



Interim Report

**For the 6 Months Ended
31 December 2018**

Introduction

Financial and Operational headlines

Financial headlines

- Turnover £291.1m (2017: £253.3m) - Increase of 14.9%
- Adjusted* EBIT of £23.7m (2017: £22.0m) - Increase of 7.7%
- Adjusted* profit before tax of £23.6m (2017: £21.9m) - Increase of 7.6%
- Statutory profit before tax of £21.3m (2017: £19.9m) - increase of 7.2%
- Net operating cash flow to EBITDA ratio 20% (2017: 47%) - Decrease funding increased receivables
- Debtor days 109 days – Increase of 4 days since 30 June 2018 (2017: 97 days)
- Total cash balances £11.6m (2017: £24.4m)
- Fleet financing lease debt £52.8m (2017: £46.9m)
- Net debt of £41.2m (2017: £22.5m)
- Adjusted* basic EPS 6.49 pence (2017: 6.12 pence) - Increase of 6.0%
- Statutory basic EPS 5.83 pence (2017: 5.65 pence) - Increase of 3.2%
- Interim dividend 5.50 pence (2017: 5.50 pence)

Operational headlines

- 14.9% growth in number of credit hire cases
- 7.7% increase in total number of repair cases
- Period end fleet increased to 12,649 (2017: 9,958) - increase of 27.0% to meet increased hire days
- Revenue generating fleet utilisation increased to 81.5% (2017: 80.6%)

* Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjustment items") described in Note 5. A reconciliation between adjusted EBIT and statutory EBIT is contained within the financial review section of this report.

Chairman's Statement

I am pleased to be able to report to shareholders that the Group achieved an adjusted profit before taxation for the six months to 31 December 2018 of £23.6 million compared to £21.9 million in the corresponding period last year; an increase of 7.6%.

Results

Revenues were £291.1m (2017: £253.3m), an increase of £37.8m (14.9%). Sales growth principally reflects a 14.9% growth in the number of credit hires together with a 7.7% increase in the total number of repairs undertaken against the corresponding period last year.

The adjusted earnings before interest and taxation for the period were £23.7m (2017: £22.0m).

There was a net interest charge in the period of £0.1m (2017: £0.1m).

Adjusted profit before tax for the period was therefore £23.6m, an increase of 7.6% over the £21.9m achieved in the corresponding period last year.

The charge in respect of amortisation of intangible assets acquired by virtue of the purchase of FMG was £1.2m (2017: £1.2m) and in addition there was a charge of £0.6m in the period (2017: £0.8m) under IFRS2 in respect of share based payments on incentive share schemes. There was also a net charge of £0.5m (2017: £nil) in respect of the costs of the reorganisation of certain activities of the Group that commenced in the second half of last year and also a reassessment of provisions required in respect of onerous leases on properties no longer occupied by the Group from prior periods.

After the amortisation of intangible assets and share based payments, the statutory profit before tax was £21.3m (2017: £19.9m), an increase of 7.2%. There

was a net tax charge of £3.5m (2017: £2.7m) and therefore the statutory profit after tax is £17.8m (2017: £17.2m).

Earnings Per Share

Statutory basic EPS is 5.83p (2017: 5.65p). Statutory diluted EPS is 5.74p (2017: 5.56p).

Adjusted EPS is 6.49p (2017: 6.12p). Adjusted diluted EPS is 6.39p (2017: 6.02p).

The adjusted figures exclude the impact of the amortisation of intangible assets, share based payments and exceptional costs as described in note 5.

Dividends

The Group has since February 2013 pursued a policy 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 and distributable reserves are available to pay such dividends.

In the period from February 2013 to 31 December 2018 under this policy the Group has paid 14 dividends and in aggregate payments have amounted to £140.4m representing 49.65p per share.

The recent growth of the business is such that there has been and continues to be a requirement for increased investment in working capital and this has necessitated a review of the present dividend policy by the Board. Having completed this review and taking into account working capital requirements the Board has concluded that it would be prudent to maintain the present levels of dividends to that paid last year in order to increase dividend cover and retain more capital for internal investment in the business.

Avril Palmer-Baunack

Chairman

26 February 2019

Consequently the Board has declared an unchanged interim dividend of 5.50 pence per share payable on Thursday 28 March 2019 to those shareholders on the register on Friday 08 March 2019. The ex-dividend date is Thursday 07 March 2019.

Board and Our people

Mark Chessman was appointed to the Board as an Executive Director of the Group on 27 November 2018. Mark joined FMG as Chief Operating Officer in December 2014, becoming first managing director in April 2015 and then, following FMG's acquisition by Redde, its Chief Executive Officer in October 2015. Mark is a member of the Chartered Institute of Management Accountants and, prior to his role at FMG, spent twelve years with Lex Autolease, initially in 2002 as Finance Director of Lloyds TSB Autolease and latterly as corporate sales director. In July 2018 Mark was appointed as Redde's Chief Operating Officer and he continues in this role.

The enthusiasm, energy and commitment of our people has been instrumental in delivering high standards of service and customer satisfaction as demonstrated by the customer feedback we receive. So well done and thank you to all of our colleagues.

Outlook

In the near two months since the half year end, hire days have continued to show growth over the corresponding period of last year but growth for the remainder of the second half will not have the beneficial effect experienced last year from the "Beast from the East".

The pipeline of new business is nevertheless encouraging with a number of live prospects. Investment in working capital will increase to service the continuing strategic goals of the business.

Operational and Financial Review

Operational review

Accident Management

The period again saw a continued increase in volumes in the Group's accident management business as a result of growth in market share both in the Group's own business and also in the businesses of those partners that the Group serves. This growth was also influenced in the early part of the period by the residual knock-on effect of the prolonged 2017/18 winter period (referred to in the media as "the Beast from the East"). This resulted in repairer capacity being squeezed and the availability of parts being affected by the higher levels of claims working their way through the repair supply chain increasing demand for replacement vehicles.

It is noted that members of the ABI have recently commented that the cost of repairs has increased due to increased repair costs of bumper safety sensors and the cost of realigning them. At the same time the delay in availability of some spare parts sourced from overseas and the increasing complexity of repairs has also increased repair times and, as a consequence, average hire days. This upward pressure on insurer costs will no doubt manifest itself in not only rising car insurance premiums but also downward margin pressures for the insurer supply chain.

The Group's wide service offering has seen increased levels of interest from the market and during the period the Group participated in successful pilots with a number of insurers (including the provision of "fault" claims intervention services and "fault" repairs) which helped those insurers to manage and reduce their own indemnity spends and contracts have been secured for delivery in 2019 with both new and existing partners. At the same time extensions in the coverage and scope of "not-at-fault" services have also been achieved. These developments support the Group's one-stop shop approach which provides the potential to further grow and develop more vehicle incident and accident management services for both business and insurance partners. This will in turn support the Group's position as a leader in vehicle mobility, rapid roadside recovery, repair, legal and other support services.

In accordance with the Group's GPSii strategy the Group has continued to focus on sustainability by considering the potential future shape of the market and how to adapt and develop its services to meet its business partners' changing requirements without losing sight of the growing, near-term demand for its services.

Insurer Claims Portal

Rising accident costs for insurers has resulted in most insurers looking to reduce operational costs and in many instances this has manifested itself into insurers providing less resource to the processing of claims leading to longer claims settlement times. The Group recently launched a bespoke, digital, protocol portal link which enables further claim processing efficiencies for both protocol insurers and the Group and the provision of real-time claim settlement status. The period saw an increase in the number of protocol insurers linking in direct to the Group's protocol portal which will over time reduce claims processing times for those insurers although the roll out of this is dependent upon insurer IT capacity. Protocols demonstrably provide better outcomes in net cost terms for both parties including the reduction of associated administrative costs eliminating the need to process each claim individually. A version of the Group's claim portal is also under development for non-protocol insurers.

Fleet and Incident management

The Group's fleet and incident management business made further progress in growing its customer base, including the on-boarding of a number of insurer and large commercial broker clients for the provision of third party claims intervention services, reducing their cost of claims. The period also saw a 16.4% increase in incidents attended on major roads requiring roadside recovery. The pipeline of potential business is encouraging. In order to service the additional business recently gained and to provide the infrastructure for anticipated future growth FMG's fleet and incident management operations were moved to larger premises in Huddersfield (comprising 43,000 square feet of operational space) from two existing premises in Huddersfield (comprising together 29,000 square feet) in September 2018 and the costs of this relocation are included in exceptional items.

Continued Growth in Legal Services

The Group's additional ABS named 'Your Law' (which was launched by National Accident Helpline and supported by the Group's NewLaw legal firm in mid-2017) has continued to build its case load and consequently its levels of settlements provide an increased contribution from this source. This is an encouraging development for the business and, with a greater proportion of non-RTA cases under management, this ABS continues to represent an exciting growth potential for the Group. This together

with the growth in NewLaw's employers' liability and medical negligence practice (where such cases take longer to settle than road traffic accident claims and are not affected by government announced reforms of RTA soft tissue injury compensation levels that are scheduled to come into effect in April 2020) gives further cause for optimism. During the period the consolidation of substantially all of NewLaw's operations into NewLaw's existing building in Cardiff was completed and the relocation and other costs of this restructuring are included in exceptional items. The Group's other legal business, Principia, made satisfactory progress increasing the level of its activities.

Technology Initiatives

The period saw the continuation of the investment in technology that commenced last year, to support the Group's strategic objectives, including further integration of common Group services, productivity improvements within the Group's operational centres, and enhancements to existing supply chain integration.

The period saw mobile optimisation and an upgrade of Auxillis's Digital Customer Portal being implemented, enabling a clearer and faster data transfer between customers and our operational systems. In addition the Group delivered an upgrade to its Repair Tracker solution enabling network repairers to provide job status information in a more simplified and timely fashion, enabling automated updates to be provided to customers via our digital platforms. Further enhancements to the Repair Tracker are also under development to enable direct integration with the body shop management systems used within network repairers, to support the transmission of real-time information.

A major upgrade to Auxillis's core operational claims management system was successfully completed in October 2018, providing enhanced platform capability which will support further operating efficiencies and customer service improvements. Work also commenced on the development of a digital self-service claims capturing platform which will further enhance efficiencies in claims management, with greater visual tracking of claims progress by claimants.

During the period the Group has further pioneered the use of Robotics Processing Automation in the processing of all claims information and documentation including "back office" operational and finance systems. Results continue to be encouraging providing potential opportunities for future efficiencies.

The significant investment in the software and infrastructure services supporting the Group's legal

businesses to meet anticipated changes in working practices, deliver process efficiencies, and support expanding demand for services has now come to fruition with the first phase of the project to replace one of NewLaw's core operating systems and associated reporting warehouse going live in recent weeks.

Relationships and customer service

Customer service delivery has continued to be a strong focus for the Group and this has translated into net promoter scores above industry norms for the appropriate service. Performance feedback on the Group's operational service delivery and customer satisfaction rates is of increasing importance with existing and potential new business partners who share the Group's vision for the customer journey.

Recognition of Auxillis for providing outstanding customer service was yet again evident at the prestigious North East Contact Centre Awards in February 2019 where Auxillis was honoured by being awarded the accolade of Contact Centre of the Year (in the over 250 seats category).

Vehicle fleet and branch expansion

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 gives the Group flexibility to dispose of excess fleet in the event of a downturn, balance the total number and the mix of the fleet in response to changes in mix of the insurer car parc and at the same time to maximise fleet, without incurring ownership costs, in both short and in peak periods.

The period saw a 27.8% increase in total number of hire days driven by a 14.9% increase in credit hire case volumes compared to the corresponding period last year. The average number of vehicles held during the period was increased by 19.5% to 10,667 from the average of 8,926 held for the corresponding period last year as a result of the need to meet increases in demand arising from additional contracts and general growth in business. This growth was in part necessarily managed by the increased use of more expensive cross-hires as car manufacturers struggled to supply orders in the required timescales due to their difficulties in getting models certified as compliant with the new Worldwide Harmonised Light Vehicle Test Procedure (WLTP) for emissions and fuel consumption when it came into force on 1 September 2018.

Fleet utilisation was maintained above our 80% target and was improved to 81.5% which compared to 80.6%

for the same period last year. The average age of the fleet during the period was reduced to little over 9 months compared to 11 months at 30 June 2018.

The number of vehicles held at 31 December 2018 increased to 12,649 vehicles as a result of the increased demand mentioned above as well as providing more capacity to reduce the use of more expensive cross-hires and this compares to 9,958 at 31 December 2017 and 9,741 at 30 June 2018.

Increased demand for the Group's replacement car services has led to the Group seeking to open additional branches and an additional branch (in Wrexham) was opened in August 2018. In addition a number of existing branches are also planned to be relocated to larger footprint premises to support this additional demand.

Financial review

Management is required to exercise its judgment in the classification of certain items such as exceptional and those other items considered to be outside of the Group's underlying results. The determination of whether an item should be separately disclosed as an exceptional item or other adjustments requires judgment on its nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance.

Throughout this report reference is therefore made to adjusted results and measures. The directors believe that the selected adjusted measures allow management

A summary of the Group's key performance indicators as used in the business is set out in the table below.

	6 months ended 31 December 2018	6 months ended 31 December 2017	12 months ended 30 June 2018
Financial KPIs			
Revenue (£'000)	291,073	253,284	526,981
Gross profit (£'000)	66,711	62,499	127,782
Gross margin	22.9%	24.7%	24.2%
Profit before taxation (£'000)	21,309	19,872	38,812
Adjusted profit before taxation* (£'000)	23,559	21,887	46,021
EBIT (£'000)	21,412	19,960	38,982
Adjusted EBIT* (£'000)	23,662	21,975	46,191
Adjusted EBIT* margin	8.1%	8.7%	8.8%
EBITDA** (£'000)	26,649	27,592	55,435
Operating cash flow/EBITDA**	20.1%	47.4%	72%
Statutory debtor days	109	97	105

* Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjustment items") and are shown on the consolidated income statement and are also analysed and described in Note 5.

** EBITDA calculation is as analysed in the consolidated statement of cash flows.

and other stakeholders to better compare the normalised performance of the Group between the current and prior year, without the effects of one-off or non-operational items and, better reflects the normalised underlying cash earnings earned in the period under review to which the directors have regard in determining the amount of any dividend.

In exercising this judgment, the directors have taken appropriate regard of IAS 1 "Presentation of financial statements" as well as guidance issued by the European Securities and Markets Authority on the reporting of non-adjusted results. For the reasons stated above, adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjustment items") and are analysed on the face of the Consolidated Income Statement and in note 5 as well as in this report.

Results

For the six months ended 31 December 2018, the Group recorded an adjusted EBIT of £23.7m (2017: £22.0m), an adjusted profit before tax of £23.6m (2017: £21.9m) and a statutory profit before tax of £21.3m (2017: £19.9m).

Revenues

Revenues were £291.1m (2017: £253.3m), an increase of £37.8m (14.9%).

Sales growth principally reflects a 14.9% growth in the number of credit hire cases and a 27.8% increase in credit hire days. There was also a 7.7% increase in the total number of repairs undertaken against the corresponding period last year.

Gross profit, adjusted EBIT

Gross profit was £4.2m higher than the corresponding period last year and gross margin was 22.9% (2017: 24.7%). The fall in gross margin was influenced by an increased mix of lower margin activities and higher levels of commission payments to our referral partners as well as higher fleet costs due to the necessarily increased use of more expensive cross-hires as car manufacturers struggled to supply the ordered volumes

Adjusted EBIT is reconciled to the Income Statement as follows:

	Unaudited 6 months ended 31 December 2018 £m	Unaudited 6 months ended 31 December 2017 £m	Audited 12 months ended 30 June 2018 £m
Adjusted EBIT	23.7	22.0	46.2
Adjustments			
Amortisation of acquired intangible assets	(1.2)	(1.2)	(2.4)
Share based payments	(0.6)	(0.8)	(1.8)
Leasehold property provisions	(0.2)	-	(2.0)
Freehold property impairment	-	-	(0.4)
Restructuring costs	(0.3)	-	(0.6)
Statutory EBIT	21.4	20.0	39.0

EBITDA was £26.6m (2017: £27.6m).

Net finance charge

There was a net interest charge in the period of £0.1m (2017: £0.1m). The net interest charge is analysed in note 6.

Adjusted profit before tax

Adjusted profit before tax for the period was £23.6m, an increase of 7.6% over the £21.9m achieved in the corresponding period last year.

Amortisation of intangibles, share based payments and exceptional costs

The charge in respect of amortisation of intangible assets (acquired by virtue of the purchase of FMG in 2015) was £1.2m (2017: £1.2m). In addition there was a charge of £0.6m in the period (2017: £0.8m) under

of new vehicles within the Group's required timescales due to their difficulties in getting required models certified as compliant with the new Worldwide Harmonised Light Vehicle Test Procedure (WLTP) for emissions and fuel consumption when it came into force on 1 September 2018.

Adjusted administrative expenses were £45.0m (2017: £41.3m), an increase of 8.8% over last year reflecting increased operational cost as a result of the increased volumes together with associated increased investment in underlying infrastructure. Adjusted administrative expenses as a percentage of sales was 15.5% (2017:16.3%).

The adjusted EBIT for the period was £23.7m (2017: £22.0m) and adjusted EBIT margin was 8.1% (2017: 8.7%).

IFRS2 in respect of share based payments on incentive share schemes.

Exceptional costs for the period amounted to £0.5m (2017: £nil) and comprised £0.2m in respect of onerous lease provisions and £0.3m reorganisational costs as detailed in note 5.

Statutory profit before and after taxation

After the amortisation of intangible assets, share based payments and exceptional costs outlined above the statutory profit before tax was £21.3m (2017: £19.9m), an increase of 7.2%. There was a net tax charge of £3.5m (2017: £2.7m). The statutory profit after tax is £17.8m (2017: £17.2m).

Earnings per share

Statutory basic EPS is 5.83p (2017: 5.65p). Statutory diluted EPS is 5.74p (2017: 5.56p).

Adjusted EPS is 6.49p (2017: 6.12p). Adjusted diluted EPS is 6.39p (2017: 6.02p).

The adjusted figures exclude the impact of the amortisation of intangible assets, share based payments and exceptional costs as described in note 5.

Dividends

The Board has declared an unchanged interim dividend of 5.50 pence per share payable on 28 March 2019 to those shareholders on the register on 08 March 2019 (2017: 5.50 pence). The ex-dividend date is 07 March 2019.

Balance sheet

Revenue generated debtors at 31 December 2018 increased to £168.7m, compared to £151.7m at 30 June 2018 and £132.4m at 31 December 2017, increases of 11.2% and 27.4% respectively. The increase of £36.3m from 31 December 2017 mostly reflects the increased volume of hire sales by the group.

As mentioned in the operating review the calendar year 2018 has proved a busy one for the motor claims industry with the “Beast from the East” increasing motor insurers’ claims liabilities significantly. During 2018 two (non-partner) insurers writing UK business from outside the UK went into administration/liquidation resulting in a hiatus on the settlement of claims whilst the relevant regulators took over the responsibility of settling claims liabilities under their jurisdictional obligations. Whilst recoverability of these claims continues under the relevant legislation, it is clear that this is proving to be a slow process.

Statutory debtor days were therefore 109 days and compare to 105 days at 30 June 2018 and 97 days at 31 December 2017. This measure is based upon net

trade receivables, other receivables and accrued income as a proportion of the related underlying sales revenue for the past 12 months multiplied by 365 days.

Total trade creditors increased to £89.5m compared to £89.3m at 30 June 2018 and £72.2m at 31 December 2017.

Net assets at 31 December 2018 were £160.5m (2017: £158.6m).

Net debt, cash and financing

Cash balances were £11.6m at 31 December 2018 and compare to cash balances of £30.7m at 30 June 2018 and £24.4m at 31 December 2017. The decrease in cash balances is mostly the result of the increased investment in net working capital, and in particular receivables, funding the growth in sales including investment in an expanded fleet and increasing amount of corporation tax paid following use of losses and allowances from previous periods.

The Group’s ratio of net operating cash flow to EBITDA was therefore reduced as a result of the above factors and EBITDA/Operating Cash Flow conversion was 20.1% (2017: 47.4%).

As outlined in the operating review during the period the total number of vehicles on the fleet was increased by 27.0% from that at 31 December 2017 to service the much increased volumes of hire days with a greater proportion of these new vehicles funded by finance lease arrangements since the year end. The number of vehicles funded by finance leases increased to 38.6% at 31 December 2018 compared with 32.2% at 30 June 2018 and 39.5% at 31 December 2017 with a greater bias towards the higher average value “prestige” marques. As a consequence, fleet financing lease debt was £52.8m at 31 December 2018, an increase of £13.6m compared to £39.2m at 30 June 2018.

Net debt at 31 December 2018 was £41.2m and compares to net debt of £22.5m at 31 December 2017 and net debt of £8.5m at 30 June 2018.

The net debt and cash position can be summarised as follows:

	Unaudited 6 months ended 31 December 2018 £m	Unaudited 6 months ended 31 December 2017 £m	Audited 12 months ended 30 June 2018 £m
Fleet finance leases	(52.8)	(46.9)	(39.2)
Other leases	-	-	-
Total lease debt	(52.8)	(46.9)	(39.2)
Cash balances	11.6	24.4	30.7
Net debt	(41.2)	(22.5)	(8.5)

Going Concern

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 and the existing committed but unutilised £40m bank facilities as well as the numerous fleet financing lines provided by various parties. The assessment included a review of current financial projections to June 2020. Recognising the inherent uncertainty in making financial projections, 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 continues to have 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.

Principal risks and uncertainties

Principal risks and uncertainties are detailed in Note 24 to this report.

Martin Ward
Chief Executive Officer
26 February 2019

Stephen Oakley
Chief Financial Officer
26 February 2019

Condensed Consolidated Income Statement

For the six months ended 31 December 2018

Unaudited	Note	6 months ended 31 December 2018 Adjusted*	6 months ended 31 December 2018 Adjustment* items	6 months ended 31 December 2018	6 months ended 31 December 2017 Adjusted*	6 months ended 31 December 2017 Adjustment* items	6 months ended 31 December 2017
		£'000	£'000	£'000	£'000	£'000	£'000
Revenue	3	291,073	-	291,073	253,284	-	253,284
Cost of sales		(224,362)	-	(224,362)	(190,785)	-	(190,785)
Gross profit		66,711	-	66,711	62,499	-	62,499
Administrative expenses	5	(44,996)	(2,250)	(47,246)	(41,341)	(2,015)	(43,356)
Operating profit		21,715	(2,250)	19,465	21,158	(2,015)	19,143
Share of results of associates		1,947	-	1,947	817	-	817
EBIT		23,662	(2,250)	21,412	21,975	(2,015)	19,960
Net finance (charge) / income	6	(103)	-	(103)	(88)	-	(88)
Profit before taxation		23,559	(2,250)	21,309	21,887	(2,015)	19,872
Taxation	7	(3,747)	223	(3,524)	(3,300)	586	(2,714)
Profit for the period		19,812	(2,027)	17,785	18,587	(1,429)	17,158
Profit for the period attributable to:							
Equity holders of the Company		19,812	(2,027)	17,785	18,587	(1,429)	17,158
Profit for the period		19,812	(2,027)	17,785	18,587	(1,429)	17,158
Earnings per share (p)							
Basic	8	6.49	(0.66)	5.83	6.12	(0.47)	5.65
Diluted	8	6.39	(0.65)	5.74	6.02	(0.46)	5.56

* Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjustment items") described in Note 5.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2018

Unaudited	6 months to 31 December 2018 £'000	6 months to 31 December 2017 £'000
Profit for the period	17,785	17,158
Other comprehensive income	-	-
Total comprehensive income for the period, attributable to:		
Equity holders of the Company	17,785	17,158
Total comprehensive income for the period	17,785	17,158

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2018

	Share capital	Share premium account	Shares held in treasury	Retained earnings	Total
Six months ended 31 December 2018	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2018	304	73,788	-	86,103	160,195
Profit for the period	-	-	-	17,785	17,785
Total comprehensive income for the period	-	-	-	17,785	17,785
Issue of Ordinary Shares	2	746	-	-	748
Share based payments	-	-	-	562	562
Dividends paid	-	-	-	(18,815)	(18,815)
Balance at 31 December 2018	306	74,534	-	85,635	160,475

	Share capital	Share premium account	Shares held in treasury	Retained earnings	Total
Six months ended 31 December 2017	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2017	304	73,780	-	84,870	158,954
Profit for the period	-	-	-	17,158	17,158
Total comprehensive income for the period	-	-	-	17,158	17,158
Issue of Ordinary Shares	-	7	-	-	7
Purchase of shares into treasury	-	-	(1)	(1,963)	(1,964)
Re-issue of shares from treasury for SAYE exercises	-	-	1	617	618
Share based payments	-	-	-	820	820
Dividends paid	-	-	-	(17,021)	(17,021)
Balance at 31 December 2017	304	73,787	-	84,481	158,572

Condensed Consolidated Statement of Financial Position

As at 31 December 2018

		Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
	Note	£'000	£'000	£'000
Non-current assets				
Goodwill	10	85,990	85,990	85,990
Intangible assets	11	15,332	17,722	16,527
Property, plant and equipment (including vehicles)	12	65,369	57,694	48,596
Interests in associates	13	3,085	1,670	2,559
Deferred tax asset	20	6,307	4,820	6,165
		176,083	167,896	159,837
Current assets				
Trade and other receivables	14	200,858	160,481	181,414
Cash and cash equivalents		11,621	24,387	30,746
		212,479	184,868	212,160
Total assets		388,562	352,764	371,997
Current liabilities				
Trade and other payables	15	(168,044)	(139,711)	(164,030)
Obligations under finance leases	16	(25,174)	(22,544)	(23,723)
Provisions	19	(1,503)	(998)	(2,475)
		(194,721)	(163,253)	(190,228)
Net current assets		17,758	21,615	21,932
Non-current liabilities				
Obligations under finance leases	16	(27,641)	(24,350)	(15,482)
Deferred tax liability	20	(3,633)	(4,405)	(3,836)
Long term provisions	19	(2,092)	(2,184)	(2,256)
		(33,366)	(30,939)	(21,574)
Total liabilities		(228,087)	(194,192)	(211,802)
Net assets		160,475	158,572	160,195
Equity				
Share capital	17	306	304	304
Share premium account		74,534	73,787	73,788
Retained earnings		85,635	84,481	86,103
Equity attributable to owners of the Company		160,475	158,572	160,195

Company Registration Number: 03120010

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2018

		Unaudited 6 months ended 31 December 2018		Unaudited 6 months ended 31 December 2017	
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Profit for the period		17,785		17,158	
Tax charge	7	3,524		2,714	
Share of results of associates	13	(1,947)		(817)	
Net finance costs	6	103		88	
Fleet finance lease interest	6	582		583	
Depreciation		4,625		5,559	
Amortisation of intangible assets	5,11	1,195		1,195	
Loss on sale of tangible fixed assets		50		292	
Property lease provisions		170		-	
Share-based payment charges	5	562		820	
EBITDA		26,649		27,592	
Increase in receivables		(19,507)		(17,679)	
Increase in payables		3,497		6,074	
Decrease in provisions		(1,305)		(643)	
Cash generated from operating activities			9,334		15,344
Bank interest received	6	34		53	
Fleet finance lease interest	6	(582)		(583)	
Interest element of non-fleet finance lease rentals	6	-		(2)	
			(548)		(532)
Taxation paid			(3,430)		(1,723)
Net cash from operating activities			5,356		13,089
Cash flows from investing activities					
Distributions from associates		1,421		508	
Purchase of property, plant and equipment		(2,643)		(1,624)	
Proceeds from sale of property, plant and equipment		6,697		5,840	
Net cash inflow from investing activities			5,475		4,724
Cash flows from financing activities					
Proceeds from issues of new share capital		748		7	
Purchase of shares into treasury		-		(1,964)	
Proceeds from re-issue of treasury shares		-		618	
Dividends paid	9	(18,815)		(17,021)	
Finance lease principal repayments		(11,889)		(11,410)	
Net cash outflow from financing activities			(29,956)		(29,770)
Net decrease in cash and cash equivalents			(19,125)		(11,957)
Cash and cash equivalents at the beginning of the period			30,746		36,344
Cash and cash equivalents at the end of the period			11,621		24,387
Cash and cash equivalents consisted of:					
Cash at bank and in hand			11,621		24,387

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 2018 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 auditor 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 2020. 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.

Two new accounting standards, IFRS 15 (Revenue from contracts with customers) and IFRS 9 (financial Instruments), have come into force for the current financial year and have now been adopted. The Group has assessed the impacts of these standards and they have not had a material impact upon these financial statements as the Group's application of existing accounting policies under previous standards already complied with the new standards. Consequently as no adjustments have been required the two methods of adoption, being the fully retrospective method or the modified retrospective method, are not applicable to the Group.

The following standards have not been applied in preparing these consolidated Financial Statements:

- IFRS 16 - Leases.

The Group will report its financial statements under IFRS 16 for the first time from the first half of 2019/20. The Group presently expects to adopt IFRS 16 on a modified retrospective basis in its 2019/20 financial statements. Accordingly prior year comparatives will not be restated for the effect of IFRS 16 but instead the Group's 1 July 2019 opening reserves will be restated for the full cumulative impact of adopting this standard.

The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset is of low value. The following indicative impacts are anticipated:

- there is expected to be an increase in total assets, as leased assets which are currently accounted for off balance sheet (i.e. classified as operating leases under IAS 17) will be recognised on balance sheet and valued in accordance with the principles of IFRS 16. The biggest asset categories impacted for the group are expected to be land and buildings and motor vehicles currently supplied under contract hire arrangements.
- there is expected to be an increase in debt, as liabilities relating to existing operating leases are recognised
- operating lease expenditure will be reclassified and split between depreciation and finance costs. Therefore EBITDA will increase. Future depreciation and finance costs are also expected to increase as a result of increased assets and liabilities
- there is an expected temporary but immaterial reduction in profit after tax. This is expected to be driven by an increase in finance costs as a result of the new leases. These finance costs will have an accelerated profile which will reduce over a lease term
- there may be a corresponding effect on tax balances in relation to all of the above impacts.

This standard will require the Group to make key accounting judgments in particular around the likelihood of lease renewals. Details of the Group's existing operating lease commitments at 30 June 2018 are set out in note 22 of the Group's Annual Report and Accounts for 2018.

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 2018.

In the application of the Group's accounting policies the directors are required to make judgments, 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 judgments affecting the Group's interim financial statements are the valuation of the receivables (see Note 3) and goodwill impairment (see Note 10).

3 Revenue

	Unaudited 6 months ended 31 December 2018 £'000	Unaudited 6 months ended 31 December 2017 £'000
Revenue	291,073	253,284

As described in Note 15 to the consolidated financial statements for the year ended 30 June 2018, the estimation of the expected adjustment arising on 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 Segmental information

The activities of the Group are managed by the Executive Board, "the Board", which is deemed to be the Chief Operating Decision Maker, as 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 Redde plc 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. IFRS 8 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 has identified operating segments within the main reportable segment, two of which would qualify for separate reporting under IFRS 8 based on their size.

The directors consider that these operating segments meet the aggregation criteria under IFRS 8 for aggregation into one reportable operating segment. The directors have considered a number of economic indicators in forming their assessment that the two operating segments share similar economic characteristics, including long-term average gross margins. A significant part of the business of both operating segments involves vehicle incident and accident management as well as associated rectification, and performance is influenced by the growth or reduction in the number of vehicles on UK roads, the associated accident and incident rates and the growth in vehicles insured or managed by the segments customers. Their activities carried out in generating revenue are not independent of each other, and their customer bases are similar in type.

5 Amortisation of intangibles and share based payments

Management is required to exercise its judgment in the classification of certain items such as exceptional and those other items considered to be outside of the Group's underlying results. The determination of whether an item should be separately disclosed as an exceptional item or other adjustment requires judgment on its nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance.

Throughout this report reference is therefore made to adjusted results and measures. The directors believe that the selected adjusted measures allow management and other stakeholders to better compare the performance of the Group between the current and prior year, without the effects of one-off or non-operational items and, better reflects the normalised underlying cash earnings earned in the year under review to which the directors have regard in determining the amount of any dividend.

In exercising this judgment, the directors have taken appropriate regard of IAS 1 "Presentation of financial statements" as well as guidance issued by the European Securities and Markets Authority on the reporting of non-adjusted results. Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjustment items") as shown below. A reconciliation of IFRS to non-IFRS underlying measures is also outlined in the Financial Review and the Consolidated Income Statement.

	Unaudited 6 months ended 31 December 2018 £'000	Unaudited 6 months ended 31 December 2017 £'000
<i>Administration costs - Amortisation and share based payments:</i>		
a) Amortisation of acquired intangible assets	1,195	1,195
b) Share based payments	562	820
Total amortisation of acquired intangible assets and share based payments	1,757	2,015
<i>Exceptional items comprise the following:</i>		
c) Leasehold property provisions	170	-
d) Reorganisation and redundancy costs	323	-
Impact of exceptional items on operating profit	493	-
Total adjustments to operating profits and profit before taxation	2,250	2,015
Tax effect of the above	(223)	(586)
Impact on profit after tax for the period	2,027	1,429

a) Amortisation of acquired intangible assets

The Group recognised the value of customer relationships and acquired software as a result of the acquisition of FMG in 2015 and these assets are being amortised over 10 and 5 years respectively. Such amortisation is included in adjustment items as it relates to the acquisitions of businesses and does not involve ongoing cash expenditure in the normal operations of the Group. The charge for the period amounts to £1.2m (2017: £1.2m) (Note 11), and the deferred tax effect was a credit of £0.2m (2017: £0.6m including change of rate adjustments).

b) 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 £0.6m for the period (2017: £0.8m). Such charges are included in adjustment items as they do not represent a cash cost of operations, have no effect on the net assets of the Group and given that unissued share options are already included in the statutory diluted earnings per share calculations these costs are removed to avoid double counting in arriving at such diluted earnings per share.

c) Leasehold property provisions

The Group is restructuring its operations by the moving of its operations from three existing locations to two locations one of which involving new premises with greater capacity to accommodate anticipated growth in those businesses. Provisions made include provisions for the Group's plans to mitigate against the holding costs between now and the end date of any liabilities for the resultant empty properties for those premises that will be no longer occupied by the Group. In addition the Group presently is subject to a number of onerous long term leases of certain properties vacated in prior periods and no longer occupied by the Group. Provisions made reflect the net holding cost of all of these empty properties between now and the end date of the relevant obligations for those properties taking into account the Group's plans for mitigation of these costs and a pre-tax exceptional charge of £0.2m (2017: £nil) has been made in this respect. The tax effect was a credit of £nil (2017: £nil).

d) Reorganisation and redundancy costs

As stated above the Group is restructuring its operations by moving its operations from three existing locations to two locations including one completely new premises. This restructuring has also, in the case of the closure of NewLaw's main Bristol office, given rise to redundancy costs in respect of those staff who are unable or unwilling to relocate to NewLaw's existing head office premises in Cardiff or whose roles would be duplicated as a result of the merger of operations. The total costs of this and other costs associated with the restructuring total £0.3m (2017: £nil) for the year and the tax effect was a credit of £nil (2017: £nil).

6 Finance income and finance costs

	Unaudited 6 months ended 31 December 2018 £'000	Unaudited 6 months ended 31 December 2017 £'000
<i>a) Finance income</i>		
Interest receivable	34	53
<i>b) Finance costs</i>		
Interest on obligations under finance leases	(582)	(585)
Bank facility fees and costs charged in the period	(123)	(123)
Unwind of discount on provisions	(14)	(16)
	(719)	(724)
Transfer of interest on obligations under finance leases and fleet facilities to cost of sales	582	583
Total finance costs	(137)	(141)
Total net finance expense	(103)	(88)

7 Tax charge

The tax charge comprises the following:

	Unaudited 6 months ended 31 December 2018 £'000	Unaudited 6 months ended 31 December 2017 £'000
Current tax charge	(3,863)	(3,885)
Deferred tax credit	339	1,171
Total tax charge	(3,524)	(2,714)

The effective rate of the tax charge of 16.5% (2017: 13.7%) for the period is lower than the effective standard rate of UK corporation tax of 19.00% (2017: 19.00%) due to the increase in recognition of deferred tax assets consequent upon further assessment and recognition of the amount and anticipated timing of the future usage of potential tax allowances.

8 Earnings per ordinary share

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

	Unaudited 6 months ending 31 December 2018	Unaudited 6 months ending 31 December 2017
Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of earnings per share	305,199,702	303,779,382
Effect of 2016 Performance Share Plan option scheme shares in issue – 2016 grants	1,663,917	3,210,559
Effect of 2016 Performance Share Plan option scheme shares in issue – 2017 grants	1,101,584	1,032,773
Effect of 2016 Performance Share Plan option scheme shares in issue – 2018 grants	1,156,637	-
Effect of 2014 SAYE share option scheme shares in issue	-	203,080
Effect of 2015 SAYE share option scheme shares in issue	563,040	203,972
Effect of 2016 SAYE share option scheme shares in issue	14,003	-
Effect of 2017 SAYE share option schemes shares in issue	199,842	174,320
Effect of 2018 SAYE share option schemes shares in issue	145,864	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	310,044,589	308,604,086

There were 306,503,008 ordinary shares of 0.1p each in issue as at 31 December 2018 (Note 17).

9 Dividends

The Board has announced an interim dividend for the year to 30 June 2019 of 5.50 pence per ordinary share and amounting to £16.9m payable on Thursday 28 March 2019 to those shareholders on the register at the close of business on Friday 08 March 2019. The shares will be ex-dividend on Thursday 07 March 2019. Ordinary share dividends paid in the period to 31 December 2018 can be summarised as follows:

	Unaudited 6 months ended 31 December 2018 £'000	Unaudited 6 months ended 31 December 2017 £'000
Final dividend for 2017 of 5.60 pence paid 2 November 2017	-	17,021
Final dividend for 2018 of 6.15 pence paid 8 November 2018	18,815	-
Total dividends paid in the period	18,815	17,051

10 Goodwill

	£'000
Cost	
At 31 December 2017, 01 July 2018 and 31 December 2018	140,308
Accumulated impairment losses	
At 31 December 2017, 01 July 2018 and 31 December 2018	(54,318)
Net book value	
At 01 July 2018 and 31 December 2018	85,990
At 31 December 2017	85,990

The directors reviewed the carrying value of Goodwill on 30 June 2018 and the key elements of this review are contained in Note 11 to the Annual Report and Accounts for the year to 30 June 2018. No indications of possible additional impairment have been identified as at 31 December 2018. There is therefore no movement in goodwill impairment in the six months ended 31 December 2018 (2017: £nil). The allocation of the net book value of Goodwill to the Group's CGU's is as follows:

	31 December 2018 £'000	31 December 2017 £'000	30 June 2018 £'000
Auxillis	18,950	18,950	18,950
NewLaw	40,281	40,281	40,281
FMG	26,759	26,759	26,759
	85,990	85,990	85,990

11 Intangible fixed assets

	Customer relationships £'000	Computer software £'000	Total £'000
Cost			
At 01 July 2018	21,900	1,000	22,900
At 31 December 2018	21,900	1,000	22,900
Amortisation			
At 01 July 2018	(5,840)	(533)	(6,373)
Charge for period	(1,095)	(100)	(1,195)
At 31 December 2018	(6,935)	(633)	(7,568)
Net book value			
At 31 December 2018	14,965	367	15,332
At 30 June 2018	16,060	467	16,527
At 31 December 2017	17,155	567	17,722

12 Property, plant and equipment (including vehicles)

	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Fixtures and equipment £'000	Total £'000
Cost					
At 01 July 2018	2,725	820	49,646	11,910	65,101
Additions	-	8	26,180	1,957	28,145
Disposals	-	-	(8,342)	-	(8,342)
At 31 December 2018	2,725	828	62,484	13,867	84,904
Accumulated depreciation and impairment					
At 01 July 2018	(616)	(572)	(7,780)	(7,537)	(16,505)
Charge for the period	(31)	(26)	(3,779)	(789)	(4,625)
Disposals	-	-	1,595	-	1,595
At 31 December 2018	(647)	(598)	(9,964)	(8,326)	(19,535)
Carrying amounts					
At 31 December 2018	2,078	230	57,520	5,541	65,369
Leased assets included above:					
At 31 December 2018	-	-	57,162	-	57,162

12 Property, plant and equipment (continued)

	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Fixtures and equipment £'000	Total £'000
Cost					
At 01 July 2017	2,725	812	57,942	10,149	71,628
Additions	-	5	12,645	1,220	13,870
Disposals	-	-	(8,415)	(29)	(8,444)
At 31 December 2017	2,725	817	62,172	11,340	77,054
Accumulated depreciation and impairment					
At 01 July 2017	(176)	(527)	(8,813)	(6,597)	(16,113)
Charge for the period	(31)	(30)	(4,871)	(627)	(5,559)
Disposals	-	-	2,300	12	2,312
At 31 December 2017	(207)	(557)	(11,384)	(7,212)	(19,360)
Carrying amounts					
At 31 December 2017	2,518	260	50,788	4,128	57,694
Leased assets included above:					
At 31 December 2017	-	-	50,552	33	50,585

13 Interests in associates

The Group's interest in associates comprises of minority participations in five (2017: five) active 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 2018 £'000	Unaudited 6 months ended 31 December 2017 £'000	Audited year ended 30 June 2018 £'000
Carrying amount of interests in associates	3,085	1,670	2,559
Group's share of:			
Profit from continuing operations	1,947	817	2,206
Other comprehensive income	-	-	-
Total share of profits	1,947	817	2,206

The annual accounting period ends of the associated companies consolidated in these financial statements range from 30 November to 31 December. The accounting period end dates of the associates are different from the Group as they are more aligned to the accounting reference dates of the majority partners. The above information has been obtained from management accounts of the entities concerned as at 31 December 2018.

14 Trade and other receivables

Net trade receivables comprise claims due from insurance companies and self-insuring organisations and amounts invoiced for the provision of services to customers. The Group's debtor days at 31 December 2018 were 109 days compared to 105 days at 30 June 2018 and 97 days at 31 December 2017. This measure is based upon net trade receivables, other receivables and accrued income as a proportion of the related underlying sales revenue for the past 12 months multiplied by 365 days.

	31 December 2018 £'000	31 December 2017 £'000	30 June 2018 £'000
Trade receivables – claims due from insurance companies and self-insuring organisations	148,651	115,212	132,249
Trade receivables – amounts invoiced for services	16,524	14,208	16,092
Net trade receivables	165,175	129,420	148,341
Other receivables	185	157	175
Accrued income	3,335	2,852	3,208
Total receivables for debtor day calculation purposes	168,695	132,429	151,724
Disbursements recoverable in legal businesses	13,380	14,231	13,687
Amount due from associates	50	50	50
Taxation recoverable	-	84	63
Prepayments	18,733	13,687	15,890
	200,858	160,481	181,414

15 Trade and other payables

	31 December 2018 £'000	31 December 2017 £'000	30 June 2018 £'000
Trade payables	89,461	72,212	89,272
Other taxation and social security	5,378	5,901	8,413
Accruals and deferred income	57,163	45,989	50,633
Disbursements payable in legal business	9,881	10,506	9,994
Other creditors	2,302	1,154	2,236
Corporation tax payable	3,859	3,949	3,482
	168,044	139,711	164,030

16 Finance leases and other debt

Finance leases are secured upon the underlying vehicles. The Group has considerable facilities available to it for the provision of its motor fleet both by way of finance leases and contract hire which are considered in aggregate sufficient for its present plans.

17 Share capital and share premium account

As at 31 December 2018 the issued share capital of the Company comprised the following:

	Ordinary shares of 0.1p	
	Number	£'000
In issue at 30 June 2018	303,986,757	304
Issue of new shares in respect of the exercise Performance Share Plan	1,929,294	2
Issue of new shares in respect of exercise of SAYE options	586,957	-
In issue at 31 December 2018 fully paid	306,503,008	306

18 Related party transactions

The Group has for many years disposed of some of its surplus vehicles in the normal course of business through British Car Auctions ("BCA"). The Group has also for many years repaired vehicles on behalf of BCA through its repair network. BCA has since 2 April 2015 been part of the BCA Marketplace plc group of companies ("BCAM"), formerly Haversham Holdings plc. BCAM has a Premium Listing on the London Stock Exchange and the Redde Group's non-executive Chairman, Avril Palmer-Baunack, is also BCAM's executive chairman. Accordingly BCAM is regarded as a related party.

Fees and commissions in the amount of £32,924 (2017: £59,147) were charged by BCAM during the period ended 31 December 2018 in respect of the disposal of such vehicles of which £nil (2017: £nil) was outstanding at the period end.

During the period costs of £48,087 (2017: £11,247) were charged by BCAM in respect of vehicle repair, of which £972 (2017: £426) was outstanding at the period end.

During the period costs of £13,200 (2017: £13,200) were charged by BCAM in respect of building rent, of which £nil (2017: £7,920) was outstanding at the period end.

During the period costs of £107,860 (2017: £37,897) were charged by BCAM in respect of vehicle transport, of which £8,153 (2017: £6,256) was outstanding at the period end.

In addition during the period the Group performed vehicle repairs and ancillary services on behalf of BCAM in the normal course of business and an amount of £498,522 (2017: £482,918) was charged to BCAM of which £234,736 (2017: £199,274) was outstanding at the period end.

The Group also from time to time contract hires certain vehicles from specialist vehicle suppliers. During the year the Group paid rentals in respect of such hires to Local Car and Van Rental ("LCVR") of which John Davies is a non-executive director. During the year rentals of £3,693 (2017: £7,560) were charged by LCVR in respect of vehicle rentals, of which £nil (2017: £nil) was outstanding at the period end.

Details of the Group's interests in associates, who are regarded as related parties, are provided in notes 14 and 32 of the Annual Report and Accounts for the year ended 30 June 2018. During the period the Group made sales and recharges of expenses to these associates amounting to £6.0m (2017: £3.3m) and made purchases of £65,000 (2017: £70,000) from those associates. At the period end the Group was owed £730,000 (2017: £353,000) by these associates of which £680,000 (2017: £303,000) is included in net trade receivables (amounts invoiced for services) under 30 day payment terms and £50,000 (2017: £50,000) is shown as amounts due from associates in note 14 of these statements. In addition at the period end the Group owed £48,000 (2017: £17,000) to these associates and these amounts are included in trade payables in note 15.

19 Provisions

	Onerous lease provisions £'000	Restructuring provisions £'000	Total £'000
At 31 December 2017	3,181	–	3,181
Provisions made in the period	1,973	218	2,191
Utilised during the period	(641)	–	(641)
At 30 June 2018	4,513	218	4,731
Provisions made in the period	170	–	170
Utilised during the period	(1,249)	(57)	(1,306)
At 31 December 2018	3,434	161	3,595
Included in current liabilities	1,342	161	1,503
Included in long term liabilities	2,092	–	2,092
	3,434	161	3,595

The Group presently is subject to a number of onerous long term leases of certain properties no longer occupied by the Group. The above provision reflects the directors' estimate of the net holding cost of these leases between now and the end date of those leases discounted to their present value at an appropriate risk free interest rate for the period, taking into account the group's present intended plans for mitigation of these lease costs.

The Group has also restructured its operations by moving its operations from three existing locations to alternative locations including one completely new premises. This restructuring has also given rise to redundancy costs. The provision also reflects the directors' estimate of those costs to which the Group is committed but have not yet been crystallised. These costs are expected to crystallise in full within the next 6 months.

20 Deferred tax

Deferred tax charge is calculated in full on temporary differences under the liability method as at 31 December 2018, 30 June 2018 and 31 December 2017 using the tax rates enacted at the balance sheet date.

	(Liability) Accelerated tax depreciation £'000	Asset Total £'000
At 31 December 2017	(4,405)	4,820
Credit / (charge) to income	569	1,345
At 30 June 2018	(3,836)	6,165
Credit to income	203	142
At 31 December 2018	(3,633)	6,307

Deferred tax asset not provided in full on temporary differences under the liability method is calculated at the tax rates that are expected to apply in the period when the asset is realised.

	Asset Tax losses carried forward £'000	Asset Accelerated tax depreciation £'000	Asset Other temporary differences £'000	Asset Total £'000
At 31 December 2018	242	242	89	573
At 30 June 2018	270	1,400	89	1,759
At 31 December 2017	949	1,906	152	3,007

21 Cash flow information

	Audited 30 June 2018 £'000	Cash flow £'000	Other non-cash changes £'000	Decrease/ (increase) in net debt £'000	Unaudited 31 December 2018 £'000
Analysis and reconciliation of net debt					
Net cash and cash equivalents	30,746	(19,125)	-	(19,125)	11,621
Debt due within one year	-	-	-	-	-
Debt due after more than one year	-	-	-	-	-
Finance leases	(39,205)	11,889	(25,499)	(13,610)	(52,815)
	(39,205)	11,889	(25,499)	(13,610)	(52,815)
Net debt	(8,459)	(7,236)	(25,499)	(32,735)	(41,194)

	Audited 30 June 2017 £'000	Cash flow £'000	Other non-cash changes £'000	Decrease/ (increase) in net debt £'000	Unaudited 31 December 2017 £'000
Analysis and reconciliation of net debt					
Net cash and cash equivalents	36,344	(11,957)	-	(11,957)	24,387
Debt due within one year	-	-	-	-	-
Debt due after more than one year	-	-	-	-	-
Finance leases	(46,060)	11,410	(12,244)	(834)	(46,894)
	(46,060)	11,410	(12,244)	(834)	(46,894)
Net debt	(9,716)	(547)	(12,244)	(12,791)	(22,507)

	2018 £'000	2017 £'000
Decrease in cash and cash equivalents in the period	(19,125)	(11,957)
Finance lease principal repayments	11,889	11,410
Change in net debt resulting from cash flows	(7,236)	(547)
New finance leases	(25,499)	(12,244)
Movement in net debt in the period	(32,735)	(12,791)
Net debt at start of the period	(8,459)	(9,716)
Net debt at end of the period	(41,194)	(22,507)

22 Borrowings

The Group has a 5 year £35m unsecured revolving credit facility with HSBC expiring in December 2020 as well as an annual unsecured overdraft facility of £5m with the same bank. If and when drawn, related covenants surround a net debt to EBITDA ratio (< 3:1) and the ratio of qualifying trade receivables to amounts drawn under the HSBC facility (> 1.5:1). The margin charged on the revolving credit facility is dependent upon the Group's net debt to EBITDA ratio, ranging from a minimum of 1.25% over LIBOR to a maximum of 2.25% over LIBOR. The margin on the overdraft is 1.25% over Bank of England Base Rate.

23 Approval of Interim Financial Statements

The Interim Financial Statements were approved by the Board of Directors on 26 February 2019.

Brexit

There has been much speculation but no certainty on the effect of Brexit on the timeliness, quantity and cost of the supply of goods or services into the United Kingdom post Brexit which is presently scheduled for 29 March 2019.

The Group does not employ a significant number of Non UK EU nationals and does not directly purchase or sell goods or services from or to the EU.

The services that the Group supplies is contained within the UK and principally involves the arrangement of accident and incident management on behalf of customers. In such cases the Group will instruct third parties to supply replacement parts and/or make repairs to customer's vehicles whilst also supplying replacement cars to the customer from the Group's own fleet of vehicles whilst repairs are being carried out. The costs of these services are then collected from the relevant insurance company or fleet owner as appropriate under the law of tort or relevant services agreement.

Depending on the outcome of Brexit, there are scenarios which could result in delays in the sourcing of required replacement parts for repairs or new vehicles into the United Kingdom and it is possible that such delays might, in the absence of any mitigating actions by vehicle manufacturers or stockholders in the repairer supply chain, lead to delays in the supply of new vehicles or delays in the repairing of vehicles causing an increase in off-road time for those vehicles that are classed as un-driveable (with a corresponding increase in required replacement vehicle hire days). This in turn would have an adverse impact on costs which are passed through the supply chain. In the case of delays in the supply of new motor vehicles the Group would manage its fleet rotation by similarly delaying corresponding disposals of its fleet.

To the extent that Brexit generally adversely affects the economic conditions in the United Kingdom then the risks to the Group are as outlined in the principal risks and uncertainties as detailed below.

In the normal course of business the Group otherwise faces a range of other risks and uncertainties. The processes that the Board has established to safeguard both shareholder value and the assets of the Group are described in the Corporate Governance 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 together with the steps that the Board undertakes in order to mitigate these risks. 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 if and when needed.

The Group continually monitors government statistics as well as other external data as part of its ongoing financial and operational budgeting and forecasting processes. In addition regular communications take place with the Group's major insurance partners in order to monitor consumer insurance trends so that the Group may plan its response to any potential changes. The Group also communicates with its existing and potential lenders regularly in order to maintain close relationships.

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.

The Group monitors its competitive position closely with a view to ensuring that it is able to provide its customers with the best overall solution to their requirements taking into account commercial considerations. This is underpinned by a commitment to high quality service of its customers' needs together with regular monitoring and feedback of actual performance against customers' expectations. The monitoring includes performance against agreed service levels with customers and regular meetings are held with referrer partners to discuss performance and requirements.

Customer and referrer relationships

Business is referred to the Group from a number of sources including insurance companies, insurance brokers, dealerships, body shops, leasing companies and owners of large fleets. The Group has agreements in place with many of these referrers which govern the flow of hire and repair 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 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 accident management 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.

The Group seeks and develops long term relationships with partners and secures these relationships with appropriate, long-term formal contracts. Where possible contracts are structured in such a way as to match income with corresponding costs and regular reviews take place of contribution from contracts in order to ensure that where such contributions become uneconomic a dialogue is opened with the counterparty in an attempt to resolve this.

Insurance industry protocols

The Group was a subscriber to the voluntary agreement developed by accident management companies and the ABI known as the General Terms of Agreement (GTA) but withdrew from this agreement with effect from 15 August 2015. This decision was taken due to the considerable amount of business conducted by the Group under protocol arrangements that the Group has with insurers and the residual element of business still conducted under the GTA was considered to be less significant. There is no guarantee that non-protocol insurers will continue to conduct their business with the Group on terms (including payment terms) similar to those previously pertaining to the GTA and they may also seek alternative strategies to dealing with claims submitted. The Group takes an active part in discussions within the industry and since the Group's withdrawal from the GTA the Group has continued to undertake a significant amount of its business under protocol arrangements with insurers.

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.

The Group maintains a legal function and a regulatory risk and compliance function to monitor the management of these risks and compliance with relevant laws and regulations. Reputable external advisors are retained where necessary. Internal policies and practices are reviewed regularly to take account of any changes in obligations. Training and induction programmes ensure that staff receive appropriate training and briefings on the relevant policies and laws.

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 a precedent framework which has remained broadly stable for several years. The majority of the Group's claims are now initially pursued under the terms of 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. However fresh challenges may be brought from time to time.

The government continues to look at the overall costs of litigation. It may bring in legislation or amend or create new rules of court, which further reduce the costs recoverable in certain types of actions and/or changing the criteria for litigation to fall within the small claims track (where legal costs (except the most basic) are not generally recoverable) which might have an impact on the profit costs of the Group's legal businesses and/or increase the cost of recovering credit charges.

The Group maintains a legal function and also monitors relevant legal developments and the development and outcome of test cases through its membership of the Credit Hire Organisation. The Group's contracts and documentation are reviewed and amended where appropriate to take into account legal developments and case law.

The Group's legal department and the Group's legal businesses monitor such matters and the Group will endeavour to adapt its business model to deal with such changes if and when they are introduced. The legal businesses have been diversifying and undertaking a greater volume of significant injury cases which would not be affected to the same extent by these reforms.

Recovery of receivables

The business of credit hire and repair 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 currently a significant level of the Group's claims are subject to protocol arrangements resulting in 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.

The Group manages this risk by ensuring that services are only provided to customers after a full risk assessment process and agreement to an appropriate contract.

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 those vehicles and any required 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.

Tax Writing Down Allowances (WDAs) influence the net holding costs of vehicles whether purchased or contract hired. Government strategy and policies on vehicle emissions are often implemented by changes in the rates and deductibility of tax allowances applicable to vehicles generally and their related emissions. There is a risk that changes in government policy and related tax WDAs could mean that the fleet holding costs (net of taxation) and the effective Group tax charge percentage are increased as a result.

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 and managing interest rate risk via fixed interest rate arrangements including interest hedging arrangement where appropriate.

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 incidents for management, claims, and vehicle hires and repairs. There could be a failure, weakness in, or security breach of, the Group's systems, processes or business continuity arrangements.

The Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled. Preventative controls and back-up and recovery procedures are in place for key systems and all buildings. Changes to Group systems are considered as part of a wider group business change management process and implemented in phases where possible. The Group has business recovery and business continuity plans in all of its operations.

Liquidity and financial

The Group manages its existing cash balances and operational cash flow surpluses to provide day to day working capital headroom. In addition the Group has available to it a £35m 5 year committed revolving capital facility with HSBC and also has a £5m annual overdraft facility with the same bank. The Group also has both committed and uncommitted fleet finance facilities to finance replacement vehicle purchases. In addition the principal financial risks and uncertainties therefore 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 and the existing committed but unutilised £40m bank facilities (above) as well as the numerous fleet financing lines provided by various parties. The assessment included a review of current financial projections to June 2020. Recognising the inherent uncertainty in making financial projections, 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 continues to have 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

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 December 2018 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.

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 report for the six months ended 31 December 2018 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the AIM Rules.

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. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 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 report based on our review

The purpose of our review work and to whom we owe our responsibilities

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.

Robert Fitzpatrick
For and on behalf of KPMG LLP

Chartered Accountants
66 Queen Square, Bristol, BS1 4BE, United Kingdom
26 February 2019

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

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, Link Market Services Limited, whose details are set out in the Advisors section opposite.

Registered office

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Company number

03120010

Financial calendar

2019

February – Interim results announcement
March – Interim dividend for 2019
September – Final results announcement
October – Annual General Meeting
November – Final dividend for 2019

Advisors

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Solicitors

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