

INTERIM REPORT  
for the six months to 30 September 2005

**Help**hire<sup>®</sup>  
Group plc

Our strength lies in our multi-skilled workforce





"I am pleased to be able to report that  
the strong growth in the business during the  
last financial year has continued.

Levels of business during the first half  
of the current year were 69% higher than  
in the same period last year.

A handwritten signature in white ink, appearing to read 'M Jackson', is positioned above the printed name.

MARK JACKSON  
Chief Executive

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in tune with customer needs

Emma Rome

*PA to Group Operations Director*

Winner of the 1994 East of England

Young Musician of the Year competition

## mission and highlights



### mission

The strategic objective of the Group is to position itself as the leading provider of services to non-fault accident victims in co-operation with the insurance industry and to generate additional revenue streams from the development of insurance related products.

### highlights

- Revenue increased by 76% to £76.5m
- Operating margin increased from 8.8% to 14.4%
- Operating profit increased by 189% to £11.0m
- Dividend increased by 30% to 3p per share
- Successful acquisition of Swift Rentacar Ltd
- Successful integration of Albany

Highlights compare results for six months ending 30 September 2005 to six months ending 30 September 2004.

## customers are bowled over by our service

David James

*Claims Litigator – Legal Department*

30 year veteran of Old Sulians RFC Skittles Club and Vice Chairman of the Division 1 Bath Club league



## chief executive's statement for six months ending 30 September 2005



### overview

I am pleased to be able to report that the strong growth in the business during the last financial year has continued. In addition, the integration of Albany Group Holdings (Albany), the acquisition of which was completed in October 2004, is now complete and that of Swift Rentacar (Swift), acquired in September of this year, is well under way. Levels of business during the first half of the current year were 69% higher than in the same period last year and 26% higher excluding the effects of Albany and of Swift.

### financial results

Revenue for the period was £76.5m, an increase of 76% from the same period last year (2004: £43.6m). Gross profits of £32.9m were generated (2004: £19.3m), at a margin of 43% (2004: 44%). Operating profit of £11.0m (2004: £3.8m) represents an increase of 189% on

last year and reflects the increased revenue and tight control of costs. Profit before tax and amortisation of intangible assets (£1.1m) was £9.9m (2004: £3.8m). Bank borrowings on 30 September 2005 were £11.6m excluding acquisition finance (2004: £23.1m). Funds from the placing and open offer in September were used to reduce acquisition finance debt from £49.7m to £37.2m.

In the six months to 30 September 2005 cash generated from operating activities amounts to £2.0m (2004: £1.8m) despite the 76% growth in revenue.

£40.1m was raised through a placing and open offer in September 2005, of which £17.4m was utilised as initial consideration in the acquisition of Swift and £13m in the repayment of indebtedness associated with the acquisition of Albany in October 2004.

Dividends amounting to £4.4m (2004: £2.9m) have been paid since the year-end. The Group achieved a net cash inflow during the period of £7.1m.

### operational performance

The number of cases handled in the period was over 45,000 (2004: 26,700) and the number of those where the repair of the vehicle is also being managed has risen to over 16,000. More than 12,500 personal injury cases were processed in the period, an increase of 240% on the same period in 2004. Over 95% of hires were fulfilled using the Group's own fleet.

The integration of Albany has now been successfully completed. A full operational review took place in the first three months after completion of the acquisition and recommendations from that exercise have now been implemented. The fleet integration plan resulted in the relocation of 3 depots out of the eight acquired with the business.



## helping us beat the competition

Gary Coton

Senior Manager, Helphire Contact Centre

Ex member of 'Freaky Realistic' with 2 hit singles in England and Europe in the 1990s

### swift rentacar

The acquisition of Swift was completed on 2 September 2005. The cash element of the £26.8m consideration was paid from the proceeds of the placing and open offer. Swift, a specialist prestige credit hire operator based in Northwich, Cheshire, has a fleet of 400 prestige vehicles, 71 employees and three branches. Swift will continue to trade as a supplier of prestige vehicle services whilst benefiting from the synergies and scale of the enlarged Group. These results only include a one-month contribution from Swift.

### total accident management

Total Accident Management (Total) has continued its growth and extended its service capabilities in securing an outsource contract with Brit Insurance Holdings (Brit). Total is one of just two providers of outsourced motor claims handling for policyholders of Brit. This growth is supported and capability further extended by the launch of the new Total IT platform. The system, called "E-POINT", is entirely web-based and features remote claims auditing, large scale data interfaces including with the DVLA and On-Demand management information and billing.

### e-register

e-register continues to expand its services to the jewellery industry and to insurers with revenue more than doubling, albeit from a low base, in the six-month period to 30 September 2005.

### infrastructure development

The Group has three operational contact centres, Bath, Peterlee and Northwich, all of which will continue to be

developed. The first phase of the new software developed as part of the ongoing business review process known as Project Kingfisher, which started in 2004, will be in use by the end of the second quarter of 2006.

The enlarged Group now has a fleet of more than 8,000 vehicles, 27 depots and over 1,200 employees.

### dividends and year end change

The financial year-end for the current accounting period is moving from 31 March 2006 to 30 June 2006. This change is intended to minimise the effect of seasonality in the reported results. This means that information on the next six-month period will be in the form of a second interim report in June 2006 with results for the full fifteen-month period to June 2006 reported in September 2006.

The progressive dividend policy will continue. I am therefore pleased to be able to announce that the Board is recommending a first interim dividend payment of 3p per share (2004: 2.3p). A second interim dividend will be announced in June 2006 with the final dividend announced in September 2006.



**MARK JACKSON**  
Chief Executive / 5 December 2005

## skilfully keeping her eye on the ball

Helen Perkins  
*Customer Advisor in the Customer Contact Centre*  
Team captain of Bath City Ladies' football team,  
winners of the 2004 Somerset Cup Final



# ifrs statement

## REPORTING UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')

With effect from 1 April 2005 Helphire Group plc will produce financial statements in accordance with IFRS. Previously the Company reported under UK Generally Accepted Accounting Practice ('UK GAAP'). This commentary highlights the key changes that have arisen due to the transition from reporting under UK GAAP to reporting under IFRS. The Company's date of transition to IFRS is 1 April 2004, which is the beginning of the comparative period for the 2006 financial year. Therefore the opening balance sheet for IFRS purposes is that reported at 31 March 2004 as amended for changes due to IFRS.

This interim report is the first to be prepared under IFRS, which results in the comparative figures being prepared on the same basis and therefore restated from those previously reported under UK GAAP. To help understand the impact of the transition, the equity and income reconciliations set out on pages 15–19 show the changes made to statements previously reported under UK GAAP in arriving at the equivalent statements under IFRS.

Key accounting policy changes are included within this report. A full set of IFRS accounting policies will be published in the Company's financial statements for the fifteen month period to 30 June 2006.

The net effect of adopting IFRS rather than UK GAAP in the 2005 full year financial statements is to decrease profit before tax from £17.5m to £17.2m and increase net assets from £48.8m to £53.2m. The cash flows previously reported in the 2005 full year have decreased by £0.5m. The key areas of change are outlined below.

## FIRST TIME ADOPTION

IFRS 1 'First Time Adoption of International Financial Reporting Standards' sets out the approach to be followed when IFRS are applied for the first time. In general, a company is required to define its IFRS policies and apply them retrospectively. IFRS 1 does, however, allow a company to take advantage of a number of exemptions from restating historical data in certain instances. These exemptions, designed, to simplify the transition process, have been described below to the extent that the company has applied them.

## IAS 10 POST BALANCE SHEET EVENTS

IAS 10 requires dividends to be recognised as a liability when they are approved. For a final dividend this is usually after the accounting period to which it relates. Consequently, there is an adjustment to remove the liability for the 2005 dividend declared on 10 June 2005 from the 31 March 2005 balance sheet. The net impact as at 31 March 2005 is a decrease in liabilities of £4,372,000.

## IAS 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Fishers Legal Practice Limited ("Fishers") is a member of Helphire's panel of solicitors which handles cost bearing cases. The Directors have considered the nature of the relationship with Fishers against the requirements of IAS 27 and have concluded that it satisfies the definition of a subsidiary. As such, the results of Fishers have been consolidated into these financial statements. The net impact as at 31 March 2005 is an increase in net assets of £3,000.

## IAS 34 INTERIM FINANCIAL REPORTING

The Directors have chosen not to comply with IAS 34. Accordingly, the interim financial statements do not comply with all the disclosures in IAS 34 on interim reporting and are therefore not in full compliance with IFRS.

**IFRS 2 SHARE-BASED PAYMENT**

IFRS 2 requires an expense to be recorded in the income statement for all forms of share-based payment. The expense is based on the fair value of the share award at the date the award is made. The expense is recorded over the period in respect of which the employee provides services in respect of the share scheme. The Company has taken advantage of the transitional arrangements in IFRS 1 and accordingly has applied IFRS 2 only to options granted since 7 November 2002 and not fully vested at 1 April 2005. The impact has been a charge to operating profit for the six months ended 30 September 2004 and for the year to 31 March 2005 of £177,000 and £412,000 respectively. There is no impact on total equity as the income statement charge is offset by an equivalent amount credited to the equity reserve.

**IAS 38 INTANGIBLE ASSETS**

Under IAS 38, expenditure is capitalised as an intangible asset where the criteria within IAS 38 are met. Where acquisitions include an ongoing contractual right to supply, and the fair value of the relationship can be measured, then that relationship is recognised as an intangible asset.

The Directors have identified certain software licence and development expenditure classified as tangible fixed assets under UK GAAP which they believe more closely meet the definition of intangible assets under IAS 38. Accordingly these costs, which did not arise from a business acquisition, have been reclassified as intangible assets under IFRS.

The amounts reclassified from tangible fixed assets into intangible assets are £1,150,000 at 1 April 2004, £1,292,000 at 30 September 2004 and £456,000 at 31 March 2005. An impairment charge of £1m relating to these assets, charged in the year ended 31 March 2005 has accordingly been reclassified as an impairment of intangible assets.

**IFRS 3 BUSINESS COMBINATIONS**

Under UK GAAP, Goodwill was amortised over its useful economic life. Under IFRS 3 Goodwill is not amortised but is carried at cost with impairment reviews being undertaken annually or when there is an indication that the carrying value has reduced. Under the transitional arrangements of IFRS 1 a company has the option of applying IFRS 3 prospectively from the transition date to IFRS. Helphire Group plc has chosen this option rather than restate all previous business combinations and accordingly acquisitions prior to 1 April 2004 have not been restated for the effects of IFRS 3. The impact of IFRS 3 and associated transitional arrangements are as follows:

- all prior business combination accounting is frozen at the transition date; and
- the value of Goodwill is frozen at 1 April 2004 and amortisation previously reported under UK GAAP subsequent to 1 April 2004 is removed.

The net impact on operating profit is an increase, resulting from a reduction in Goodwill amortisation of £150,000 for the six months ended 30 September 2004 and £1,035,000 for the year ended 31 March 2005.

The Directors have identified certain significant customer relationships acquired in the acquisition of Albany in October 2004 and Swift in September 2005 as falling within the definition of intangible assets under IAS 38 as they arise from contractual rights and can be measured reliably using appropriate assumptions regarding expected future economic benefits. Accordingly, part of the consideration paid for the shares in Albany is reclassified from Goodwill under UK GAAP to Intangible Assets under IFRS, with an appropriate amortisation rate applied.

The impact has been a charge to operating profit in the year ended 31 March 2005 of £1,048,000, and a reclassification from Goodwill to Intangible Assets of £6,846,000.

# consolidated income statement for the six months to 30 September 2005

	Unaudited Half year ended 30 September 2005 Total £'000	Unaudited Half year ended 30 September 2004 Total £'000	Audited Year ended 31 March 2005 Total £'000
<b>Revenue</b>			
Existing operations	75,370	43,550	118,442
Acquisitions	1,096	–	–
<b>Total revenue</b>	<b>76,466</b>	<b>43,550</b>	<b>118,442</b>
Cost of sales	(43,603)	(24,300)	(64,056)
<b>Gross profit</b>	<b>32,863</b>	<b>19,250</b>	<b>54,386</b>
Administrative Expenses:			
Goodwill impairment charge	–	–	(1,453)
Intangible asset impairment charge	–	–	(1,000)
Amortisation of intangible assets	(1,060)	–	(1,048)
Profit on sale of tangible fixed assets	–	–	6,175
Other	(21,963)	(16,139)	(38,562)
	(23,023)	(16,139)	(35,888)
Other operating income	1,194	712	1,915
<b>Operating profit</b>			
Existing operations	10,863	3,823	20,413
Acquisitions	171	–	–
<b>Total operating profit</b>	<b>11,034</b>	<b>3,823</b>	<b>20,413</b>
Finance costs	(2,199)	(859)	(3,255)
<b>Profit on ordinary activities before taxation</b>	<b>8,835</b>	<b>2,964</b>	<b>17,158</b>
Tax on profit on ordinary activities	(1,676)	(159)	102
<b>Profit for the period</b>	<b>7,159</b>	<b>2,805</b>	<b>17,260</b>
<b>Earnings per share</b>			
<b>Basic</b>	5.95p	2.42p	14.80p
Diluted	5.82p	2.37p	14.49p

All activities relate to continuing operations.

The accompanying notes are an integral part of this consolidated income statement.

# consolidated balance sheet as at 30 September 2005

At 30 September 2005

	Unaudited Half year ended 30 September 2005 Total £'000	Unaudited Half year ended 30 September 2004 Total £'000	Audited Year ended 31 March 2005 Total £'000
<b>Assets</b>			
<b>Non-current assets:</b>			
Goodwill	65,779	1,454	42,644
Other intangible asset	6,317	1,292	6,254
Property, plant and equipment	34,171	19,767	14,442
Investments	300	–	300
Deferred tax asset	5,604	4,626	3,973
	112,171	27,139	67,613
<b>Current assets:</b>			
Trades and other receivables	96,825	54,318	81,558
Cash and cash equivalents	9,480	2,853	3,568
	106,305	57,171	85,126
<b>Total assets</b>	<b>218,476</b>	<b>84,310</b>	<b>152,739</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Trades and other payables	(24,725)	(10,520)	(22,776)
Tax liabilities	(2,694)	–	–
Obligations under finance leases	(28,641)	(4,229)	(11,583)
Short term borrowing and overdrafts	(31,701)	(13,270)	(39,883)
	(87,761)	(28,019)	(74,242)
<b>Non-current liabilities:</b>			
Bank loans	(26,393)	(11,809)	(20,111)
Deferred tax liability	(1,508)	–	(1,739)
Obligations under finance leases	(2,392)	(3,108)	(2,237)
	(30,293)	(14,917)	(24,087)
<b>Total liabilities</b>	<b>(118,054)</b>	<b>(42,936)</b>	<b>(98,329)</b>
<b>Net assets</b>	<b>100,422</b>	<b>41,374</b>	<b>54,410</b>
<b>Equity</b>			
Share capital	6,759	5,803	5,907
Share premium account	65,166	22,231	23,936
Equity reserve	2,728	2,100	1,585
Retained earnings	25,769	11,240	22,982
<b>Total equity</b>	<b>100,422</b>	<b>41,374</b>	<b>54,410</b>

# consolidated statement of changes in equity for the six months ending 30 September 2005

	Share capital £'000	Share premium account £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
<b>Six months ending 30 September 2004</b>					
Balance at 1 April 2004	5,800	22,186	1,335	11,335	40,656
Profit for the current period	–	–	–	2,805	2,805
Issue of new ordinary shares	3	45	–	–	48
Share based incentive plans	–	–	177	–	177
Deferred tax - share based incentive plan	–	–	588	–	588
Dividend paid	–	–	–	(2,900)	(2,900)
<b>Balance at 30 September 2004</b>	<b>5,803</b>	<b>22,231</b>	<b>2,100</b>	<b>11,240</b>	<b>41,374</b>
<b>Year ended 31 March 2005</b>					
Balance at 1 April 2004	5,800	22,186	1,335	11,335	40,656
Profit for the current period	–	–	–	17,260	17,260
Issue of new ordinary shares	107	1,750	–	–	1,857
Share based incentive plans	–	–	412	–	412
Deferred tax - share based incentive plan	–	–	(162)	–	(162)
Dividend paid	–	–	–	(5,613)	(5,613)
<b>Balance at 31 March 2005</b>	<b>5,907</b>	<b>23,936</b>	<b>1,585</b>	<b>22,982</b>	<b>54,410</b>
<b>Six months ended 30 September 2005</b>					
Balance at 1 April 2005	5,907	23,936	1,585	22,982	54,410
Profit for the current period	–	–	–	7,159	7,159
Issue of new ordinary shares	852	41,230	–	–	42,082
Share based incentive plans	–	–	292	–	292
Deferred tax – share based incentive plan	–	–	851	–	851
Dividend paid	–	–	–	(4,372)	(4,372)
<b>Balance at 30 September 2005</b>	<b>6,759</b>	<b>65,166</b>	<b>2,728</b>	<b>25,769</b>	<b>100,422</b>

# consolidated cash flow statement for the six months to 30 September 2005

	Unaudited Half year ended 30 September 2005	Unaudited Half year ended 30 September 2004	Audited Year ended 31 March 2005 (restated)
	£'000	£'000	£'000
<b>Cash flows from operating activities:</b>			
Operating profit	11,034	3,823	20,413
Depreciation and amortisation charges	4,157	1,778	7,502
Gain on sale of tangible fixed assets	(224)	(30)	(6,141)
Share based payment charge	292	177	412
Increase in debtors	(15,266)	(4,450)	(25,216)
Increase in creditors	1,996	516	7,193
Cash generated from operations	1,989	1,814	4,163
Bank and loan interest paid	(1,943)	(644)	(2,710)
Interest element of finance lease payment	(260)	(215)	(545)
	(2,203)	(859)	(3,255)
Taxation paid	–	–	(222)
Net cash flow from operating activities	(214)	955	686
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(287)	(675)	(404)
Purchase of unlisted investments	–	–	(300)
Proceeds from sale of plant and equipment	3,481	95	862
Proceeds from sale of freehold property	–	–	17,779
Acquisitions	(17,051)	–	(29,941)
Net cash flow from investing activities	(13,857)	(580)	(12,004)
<b>Cash flows from financing activities:</b>			
Net proceeds from issue of ordinary share capital	38,857	48	1,857
Net proceeds from issue of new loans	8,750	4,176	33,447
Repayment of borrowings	(13,453)	–	(13,765)
Capital element of other loans repayment	–	–	(556)
Finance lease principal repayments	(8,583)	(1,892)	(5,019)
Dividends paid to shareholders	(4,372)	(2,900)	(5,613)
Net cash flow from financing activities	21,199	(568)	10,351
Net increase/(decrease) in cash and cash equivalents	7,128	(193)	(967)
Cash and cash equivalents at beginning of period	195	1,162	1,162
Cash and cash equivalents at end of period	7,323	969	195
<b>Cash and cash equivalents consist of:</b>			
Cash in hand	5,458	2,853	3,568
Cash held in restricted deposit	4,022	–	–
Bank overdraft	(2,157)	(1,884)	(3,373)
	7,323	969	195

# analysis and reconciliation of net debt

	1 April 2005 £'000	Cash flow £'000	Other non- cash changes £'000	30 September 2005 £'000
Cash at bank and in hand	3,568	1,890	–	5,458
Cash held in restricted deposit	–	4,022	–	4,022
Overdrafts	(3,373)	1,216	–	(2,157)
	195	7,128	–	7,323
Debt due after one year	(20,111)	1,117	–	(18,994)
Debt due within one year	(36,510)	3,590	(4,022)	(36,942)
Finance leases	(13,820)	8,583	(25,796)	(31,033)
<b>Net debt</b>	<b>(70,246)</b>	<b>20,418</b>	<b>(29,818)</b>	<b>(79,646)</b>
		<b>Unaudited Half year ended 30 September 2005 £'000</b>	<b>Unaudited Half year ended 30 September 2004 £'000</b>	<b>Audited Year ended 31 March 2005 £'000</b>
Increase/(Decrease) in cash in the period		7,128	(193)	(967)
Cash inflow from increase in debt and lease financing		13,290	(1,891)	(14,111)
Change in net debt resulting from cash flows		20,418	(2,084)	(15,078)
Issues of loan notes		(4,022)	–	(17,170)
New finance leases		(25,796)	(2,804)	(12,419)
Movement in net debt in year		(9,400)	(4,888)	(44,667)
Net debt as start of year		(70,246)	(25,843)	(25,579)
<b>Net debt at end of period</b>		<b>(79,646)</b>	<b>(30,731)</b>	<b>(70,246)</b>

# notes to the interim report

## 1 BASIS OF PREPARATION

Historically Helphire Group plc ('Helphire') has prepared its financial statements in accordance with UK Generally Accepted Accounting Principles ('UK GAAP'). As a result of changes in EU legislation, Helphire is preparing financial statements in accordance with International Financial Reporting Standards ('IFRS') for accounting periods beginning on or after 1 April 2005. Except as described below, the interim financial statements have been prepared under the historical cost convention, and on the basis of the accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2005.

The unaudited interim financial statements have been prepared on the basis of all IFRS that are expected to be applicable for the Company's interim reporting for the fifteen month period ended 30 June 2006. The standards are subject to ongoing review and possible amendment. Further standards and/or interpretations may be issued that could apply to 2006. If any such amendments, new standards or new interpretations are issued these may require the financial information provided in this interim report to be changed. Helphire will also continue to review its accounting policies in the light of emerging industry consensus on the practical application of IFRS. Consequently, the financial information provided in this interim report may require modification until the first complete set of audited IFRS financial statements are prepared for the fifteen month period to 30 June 2006.

The Directors have chosen not to comply with IAS 34. Accordingly, the interim financial statements do not comply with all of the disclosures in IAS 34 on interim reporting and are therefore not in full compliance with IFRS.

The interim financial information for the six months ended 30 September 2005 and 30 September 2004 has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The information for the year ended 31 March 2005 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts, which were prepared under UK GAAP and on which the Company's auditors gave an unqualified report, have been filed with the Registrar of Companies.

## 2 ACCOUNTING POLICIES

The accounting policies followed in the preparation of this interim report have been applied consistently to all years presented and do not differ significantly from those applying in the last financial statements for the year ended 31 March 2005 other than where the following changes to accounting policies have been adopted in order to comply with IFRS.

### Post Balance Sheet Events

IAS 10 requires dividends to be recognised as a liability when they are approved. For a final dividend this is when approved by shareholders at an Annual General Meeting. Interim dividends are accounted for when paid.

### Share-based Payment

IFRS 2 requires that share-based payments are recognised as an expense in the income statement at fair value. The expense is based on the fair value of the share award at the date the award is made. The fair value is calculated using the Black-Scholes model and is applied only to options granted after 7 November 2002 and not vested at 1 April 2005.

### Business Combinations

In accordance with IFRS 3, Goodwill is carried at cost subject to impairment review. Under the transitional arrangements of IFRS 1, the Company has exercised its option of applying IFRS 3 prospectively from the date of transition to IFRS. Accordingly, Goodwill arising from acquisitions prior to 1 April 2004 is frozen at its written down value as at that date.

### Intangible Assets

Where expenditure meets the criteria set out in IAS 38, it should be capitalised as an intangible asset. The Directors have identified that part of the cost of acquisitions that include a continued supply contract post acquisition should be capitalised as an intangible asset. These are amortised over a period of two to four years.

The Directors have also identified certain software licence and development expenditure classified as intangible fixed assets under UK GAAP which they believe more closely meet the definition of intangible assets under IAS 38. Accordingly these costs, which did not arise from a business acquisition, have been reclassified as intangible assets under IFRS.

# notes to the interim report

## 2 ACCOUNTING POLICIES continued

### Consolidated and Separate Financial Statements

Fishers Legal Practice Limited ('Fishers') is a member of Helphire's panel of solicitors which includes cost bearing cases.

The Directors have considered the nature of the relationship with Fishers against the requirements of IAS 27 and have concluded that it satisfies the definition of a subsidiary. As such, the results of Fishers have been consolidated into these financial statements.

### Impairment of Assets

Impairment tests are carried out whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable, and also annually in the case of Goodwill, which has an indefinite useful life and is not subject to amortisation and intangible assets not yet available for use. An impairment loss is recognised in respect of the amount by which the asset's carrying amount exceeds its recoverable amount, defined as the higher of the asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## 3 TAXATION

	Half year ended 30 September 2005 £'000	Half year ended 30 September 2004 £'000	Year ended 31 March 2005 £'000
Current year UK corporation tax	1,748	—	201
Current year deferred tax	(72)	159	(303)
Total tax charge/(credit)	1,676	159	(102)

The tax charge is based on the estimated effective tax rate for the full year.

## 4 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit after tax and 120,380,170 being the weighted average number of ordinary shares during the six months ended 30 September 2005. The comparative figures for the six months ended 30 September 2004 and the year ended 31 March 2005 are 116,018,914 and 116,612,903 respectively. The calculation of diluted earnings per share is based on 122,901,341 (2004: 118,503,272) potential ordinary shares. The comparative figure for the period ended 31 March 2005 is 119,090,721.

## 5 DIVIDENDS

	Half year ended 30 September 2005 £'000	Half year ended 30 September 2004 £'000	Year ended 31 March 2005 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 March 2005 of 3.7p (2004: 2.5p) per ordinary share	4,372	2,900	2,900
Interim dividend for the year ended 31 March 2005 of 2.3p (2004: 2p) per ordinary share	—	—	2,713
	4,372	2,900	5,613

The proposed dividend of 3p was approved by the Board on 29 November 2005 and has not been recognised as a liability at 30 September 2005. It will be paid on 8 February 2006 to shareholders on the register on 16 December 2005.

# consolidated ifrs equity reconciliation as at 1 April 2004

As required under IFRS 1, the equity reconciliations at 1 April 2004 (the transition date for IFRS) and at 31 March 2005 (date of the last UK GAAP financial statements) and the income statement reconciliation for the year ended 31 March 2005 are set out below. For comparative purposes, the equity statement as at 30 September 2004, and the income statement reconciliation for the six months ended to 30 September 2004, are also included.

	Per UK GAAP	IAS 10 Post Balance Sheet Events Dividends	IFRS 2 Share-based payment	IAS 38 Intangible assets	IAS 27 Consolidated and separate financial statements	per IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Assets</b>						
<b>Non-current assets:</b>						
Goodwill	1,453	–	–	–	–	1,453
Other intangible assets	–	–	–	1,150	–	1,150
Property, plant and equipment	19,420	–	–	(1,150)	–	18,270
Deferred tax asset	3,061	–	1,085	–	–	4,146
<b>Total non-current assets</b>	<b>23,934</b>	<b>–</b>	<b>1,085</b>	<b>–</b>	<b>–</b>	<b>25,019</b>
<b>Current assets</b>						
Trades and other receivables	49,482	–	–	–	250	49,732
Cash and cash equivalents	4,976	–	–	–	264	5,240
	54,458	–	–	–	514	54,972
<b>Total assets</b>	<b>78,392</b>	<b>–</b>	<b>1,085</b>	<b>–</b>	<b>514</b>	<b>79,991</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Trades and other payables	(11,331)	2,900	–	–	(641)	(9,072)
Obligations under finance leases	(3,026)	–	–	–	–	(3,026)
Short term borrowing and overdraft	(15,850)	–	–	–	–	(15,850)
	(30,207)	2,900	–	–	(641)	(27,948)
<b>Non-current liabilities:</b>						
Bank loans	(7,993)	–	–	–	–	(7,993)
Obligations under finance leases	(3,394)	–	–	–	–	(3,394)
	(11,387)	–	–	–	–	(11,387)
<b>Total liabilities</b>	<b>(41,594)</b>	<b>2,900</b>	<b>–</b>	<b>–</b>	<b>(641)</b>	<b>(39,335)</b>
<b>Net assets</b>	<b>36,798</b>	<b>2,900</b>	<b>1,085</b>	<b>–</b>	<b>(127)</b>	<b>40,656</b>
<b>Equity</b>						
Share capital	5,800	–	–	–	–	5,800
Share premium account	22,186	–	–	–	–	22,186
Equity reserve	–	–	1,335	–	–	1,335
Retained earnings	8,812	2,900	(250)	–	(127)	11,335
<b>Total equity</b>	<b>36,798</b>	<b>2,900</b>	<b>1,085</b>	<b>–</b>	<b>(127)</b>	<b>40,656</b>

# consolidated ifrs equity reconciliation as at 31 March 2005

	Per UK GAAP	IAS 10 Post Balance Sheet Events Dividends	IFRS 2 Share-based payment	IFRS 3 Business combinations	IAS 38 Intangible assets	IAS 27 Consolidated and separate financial statements	per IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Assets</b>							
<b>Non-current assets:</b>							
Goodwill	46,402	–	–	1,035	(4,793)	–	42,644
Other intangible assets	–	–	–	–	6,254	–	6,254
Property, plant and equipment	14,894	–	–	–	(456)	4	14,442
Investment	300	–	–	–	–	–	300
Deferred tax asset	3,050	–	923	–	–	–	3,973
<b>Total non-current assets</b>	<b>64,646</b>	<b>–</b>	<b>923</b>	<b>1,035</b>	<b>1,005</b>	<b>4</b>	<b>67,613</b>
<b>Current assets:</b>							
Trades and other receivables	81,506	–	–	–	–	52	81,558
Cash and cash equivalents	3,353	–	–	–	–	215	3,568
	84,859	–	–	–	–	267	85,126
<b>Total assets</b>	<b>149,505</b>	<b>–</b>	<b>923</b>	<b>1,035</b>	<b>1,005</b>	<b>271</b>	<b>152,739</b>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Trades and other payables	(26,880)	4,372	–	–	–	(268)	(22,776)
Obligations under finance lease	(11,583)	–	–	–	–	–	(11,583)
Short term borrowing and overdraft	(39,883)	–	–	–	–	–	(39,883)
	(78,346)	4,372	–	–	–	(268)	(74,242)
<b>Non-current liabilities:</b>							
Bank loans	(20,111)	–	–	–	–	–	(20,111)
Deferred tax liability	–	–	–	–	(1,739)	–	(1,739)
Obligations under finance leases	(2,237)	–	–	–	–	–	(2,237)
	(22,348)	–	–	–	(1,739)	–	(24,087)
<b>Total liabilities</b>	<b>(100,694)</b>	<b>4,372</b>	<b>–</b>	<b>–</b>	<b>(1,739)</b>	<b>(268)</b>	<b>(98,329)</b>
<b>Net assets</b>	<b>48,811</b>	<b>4,372</b>	<b>923</b>	<b>1,035</b>	<b>(734)</b>	<b>3</b>	<b>54,410</b>
<b>Equity</b>							
Share capital	5,907	–	–	–	–	–	5,907
Share premium account	23,936	–	–	–	–	–	23,936
Equity reserve	–	–	1,585	–	–	–	1,585
Retained earnings	18,968	4,372	(662)	1,035	(734)	3	22,982
<b>Total equity</b>	<b>48,811</b>	<b>4,372</b>	<b>923</b>	<b>1,035</b>	<b>(734)</b>	<b>3</b>	<b>54,410</b>

# consolidated ifrs equity reconciliation as at 30 September 2004

	Per UK GAAP	IAS 10 Post Balance Sheet Events Dividends	IFRS 2 Share-based payment	IAS 38 Intangible assets	IFRS 3 Business combination	IAS 27 Consolidated and separate financial statements	per IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Assets</b>							
<b>Non-current assets:</b>							
Goodwill	1,304	–	–	–	150	–	1,454
Other intangible assets	–	–	–	1,292	–	–	1,292
Property, plant and equipment	21,054	–	–	(1,292)	–	5	19,767
Deferred tax asset	2,953	–	1,673	–	–	–	4,626
<b>Total non-current assets</b>	<b>25,311</b>	<b>–</b>	<b>1,673</b>	<b>–</b>	<b>150</b>	<b>5</b>	<b>27,139</b>
<b>Current assets</b>							
Trades and other receivables	54,012	–	–	–	–	306	54,318
Cash and cash equivalents	2,870	–	–	–	–	(17)	2,853
	56,882	–	–	–	–	289	57,171
<b>Total assets</b>	<b>82,193</b>	<b>–</b>	<b>1,673</b>	<b>–</b>	<b>150</b>	<b>294</b>	<b>84,310</b>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Trades and other payables	(12,759)	2,669	–	–	–	(430)	(10,520)
Obligations under finance leases	(4,229)	–	–	–	–	–	(4,229)
Short term borrowing and overdraft	(13,270)	–	–	–	–	–	(13,270)
	(30,258)	2,669	–	–	–	(430)	(28,019)
<b>Non-current liabilities:</b>							
Bank loans	(11,809)	–	–	–	–	–	(11,809)
Obligations under finance leases	(3,108)	–	–	–	–	–	(3,108)
	(14,917)	–	–	–	–	–	(14,917)
<b>Total liabilities</b>	<b>(45,175)</b>	<b>2,669</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(430)</b>	<b>(42,936)</b>
<b>Net assets</b>	<b>37,018</b>	<b>2,669</b>	<b>1,673</b>	<b>–</b>	<b>150</b>	<b>(136)</b>	<b>41,374</b>
<b>Equity</b>							
Share capital	5,803	–	–	–	–	–	5,803
Share premium account	22,231	–	–	–	–	–	22,231
Equity reserve	–	–	2,100	–	–	–	2,100
Retained earnings	8,984	2,669	(427)	–	150	(136)	11,240
<b>Total equity</b>	<b>37,018</b>	<b>2,669</b>	<b>1,673</b>	<b>–</b>	<b>150</b>	<b>(136)</b>	<b>41,374</b>

# consolidated ifrs income reconciliation for the year ended 31 March 2005

	Per UK GAAP	IFRS 2 Share-based payment	IFRS 3 Business combination	IAS 38 Intangible assets	IAS 27 Consolidated and separate financial statements	per IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Continuing operation</b>						
Revenue	118,010	–	–	–	432	118,442
Cost of sales	(64,056)	–	–	–	–	(64,056)
<b>Gross profit</b>	<b>53,954</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>432</b>	<b>54,386</b>
Administrative expenses:						
Goodwill impairment charge	(1,453)	–	–	–	–	(1,453)
Intangible asset impairment charge	(1,000)	–	–	–	–	(1,000)
Profit on sale of tangible fixed assets	6,175	–	–	–	–	6,175
Other	(39,022)	(412)	1,035	(1,048)	(163)	(39,610)
	(35,300)	(412)	1,035	(1,048)	(163)	(35,888)
Other operating income	1,915	–	–	–	–	1,915
<b>Operating profit</b>	<b>20,569</b>	<b>(412)</b>	<b>1,035</b>	<b>(1,048)</b>	<b>269</b>	<b>20,413</b>
Finance costs	(3,116)	–	–	–	(139)	(3,255)
<b>Profit on ordinary activities before taxation</b>	<b>17,453</b>	<b>(412)</b>	<b>1,035</b>	<b>(1,048)</b>	<b>130</b>	<b>17,158</b>
Tax on profit on ordinary activities	(212)	–	–	314	–	102
<b>Profit for the period</b>	<b>17,241</b>	<b>(412)</b>	<b>1,035</b>	<b>(734)</b>	<b>130</b>	<b>17,260</b>

# consolidated ifrs income reconciliation for the six months to 30 September 2004

	Per UK GAAP	IFRS 2 Share-based payment	IFRS 3 Business combination	IAS 27 Consolidated and separate financial statements	per IFRS
	£'000	£'000	£'000	£'000	£'000
<b>Continuing operations</b>					
Revenue	43,383	–	–	167	43,550
Cost of sales	(24,300)	–	–	–	(24,300)
<b>Gross profit</b>	<b>19,083</b>	<b>–</b>	<b>–</b>	<b>167</b>	<b>19,250</b>
Administrative expenses	(16,019)	(177)	150	(93)	(16,139)
Other operating income	712	–	–	–	712
<b>Operating profit</b>	<b>3,776</b>	<b>(177)</b>	<b>150</b>	<b>74</b>	<b>3,823</b>
Finance costs	(775)	–	–	(84)	(859)
<b>Profit on ordinary activities before taxation</b>	<b>3,001</b>	<b>(177)</b>	<b>150</b>	<b>(10)</b>	<b>2,964</b>
Tax on profit on ordinary activities	(159)	–	–	–	(159)
<b>Profit for the period</b>	<b>2,842</b>	<b>(177)</b>	<b>150</b>	<b>(10)</b>	<b>2,805</b>

# independent review report to helphire group plc

## INTRODUCTION

We have been instructed by the Company to review the financial information for the six months ended 30 September 2005 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the analysis and reconciliation of net debt, the related notes 1 to 5, the IFRS equity reconciliations, the IFRS income reconciliations and the IFRS statement. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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 formed.

## DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## International Financial Reporting Standards

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with the International Financial Reporting Standards as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The accounting policies are consistent with those that the Directors intend to use in the annual financial statements. There is, however, a possibility that the Directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRS as adopted for use in the EU.

## REVIEW WORK PERFORMED

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

## Deloitte & Touche LLP

Chartered Accountants

Bristol

5 December 2005





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