8** | **58.4** |

**Principal risks and uncertainties**

Principal risks and uncertainties are detailed in Note 21 to this announcement

**Related party transactions**

There were no related party transactions during the period that require disclosure.

**Martin Ward**
**Chief Executive Officer**
**25 February 2015**

**Stephen Oakley**
**Chief Financial Officer**
**25 February 2015**

## Condensed Consolidated Income Statement
For the six months ended 31 December 2014

| Unaudited | Note | 6 months ended 31 December 2014 Adjusted* £'000 | 6 months ended 31 December 2014 Exceptional items* £'000 | 6 months ended 31 December 2014 £'000 | 6 months ended 31 December 2013 Adjusted * £'000 | 6 months ended 31 December 2013 Exceptional items* £'000 | 6 months ended 31 December 2013 £'000 |
|---|---|---|---|---|---|---|---|
| **Total Revenue** | 3 | **121,984** | **-** | **121,984** | 92,260 | - | 92,260 |
| Cost of sales | | **(83,960)** | **-** | **(83,960)** | (70,652) | - | (70,652) |
| **Gross profit** | | **38,024** | **-** | **38,024** | 21,608 | - | 21,608 |
| Administrative expenses | 5 | **(26,869)** | **(299)** | **(27,168)** | (17,413) | 540 | (16,873) |
| **Operating profit – continuing operations** | | **11,155** | **(299)** | **10,856** | 4,195 | 540 | 4,735 |
| Income from associates | | **81** | **-** | **81** | - | - | - |
| **Trading profit** | | **11,236** | **(299)** | **10,937** | 4,195 | 540 | 4,735 |
| Net finance income /(costs) | 6 | **223** | **(162)** | **61** | 20 | - | 20 |
| **Profit before taxation** | | **11,459** | **(461)** | **10,998** | 4,215 | 540 | 4,755 |
| Taxation | 7 | **574** | **-** | **574** | 742 | - | 742 |
| **Profit / (loss) for the period** | | **12,033** | **(461)** | **11,572** | 4,957 | 540 | 5,497 |
| **Profit for the period attributable to**: | | | | | | | |
| Equity holders of the Company | | **12,008** | **(461)** | **11,547** | 5,011 | 540 | 5,551 |
| Non Controlling Interests | | **25** | **-** | **25** | (54) | - | (54) |
| **Profit / (loss) for the period** | | **12,033** | **(461)** | **11,572** | 4,957 | 540 | 5,497 |
| **Earnings per share (p)** | | | | | | | |
| Basic | 8 | **4.30** | **(0.16)** | **4.14** | 3.07 | 0.33 | 3.40 |
| Diluted | 8 | **3.99** | **(0.14)** | **3.84** | 2.84 | 0.31 | 3.15 |

* Adjusted profit excludes the impact of those items described as exceptional. See Note 5 for further details.

## Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2014

| Unaudited | 6 months ended 31 December 2014 £'000 | 6 months ended 31 December 2013 £'000 |
|---|---|---|
| **Profit for the period** | **11,572** | 5,497 |
| **Other comprehensive income** | | |
| Gains arising during the period | **-** | - |
| **Total comprehensive income for the period, attributable to:** | | |
| Equity holders of the Company | **11,547** | 5,551 |
| Non-controlling interests | **25** | (54) |
| **Total comprehensive income for the period** | **11,572** | 5,497 |

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2014

| | Note | Share capital £'000 | Share premium account £'000 | Retained earnings £'000 | Total £'000 | Non-Controlling interests £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Six months ended 31 December 2014** | | | | | | | |
| Balance at 1 July 2014 | | **283** | **57,804** | **84,076** | **142,163** | **(69)** | **142,094** |
| Profit for the period | | **-** | **-** | **11,547** | **11547** | **25** | **11,572** |
| **Total comprehensive income for the period** | | **-** | **-** | **11,547** | **11,547** | **25** | **11,572** |
| Issue of Ordinary Shares | **17** | **9** | **5,197** | **-** | **5,206** | **-** | **5,206** |
| Credit to equity for equity settled share-based payments | | **-** | **-** | **275** | **275** | **-** | **275** |
| Dividends paid | | **-** | **-** | **(9,838)** | **(9,838)** | **-** | **(9,838)** |
| **Balance at 31 December 2014** | | **292** | **63,001** | **86,060** | **149,353** | **(44)** | **149,309** |

| | Note | Share capital £'000 | Share premium account £'000 | Retained earnings £'000 | Total £'000 | Non-Controlling interests £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Six months ended 31 December 2013** | | | | | | | |
| Balance at 1 July 2013 | | 166 | - | 76,842 | 77,008 | - | 77,008 |
| Profit for the period | | - | - | 5,551 | 5,551 | (54) | 5,497 |
| **Total comprehensive income for the period** | | - | - | 5,551 | 5,551 | (54) | 5,497 |
| Issue of Ordinary Shares | **17** | 117 | 60,296 | - | 60,413 | - | 60,413 |
| Expenses on issue of ordinary shares | | - | (2,476) | - | (2,476) | - | (2,476) |
| Credit to equity for equity settled share-based payments | | - | - | 442 | 442 | - | 442 |
| Dividends paid | | - | - | (4,306) | (4,306) | - | (4,306) |
| **Balance at 31 December 2013** | | 283 | 57,820 | 78,529 | 136,632 | (54) | 136,578 |

# Condensed Consolidated Statement of Financial Position

As at 31 December 2014

| | Note | **Unaudited 31 December 2014 £'000** | Unaudited 31 December 2013 £'000 | Audited 30 June 2014 £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | **10** | **59,231** | 18,950 | 59,231 |
| Property, plant and equipment (including vehicles) | **11** | **27,194** | 18,047 | 20,075 |
| Interests in associates | **12** | **65** | - | 56 |
| Deferred tax asset | | **10,137** | 5,892 | 9,200 |
| | | **96,627** | 42,889 | 88,562 |
| **Current assets** | | | | |
| Trade and other receivables | **13** | **84,435** | 75,651 | 82,766 |
| Cash and cash equivalents | | **63,263** | 75,751 | 58,338 |
| | | **147,698** | 151,402 | 141,104 |
| **Total assets** | | **244,325** | 194,291 | 229,666 |
| **Current liabilities** | | | | |
| Trade and other payables | **14** | **(61,258)** | (39,142) | (56,939) |
| Obligations under finance leases | **15** | **(9,830)** | (7,841) | (7,912) |
| Short-term borrowings | **16** | **(350)** | - | (350) |
| Deferred consideration | **19** | **(4,837)** | - | (6,679) |
| Provisions | | **(2,132)** | (2,303) | (2,447) |
| | | **(78,407)** | (49,286) | (74,327) |
| **Net current assets** | | **69,291** | 102,116 | 66,777 |
| **Non-current liabilities** | | | | |
| Obligations under finance leases | **15** | **(14,945)** | (5,945) | (8,519) |
| Deferred tax liability | | **(680)** | - | (297) |
| Deferred consideration | **19** | **-** | - | (3,200) |
| Long-term provisions | | **(984)** | (2,482) | (1,229) |
| | | **(16,609)** | (8,427) | (13,245) |
| **Total liabilities** | | **(95,016)** | (57,713) | (87,572) |
| **Net assets** | | **149,309** | 136,578 | 142,094 |
| **Equity** | | | | |
| Share capital | **17** | **292** | 283 | 283 |
| Share premium account | **17** | **63,001** | 57,820 | 57,804 |
| Retained earnings | | **86,060** | 78,529 | 84,076 |
| **Equity attributable to owners of the Company** | | **149,353** | 136,632 | 142,163 |
| **Non-controlling interests** | | **(44)** | (54) | (69) |
| **Total equity** | | **149,309** | 136,578 | 142,094 |

Company Registration Number : 03120010

## Condensed Consolidated Statement of Cash Flows
For the six months ended 31 December 2014

| | Note | **£'000** | **Unaudited 6 months ended 31 December 2014 £'000** | £'000 | Unaudited 6 months ended 31 December 2013 £'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit for the period | | **11,572** | | 5,497 | |
| Tax credit | **7** | **(574)** | | (742) | |
| Income from associates | **12** | **(81)** | | - | |
| Net finance income | **6** | **(223)** | | (20) | |
| Fleet finance lease interest | **6** | **469** | | 507 | |
| Depreciation, amortisation and impairment charges | | **2,627** | | 1,863 | |
| Loss on sale of tangible fixed assets | | **218** | | 223 | |
| Share-based payment charges | **5** | **275** | | 442 | |
| ***EBITDA*** | | **14,283** | | 7,770 | |
| (Increase) / Decrease in receivables | | **(2,070)** | | 1,898 | |
| Increase / (Decrease) in payables | | **4,591** | | (989) | |
| Decrease in provisions | | **(559)** | | (2,112) | |
| Cash generated from operating activities | | | **16,245** | | 6,567 |
| Bank interest received | **6** | **244** | | 64 | |
| Bank and loan interest paid | | **(9)** | | (35) | |
| Fleet finance lease interest | **6** | **(469)** | | (507) | |
| Interest element of finance lease rentals | **6** | **(12)** | | (9) | |
| | | | **(246)** | | (487) |
| Taxation received / (paid) | | | **241** | | - |
| **Net cash from operating activities** | | | **16,240** | | 6,080 |
| **Cash flows from investing activities** | | | | | |
| Distributions from associates | | **74** | | - | |
| Purchase of property, plant and equipment | | **(583)** | | (403) | |
| Proceeds from sale of property, plant and equipment | | **3,266** | | 7,570 | |
| **Net cash from investing activities** | | | **2,757** | | 7,167 |
| **Cash flows from financing activities** | | | | | |
| Proceeds from issues of share capital | **17** | **74** | | 60,014 | |
| Expenses of share issues | **17** | **-** | | (2,476) | |
| Dividends paid | **9** | **(9,838)** | | (4,306) | |
| Repayment of borrowings | **18** | **-** | | (6,339) | |
| Finance lease principal repayments | | **(4,308)** | | (5,588) | |
| **Net cash (outflow) / inflow from financing activities** | | | **(14,072)** | | 41,305 |
| **Net increase in cash and cash equivalents** | **18** | | **4,925** | | 54,552 |
| Cash and cash equivalents at the beginning of the period | | | **58,338** | | 21,199 |
| **Cash and cash equivalents at the end of the period** | | | **63,263** | | 75,751 |
| **Cash and cash equivalents consisted of:** | | | | | |
| **Cash at bank and in hand** | | | **63,263** | | 75,751 |

# Notes to the Interim Statements

**1 Basis of preparation**

The condensed consolidated financial statements are prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting'.

The information for the year ended 30 June 2014 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on these accounts was not qualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated financial statements have been prepared under the going concern assumption.

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 2016. 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 adequate resources to finance its operations for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the Interim Report.

**2 Significant accounting policies**

The condensed consolidated financial statements have been prepared under the historical cost convention. The same accounting policies, presentation and methods of computation have been applied in these condensed consolidated financial statements as were applied in the Group's financial statements for the year ended 30 June 2014.

In the application of the Group's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying value of the assets and liabilities that are not readily apparent from the other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements affecting the Group's interim financial statements are the valuation of the receivables (see Note 3) and depreciation of the vehicle fleet (see Note 11) and goodwill impairment (see Note 10).

**3 Revenue**

| | **Unaudited 6 months ended 31 December 2014 £'000** | Unaudited 6 months ended 31 December 2013 £'000 |
|---|---|---|
| Revenue | **121,984** | 92,260 |

As fully disclosed within Note 13 to the consolidated financial statements for the year ended 30 June 2014, the estimation of the expected adjustment arising on the settlement of claims is revised, where necessary, at each balance sheet date to reflect the Group's most recent estimation of amounts ultimately recoverable. Although in principle this is determined by reference to individual cases, in practice the homogenous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claims. Adjustments arising from subsequent revision of the Group's expected adjustment arising on settlement of claims, including amounts received by way of late payment charges, are recorded in revenue in the Income Statement.

**4 Business segments**

The condensed consolidated financial statements are in respect of the Group's sole business segment of accident management services, conducted in the United Kingdom. The Directors consider that the business comprises a single segment within the meaning of IFRS 8, 'Operating segments'. (See Note 2 to the Annual Report and Accounts for the year to 30 June 2014.)

**5 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.

*Adjusted profit*

As discussed in the Operational and Financial Review, in order to provide a comparable view of the underlying performance of the Group, the adjusted profit has been presented in the condensed consolidated income statement. Adjusted profit excludes the impact of those items described as exceptional, as discussed in more detail below.

| | Unaudited 6 months ended 31 December 2014 £'000 | Unaudited 6 months ended 31 December 2013 £'000 |
|---|---|---|
| Exceptional items comprise the following: | | |
| a) Share based payments | **(275)** | (442) |
| b) Surplus property restructuring credit /(costs) | **-** | 982 |
| c) Other costs including acquisition costs | **(24)** | - |
| Impact on operating profit for the period | **(299)** | 540 |
| d) Finance costs - unwind of discount on provisions and deferred consideration | **(162)** | - |
| | **(461)** | 540 |
| Tax effect of exceptional items | **-** | - |
| Impact on profit after tax for the period | **(461)** | 540 |

a) Share based payments

The Group has a number of share incentive schemes. In accordance with IFRS2 the calculated charge in respect of options issued and outstanding amounts to £0.3m for the period (2013: £0.4m). The tax effect of this item is £nil (2013: £nil).

b) Surplus property restructuring costs

During the corresponding period last year the Group was able to negotiate the exit from its residual liability in respect of the lease of an empty property no longer used by the Group by way of making a payment for surrender. The excess of the residual liability compared to the surrender value amounted to £0.9m and was credited as an exceptional item. The tax effect of this item was £nil.

c) Other Costs

During the period certain costs were incurred mostly relating the completion of the purchase of certain subsidiaries.

d) Finance costs

The carrying amount of deferred consideration and provisions against properties are included in the balance sheet net of the appropriate discount reflecting the cost of relevant capital or funding. The charge represents the unwinding of this discount during the period.

## 6 Finance income and finance costs

| | Unaudited 6 months ended 31 December 2014 £'000 | Unaudited 6 months ended 31 December 2013 £'000 |
|---|---|---|
| *a) Finance income* | | |
| Interest receivable | **244** | 64 |
| *b) Finance costs* | | |
| Interest on bank overdrafts and loans | **(9)** | (15) |
| Interest on obligations under finance leases | **(482)** | (516) |
| Bank fees and loan issue costs charged in the period | **-** | (20) |
| | **(491)** | (551) |
| Transfer of interest on obligations under finance leases and fleet facilities to cost of sales | **470** | 507 |
| Total finance costs payable before exceptional costs | **(21)** | (44) |
| c) Exceptional finance costs | | |
| Unwind of discount on provisions and deferred consideration | **(162)** | - |
| Total Net finance income | **61** | 20 |

## 7 Tax credit

The tax credit comprises the following:

| | **Unaudited 6 months ended 31 December 2014 £'000** | Unaudited 6 months ended 31 December 2013 £'000 |
|---|---|---|
| Current tax credit | **13** | - |
| Deferred tax credit | **561** | 742 |
| Total tax credit | **574** | 742 |

The effective rate of the tax credit of 5.8% (2013: 15.6%) differs from the effective standard rate of UK corporation tax charge of 20.75% (2013: 20.75%) as the Group has recognised a further additional deferred tax asset in respect of the future use of losses and temporary timing differences

## 8 Earnings per ordinary share

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

| **Number of shares** | **Unaudited 6 months ended 31 December 2014 Number** | Unaudited 6 months ended 31 December 2013 Number |
|---|---|---|
| Weighted average number of ordinary shares for the purposes of earnings per share | **279,571,418** | **161,641,638** |
| Effect of 2013 share options scheme shares in issue | **2,909,601** | **2,223,672** |
| Effect of B shares in issue | **10,396,348** | **10,389,810** |
| Deferred consideration shares to be issued | **7,193,675** | **-** |
| Effect of 2014 SAYE share option scheme shares in issue | **1,480,773** | **-** |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | **301,551,815** | **174,255,120** |

There were 281,442,115 ordinary shares of 0.1p each in issue as at 31 December 2014. The above information for 2013 has been adjusted to take into account the 1 for 10 share consolidation that took effect on 23 May 2014.

## 9 Dividends

The Board has announced an interim dividend for the year to 30 June 2015 of 4.00 pence per ordinary share and amounting to £11.3 m payable on Thursday 26 March 2015 to those shareholders on the register at the close of business on Friday 06 March 2015. The shares will be ex-dividend on Thursday 05 March 2015.

Ordinary share dividends paid in the period to 31 December 2014 can be summarised as follows:

| | **Unaudited 6 months ended 31 December 2014 £'000** | Unaudited 6 months ended 31 December 2013 £'000 |
|---|---|---|
| Special dividend for 2013 of 1.65 pence paid on 24 July 2013 | **-** | 2,577 |
| First interim dividend for 2014 of 1.10 pence paid on 25 October 2013 | **-** | 1,729 |
| Final dividend for 2014 of 3.50 pence paid 6 November 2014 | **9,838** | - |
| Total dividends paid in the period | **9,838** | 4,306 |

Where appropriate, dividends already paid have been adjusted to take into account the effects of the 1 for 10 share consolidation that was completed on 23 May 2014.

## 10 Goodwill

The Directors last reviewed the carrying value of Goodwill on 30 June 2014 and the key elements of this review are contained in Note 11 to the Annual Report and Accounts for the year to 30 June 2014. The Directors have undertaken a further review of the carrying value of Goodwill as at 31 December 2014 on substantially the same basis and have concluded that no adjustment is necessary. There was therefore no movement in goodwill in the six months ended 31 December 2014 (2013: £nil).

11 **Property, plant and equipment (including vehicles)**

During the period the Group spent £13.2m on additions, being principally vehicles. £12.7m of this was funded by finance leases. It also disposed of plant and equipment (predominantly vehicles) with a carrying amount of £3.5m for disposal proceeds of £3.3m. Depreciation charges of £2.6m were incurred during the period.

**12 Associates**

The Group's interest in associates comprises of minority participations in four Limited Liability Partnerships ("LLP"") registered and situated in the United Kingdom. All of the LLPs are engaged in the processing of legal claims and are regulated by the Solicitors Regulation Authority. The LLPs are businesses over which the Group is deemed to have significant influence but does not control.

| | **Unaudited 6 months ended 31 December 2014 £'000** | Unaudited 6 months ended 31 December 2013 £'000 |
|---|---|---|
| Carrying amount of interests in associates | **65** | - |
| **Group's share of:** | | |
| **Profit from continuing operations** | 81 | - |
| Other Comprehensive income | **-** | - |
| Total profits | **81** | - |

**13 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 31 December 2014 were 108 days (31 December 2013: 135 days). This measure is based upon net trade receivables, other receivables and accrued income as a proportion of the related sales revenue for the past 12 months multiplied by 365 days.

| | **31 December 2014 £'000** | 31 December 2013 £'000 | 30 June 2014 £'000 |
|---|---|---|---|
| Net trade receivables | **67,321** | 68,192 | 62,637 |
| Other receivables | **211** | 58 | 177 |
| Accrued income | **978** | 1,064 | 999 |
| Total receivables for debtor day calculation purposes | **68,510** | 69,314 | 63,813 |
| Disbursements recoverable in legal businesses | **11,691** | - | 11,964 |
| Amount due from associates | **13** | - | 24 |
| Taxation recoverable | **-** | - | 214 |
| Prepayments | **4,221** | 6,337 | 6,751 |
| | **84,435** | 75,651 | 82,766 |

**14 Trade and other payables**

| | **31 December 2014 £'000** | 31 December 2013 £'000 | 30 June 2014 £'000 |
|---|---|---|---|
| Trade payables | **22,479** | 19,408 | 20,893 |
| Other taxation and social security | **1,811** | 1,218 | 3,003 |
| Accruals and deferred income | **26,165** | 17,819 | 22,482 |
| Disbursements payable in legal businesses | **9,171** | - | 9,876 |
| Other creditors | **1,632** | 697 | 685 |
| | **61,258** | 39,142 | 56,939 |

## 15 Obligations under finance leases

During the period the Group entered into new finance leases with a principal value of £12.7m and made principal repayments of existing finance leases of £4.3m. Finance leases outstanding at 31 December 2014 amounted to £24.8m and compares to £16.4m at 30 June 2014 and £13.8m at 31 December 2013.

## 16 Borrowings

The Group, through its acquisition of the NewLaw group of companies, has an available £4.95m revolving credit facility with Santander UK plc. This facility, which is secured upon the assets of NewLaw, was undrawn at 31 December 2014 and bears interest at 3.0% over LIBOR. Other than this and those assets financed by finance leases as noted in Note 15, the Group does not have bank facilities with bankers and the Group's assets are consequently unencumbered. Other borrowings are in relation to an interest free unsecured loan facility in connection with a commercial trading agreement and was repaid in January 2015.

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## 17 Share capital and share premium account

Changes in the share capital or share premium account during the period are summarised in the Consolidated Statement of Changes in net Equity and reflect:

a) the issue on 4 August 2014 of a total of 8,425,860 ordinary shares of 0.1p at a value of 60.9p per share in respect of the settlement of the first tranche of deferred consideration payable in respect of the acquisition of the NewLaw group of companies.

b) the issue on 18 November 2014 of a total of 63,657 ordinary shares of 0.1p issued for cash at an average of 20.74p per share as a result of the exercise of options by certain members of staff under the terms of the 2013 executive share option schemes.

c) the issue on 17 December 2014 of a total of 288,858 ordinary shares of 0.1p issued for cash at an average of 20.89p per share as a result of the exercise of options by certain members of staff under the terms of the 2013 executive share option schemes.

## 18 Cash flow information

| | **Audited 30 June 2014 £'000** | **Cash flow £'000** | **Other non-cash changes £'000** | **Decrease/ (increase) in net debt £'000** | **Unaudited 31 December 2014 £'000** |
|---|---|---|---|---|---|
| **Analysis and reconciliation of net debt** | | | | | |
| Net cash and cash equivalents | **58,338** | **4,925** | **-** | **4,925** | **63,263** |
| Debt due within one year | **(350)** | **-** | **-** | **-** | **(350)** |
| Debt due after more than one year | **-** | **-** | **-** | **-** | **-** |
| | **(350)** | **-** | **-** | **-** | **(350)** |
| Finance leases | **(16,431)** | **4,308** | **(12,652)** | **(8,344)** | **(24,775)** |
| | **(16,781)** | **4,308** | **(12,652)** | **(8,344)** | **(25,125)** |
| **Net cash / (debt)** | **41,557** | **9,233** | **(12,652)** | **(3,419)** | **38,138** |

| | Audited 30 June 2013 £'000 | Cash flow £'000 | Other non-cash changes £'000 | Decrease/ (increase) in net debt £'000 | Unaudited 31 December 2013 £'000 |
|---|---|---|---|---|---|
| **Analysis and reconciliation of net debt** | | | | | |
| Net cash and cash equivalents | 21,199 | 54,552 | - | 54,552 | 75,751 |
| Debt due within one year | (2,919) | 2,586 | 333 | 2,919 | - |
| Debt due after more than one year | (4,712) | 3,753 | 959 | 4,712 | - |
| | (7,631) | 6,339 | 1,292 | 7,631 | - |
| Finance leases | (12,437) | 5,588 | (6,937) | (1,349) | (13,786) |
| | (20,068) | 11,927 | (5,645) | 6,282 | (13,786) |
| **Net cash/(debt)** | 1,131 | 66,479 | (5,645) | 60,834 | 61,965 |

### 19 Deferred consideration

The deferred share consideration is in respect of the acquisition of the NewLaw group of companies in February 2014. The first tranche amounting to £5,131,000 before discount was satisfied by the issue on 4 August 2014 of a total of 8,425,860 ordinary shares at a price of 60.9 pence each. The second tranche is subject to the attainment of warranted profits for the 12 months ended 31 December 2014 and, subject to certain conditions, is payable in nine equal instalments commencing in April 2015. The amount payable is subject to the achievement of certain performance related conditions and the amount shown of £4,837,000 represents discounted value of the anticipated maximum additional consideration that might be payable after taking into account amounts paid.

### 20 Approval of Interim Financial Statements

The Interim Financial Statements were approved by the Board of Directors on 25 February 2015.

### 21. 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.

**Economic conditions**
The Group's operating and financial performance is affected by the economic conditions in the United Kingdom. Adverse changes in 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 fewer 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. 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. 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 certainty 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 credit hire cases and the terms and commissions on which such 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 credit hire business have risen sharply increasing the costs of acquiring such 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 credit hire 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.

**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, or infrastructure 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. There could be a failure, weakness in, or security breach of, the Group's systems, processes or business continuity arrangements.

**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.

**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 sources and levels of working capital resources available including cash balances. The assessment included a review of current financial projections to June 2016, and a review of the financial resources available by way of cash balances and facilities. Recognising the considerable uncertainty 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 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.

**Martin Ward**
**Chief Executive Officer**

**Stephen Oakley**
**Chief Financial Officer**

## Independent Review Report to Redde plc

### Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2014 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

### Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the AIM Rules.

Andrew Campbell-Orde
**for and on behalf of KPMG LLP**

*Chartered Accountants*
100 Temple Street, Bristol, BS1 6AG, United Kingdom
**25 February 2015**

# Shareholder information, financial calendar and advisors

## Company enquiries

General shareholder enquiries about the Company and requests for copies of the Group's literature, Annual Report or Interim Statements should be directed to the Company Secretary at the Company's head office at:

Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Tel: 0845 078 4000

## Directors

Avril Palmer-Baunack - Non Executive Chairman
Martin Ward - Chief Executive Officer
Stephen Oakley - Chief Financial Officer
John Davies - Non Executive
Mark McCafferty - Non Executive

## Internet

Visit the Company's website at www.redde.com for:

- Current share Price
- Latest news
- Additional information about the Company
- Latest Annual and Interim Reports

## Shareholding enquiries

Queries about personal shareholdings (e.g. lost certificates, dividend payments or change of personal details) should be directed to the Company's registrars, Capita IRG plc, whose details are set out in the Advisors section opposite.

## Registered office

Redde plc
Pinesgate
Lower Bristol Road
Bath
BA2 3DP

## Company number

03120010

## Financial calendar

**2015**
26 February – Interim results announcement
26 March – Interim dividend for 2015
September – Final results announcement
October – Annual General Meeting
November – Final dividend for 2015

## Advisors

**Auditors**
KPMG LLP
100 Temple Street
Bristol BS1 6AG

**Solicitors**
Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

**Nominated Advisor & Joint Stockbroker**
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London EC2R 7AS

**Joint Stockbroker**
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