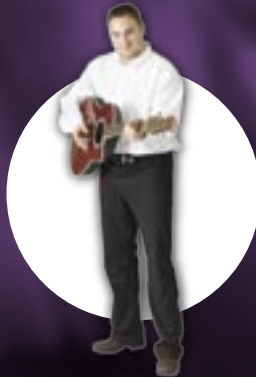


INTERIM REPORT
for the six months to 31 March 2006

Helphire[®]
Group plc

Our strength lies in our multi-skilled workforce





"The strong growth reported in the six months to 30 September 2005 has continued, with turnover for the 12 months to 31 March 2006 showing an increase of 51% on the same period last year."



MARK JACKSON

Chief Executive

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going the extra mile in customer care

Johanna Bradley

Group Trainer, Group Training Dept

Runner for the City of Bath Athletic Club –
completed the 2004 Neolithic Marathon off-road
course in 4 hrs 12 mins in 2004

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

Highlights and commentary in the Chief Executive's statement compare results for the twelve months ending 31 March 2006 to the twelve months ending 31 March 2005.

- Revenue increased by 51% to £178.5m
- Adjusted operating margin increased from 15% to 17%* (statutory operating margin 16% (2005: 17%))
- Adjusted operating profit increased by 71% to £31.1m* (statutory operating profit increased by 39% to £28.4m)
- Adjusted pre-tax profits increased by 82% to £27.1m* (statutory pre-tax profits increased by 42% to £24.4m)
- Adjusted diluted EPS increased by 40% to 17.63p (statutory diluted EPS increased by 7.5% to 15.58p)
- Second interim dividend of 3p per share
- Successful integration of Swift Rentacar Ltd

*Adjusted results for the twelve months ending 31 March 2006 are before amortisation of intangible fixed assets of £2,182k and share option charge of £497k. Adjusted results for the twelve months ending 31 March 2005 are before goodwill impairment charge of £1,453k, intangible assets impairment charge of £1,000k, amortisation of intangible assets of £1,048k, profit on sale of tangible fixed assets of £6,175k and share option charge of £412k.

taking a weight off our customers' shoulders

Ross Brown
*Payment Request Officer,
Helphire Central Administration Team*
Keen amateur weightlifter, currently bench
pressing 120lbs, having started as a result of the
Helphire subsidised gym



chief executive's statement for six months ending 31 March 2006



overview

Helphire is moving its financial year to a 30 June year-end from a 31 March year-end, so as to remove the effect of seasonality on its results. This statement reviews the first twelve months to 31 March 2006 of the current fifteen-month accounting period.

I am pleased to be able to report that the strong growth reported in the first six months to 30 September 2005 has continued. Hires increased in the twelve-month period by 46% to 104,000 cases (2005: 71,000) including a contribution of 4,000 cases from Swift which was acquired in September 2005. Repairs have increased by 52% to 38,000 cases (2005: 25,000). Personal injury claims have increased by 63% to 26,000 cases (2005: 16,000).

financial results

Turnover for the twelve-month period was £178.5m, an increase of 51% from the same period last year (2005: £118.4m). Gross profit of £75.8m represents an increase of 39% (2005: £54.4m) at a margin of 42.5% (2005: 45.9%). This movement in the margin primarily reflects the increase in commissions paid to referrers.

Operating profit increased by 39% to £28.4m (2005: £20.4m). This result incorporates the amortisation of intangible assets and a charge relating to share options, whilst the comparative figure for the twelve months to 31 March 2005 also includes an exceptional profit following the sale and leaseback of the Group's head office and impairment charges relating to goodwill and intangible assets. Excluding these items, adjusted operating profit increased by 72% to £31.1m with the adjusted operating margin increasing from 15% to 17% as a result of economies of scale and efficiency gains.

Pre-tax profit on ordinary activities increased by 42% to £24.4m (2005: £17.2m). Excluding the items noted in arriving at the adjusted operating profit, adjusted pre-tax profit increased by 82% to £27.1m.

Diluted earnings per share increased by 7.5% to 15.58p (2005: 14.49p) with the increase impacted by a higher tax charge of 16.4% (2005: zero) and the exceptional profit of £6.2m reported in the year to 31 March 2005. On a comparable tax charge (16.4%) for the year to 31 March 2005, the growth in diluted earnings per share is 29%. A tax charge of 30% is expected in the year to 30 June 2007.

Bank borrowings and loan notes at the year-end were £66.2m (2005: £60m) including £38.0m acquisition finance for Albany.



converting customer problems into solutions

Andy Wilford

Claims Manager - ABI Dept

Number 6 for Old Sulians RFC, promoted to Somerset 1 league after winning the Somerset 2 league in 2005

operations

The Company continues to focus on the supply of services to non-fault accident victims and the generation of additional revenue streams from the development of these services.

A trading statement issued on 2 May announced the signing of the latest significant contract for the provision of accident management services to a major insurance company. Volumes of cases from this contract are growing strongly.

The policyholder base of Angel Assistance, our legal expenses business, has continued to grow, increasing to over 790,000 policyholders. Albany, which was acquired in October 2004, has continued to perform strongly and the integration of Swift is now complete.

The vehicle fleet has continued to expand and now comprises over 10,000 vehicles operating from twenty-five depots, with the latest new depot due to open in Leeds on 26 June. More than 96% of hires are fulfilled using our own vehicles as opposed to cross hiring from daily rental companies. Utilisation has fluctuated between 75% and 82% during the year. The Group now employs over 1,500 staff and a new call centre facility has been opened in Bristol to service the insurance contract announced at the beginning of May.

dividends

I am pleased to announce a second interim dividend payment of 3.0p giving a total dividend so far this financial period of 6.0p. This dividend will be paid on 19 September 2006 to shareholders on the register on 23 June 2006.

A first interim dividend payment of 3.0p per share (2004: 2.3p) was announced for the period to 30 September 2005, an increase of 30% over the same period last year. We intend to maintain that level of pro rata increase for the fifteen-month period as a whole. A final dividend will be announced in September 2006 with the results for the full fifteen-month period ending on 30 June 2006.

outlook

Trading in the final quarter of the current fifteen-month accounting period has been in line with expectations with a number of new key accounts referring business. Current business levels provide the Board with confidence that expectations relating to the growth in cases in the year to 30 June 2007 will be achieved and that the operating margin can continue to be increased.

MARK JACKSON

Chief Executive
12 June 2006

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



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 second to be prepared under IFRS. The comparative figures have been prepared on the same basis and have been restated from those previously reported under UK GAAP. To help understand the impact of the transition, the income reconciliation set out on page 15 shows the changes made to the six month period ending 31 March 2005. Equity reconciliations for 1 April 2004, 30 September 2004 and 31 March 2005 and income reconciliations for 30 September 2004 and 31 March 2005 have been previously reported in the interim statement for the six month period ending 30 September 2005.

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 £54.4m. 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 year to 31 March 2005 of £412,000. 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 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 reversal of Goodwill amortisation of £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 31 March 2006

	Unaudited 6 months ended 31 March 2006 Total £'000	Unaudited 6 months ended 31 March 2005 Total £'000	Unaudited 12 months ended 31 March 2006 Total £'000	Audited 12 months ended 31 March 2005 Total £'000
Revenue				
Existing operations	93,659	74,892	169,029	118,442
Acquisitions	8,328	—	9,424	—
Total revenue	101,987	74,892	178,453	118,442
Cost of sales	(59,051)	(39,756)	(102,654)	(64,056)
Gross profit	42,936	35,136	75,799	54,386
Administrative Expenses:				
Goodwill impairment charge	—	(1,453)	—	(1,453)
Intangible asset impairment charge	—	(1,000)	—	(1,000)
Amortisation of intangible assets	(1,122)	(1,048)	(2,182)	(1,048)
Profit on sale of tangible fixed assets	—	6,175	—	6,175
Other	(25,976)	(22,423)	(47,939)	(38,562)
	(27,098)	(19,749)	(50,121)	(35,888)
Other operating income	1,557	1,203	2,751	1,915
Operating profit analysed between:				
Existing operations excluding profit on sale of tangible fixed assets	16,001	10,415	26,864	14,238
Profit on sale of tangible fixed assets	—	6,175	—	6,175
Existing operations	16,001	16,590	26,864	20,413
Acquisitions	1,394	—	1,565	—
Total operating profit	17,395	16,590	28,429	20,413
Finance costs	(1,835)	(2,396)	(4,034)	(3,255)
Profit on ordinary activities before taxation	15,560	14,194	24,395	17,158
Tax on profit on ordinary activities	(2,316)	261	(3,992)	102
Profit for the period	13,244	14,455	20,403	17,260
Earnings per share				
Basic	9.77p	12.33p	15.95p	14.80p
Diluted	9.53p	12.08p	15.58p	14.49p
Adjusted basic (see note 4)	10.75p	10.25p	18.04p	12.86p
Adjusted diluted (see note 4)	10.48p	10.04p	17.63p	12.59p

All activities relate to continuing operations.

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

consolidated balance sheet as at 31 March 2006

	Unaudited 6 months ended 31 March 2006 Total £'000	Unaudited 6 months ended 30 September 2005 Total £'000	Audited 12 months ended 31 March 2005 Total £'000
Assets			
Non-current assets:			
Goodwill	66,413	65,779	42,644
Other intangible assets	5,718	6,317	6,254
Property, plant and equipment (including vehicles)	49,377	34,171	14,442
Investments	300	300	300
Deferred tax asset	4,951	5,604	3,973
	126,759	112,171	67,613
Current assets:			
Trade and other receivables	116,820	96,825	81,558
Cash and cash equivalents	9,705	9,480	3,568
	126,525	106,305	85,126
Total assets	253,284	218,476	152,739
Liabilities			
Current liabilities:			
Trade and other payables	(27,652)	(24,725)	(22,776)
Tax liabilities	(3,968)	(2,694)	–
Obligations under finance leases	(33,213)	(28,641)	(11,583)
Short term borrowing and overdrafts	(47,643)	(31,701)	(39,883)
	(112,476)	(87,761)	(74,242)
Net current assets	14,049	18,544	10,884
Non-current liabilities:			
Bank loans	(18,555)	(26,393)	(20,111)
Deferred tax liability	(1,616)	(1,508)	(1,739)
Obligations under finance leases	(9,591)	(2,392)	(2,237)
	(29,762)	(30,293)	(24,087)
Total liabilities	(142,238)	(118,054)	(98,329)
Net assets	111,046	100,422	54,410
Equity			
Share capital	6,796	6,759	5,907
Share premium account	65,993	65,166	23,936
Equity reserve	3,313	2,728	1,585
Retained earnings	34,944	25,769	22,982
Total equity	111,046	100,422	54,410

consolidated statement of changes in equity for the six months ending 31 March 2006

	Share capital £'000	Share premium account £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
Six months ending 31 March 2005					
Balance at 1 October 2004	5,803	22,231	2,100	11,240	41,374
Profit for the current period	–	–	–	14,455	14,455
Issue of new ordinary shares	104	1,705	–	–	1,809
Share based incentive plans	–	–	235	–	235
Deferred tax - share based incentive plan	–	–	(750)	–	(750)
Dividend paid	–	–	–	(2,713)	(2,713)
Balance at 31 March 2005	5,907	23,936	1,585	22,982	54,410
Year ended 31 March 2005					
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)
Balance at 31 March 2005	5,907	23,936	1,585	22,982	54,410
Six months ended 31 March 2006					
Balance at 1 October 2005	6,759	65,166	2,728	25,769	100,422
Profit for the current period	–	–	–	13,244	13,244
Issue of new ordinary shares	37	827	–	–	864
Share based incentive plans	–	–	205	–	205
Deferred tax – share based incentive plan	–	–	380	–	380
Dividend paid	–	–	–	(4,069)	(4,069)
Balance at 31 March 2006	6,796	65,993	3,313	34,944	111,046
Twelve months ended 31 March 2006					
Balance at 1 April 2005	5,907	23,936	1,585	22,982	54,410
Profit for the current period	–	–	–	20,403	20,403
Issue of new ordinary shares	889	42,057	–	–	42,946
Share based incentive plans	–	–	497	–	497
Deferred tax – share based incentive plan	–	–	1,231	–	1,231
Dividend paid	–	–	–	(8,441)	(8,441)
Balance at 31 March 2006	6,796	65,993	3,313	34,944	111,046

consolidated cash flow statement for the six months to 31 March 2006

	Unaudited 6 months ended 31 March 2006 Total £'000	Unaudited 6 months ended 31 March 2005 Total £'000	Unaudited 12 months ended 31 March 2006 Total £'000	Audited 12 months ended 31 March 2005 Total £'000
Cash flows from operating activities:				
Operating profit	17,395	16,590	28,429	20,413
Depreciation and amortisation charges	6,986	5,724	11,143	7,502
Loss/(gain) on sale of tangible fixed assets	220	(6,111)	(4)	(6,141)
Share based payment charge	205	235	497	412
Increase in debtors	(18,396)	(20,766)	(33,663)	(25,216)
Increase in creditors	2,879	6,677	4,876	7,193
Cash generated from operations	9,289	2,349	11,278	4,163
Bank and loan interest paid	(1,641)	(2,066)	(3,584)	(2,710)
Interest element of finance lease payment	(190)	(330)	(450)	(545)
	(1,831)	(2,396)	(4,034)	(3,255)
Taxation paid	(1,429)	(222)	(1,429)	(222)
Net cash flow from operating activities	6,029	(269)	5,815	686
Cash flows from investing activities:				
Purchase of property, plant and equipment	(60)	–	(347)	(404)
Purchase of intangible assets	(1,356)	–	(1,356)	–
Purchase of unlisted investments	–	(300)	–	(300)
Proceeds from sale of plant and equipment	1,059	1,038	4,540	862
Proceeds from sale of freehold property	–	17,779	–	17,779
Acquisitions	–	(29,941)	(17,051)	(29,941)
Net cash outflow from investing activities	(357)	(11,424)	(14,214)	(12,004)
Cash flows from financing activities:				
Net proceeds from issue of ordinary share capital	864	1,809	39,721	1,857
Net proceeds from issue of new loans	7,700	29,271	16,450	33,447
Repayment of borrowings	(23,894)	(13,765)	(37,347)	(13,765)
Capital element of other loans repayment	–	(556)	–	(556)
Finance lease principal repayments	(10,342)	(3,127)	(18,925)	(5,019)
Dividends paid to shareholders	(4,069)	(2,713)	(8,441)	(5,613)
Net cash (outflow)/inflow from financing activities	(29,741)	10,919	(8,542)	10,351
Net decrease in cash and cash equivalents	(24,069)	(774)	(16,941)	(967)
Cash and cash equivalents at beginning of period	7,323	969	195	1,162
Cash and cash equivalents at end of period	(16,746)	195	(16,746)	195
Cash and cash equivalents consist of:				
Cash in hand	5,683	3,568	5,683	3,568
Cash held in restricted deposit	4,022	–	4,022	–
Bank overdraft	(26,451)	(3,373)	(26,451)	(3,373)
	(16,746)	195	(16,746)	195

analysis and reconciliation of net debt

	30 September 2005 £'000	Cash flow £'000	Other non- cash changes £'000	31 March 2006 £'000
Cash at bank and in hand	5,458	225	—	5,683
Cash held in restricted deposit	4,022	—	—	4,022
Overdrafts	(2,157)	(24,294)	—	(26,451)
	7,323	(24,069)	—	(16,746)
Debt due after one year	(18,994)	439	—	(18,555)
Debt due within one year	(36,942)	15,750	—	(21,192)
Finance leases	(31,033)	10,342	(22,113)	(42,804)
Net debt	(79,646)	26,531	(22,113)	(99,297)
	Unaudited 6 months ended 31 March 2006 Total £'000	Unaudited 6 months ended 31 March 2005 Total £'000	Unaudited 12 months ended 31 March 2006 Total £'000	Audited 12 months ended 31 March 2005 Total £'000
Decrease in cash in the period	(24,069)	(774)	(16,941)	(967)
Cash inflow from increase in debt and lease financing	26,531	(12,220)	39,821	(14,111)
Change in net debt resulting from cash flows	2,462	(12,994)	22,880	(15,078)
Issues of loan notes	—	(17,170)	(4,022)	(17,170)
New finance leases	(22,113)	(9,351)	(47,909)	(12,419)
Movement in net debt in period	(19,651)	(39,515)	(29,051)	(44,667)
Net debt as start of period	(79,646)	(30,731)	(70,246)	(25,579)
Net debt at end of period	(99,297)	(70,246)	(99,297)	(70,246)

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 in note 2, 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 and twelve months ended 31 March 2006 and six months ended 31 March 2005 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 it is 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.

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.

notes to the interim report

2 ACCOUNTING POLICIES continued

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

	Unaudited 6 months ended 31 March 2006 Total £'000	Unaudited 6 months ended 31 March 2005 Total £'000	Unaudited 12 months ended 31 March 2006 Total £'000	Audited 12 months ended 31 March 2005 Total £'000
Current year UK corporation tax	1,348	201	3,096	201
Current year deferred tax	968	(462)	896	(303)
Total tax charge/(credit)	2,316	(261)	3,992	(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 using the weighted average number of ordinary shares during the six-month period to 31 March 2006 and the year ended 31 March 2006. The number of shares are 135,596,126 and 127,948,616 respectively. The comparative figures for the six months ended 31 March 2005 and the year ended 31 March 2005 are 117,191,534 and 116,612,903 respectively. The calculation of diluted earnings per share is based on 139,021,234 for the six months ended 31 March 2006 and 130,946,988 for the year ended 31 March 2006 potential ordinary shares. The comparative figure for the six-month period ended 31 March 2005 and year ended 31 March 2005 are 119,669,823 and 119,091,192 respectively.

Adjusted earnings per share is based on the profit for the period adjusted for the following factors and the weighted average number of ordinary shares shown above. For the six month period to 31 March 2006, adjusted profit for the period is before amortisation of intangible fixed assets of £1,122,000 (2005: £1,048,000), share option charge of £205,000 (2005: £235,000), goodwill impairment charge of £nil (2005: £1,453,000), intangible asset impairment charge of £nil (2005: £1,000,000) and profit on sale of tangible fixed assets of £nil (2005: £6,175,000). For the twelve month period to 31 March 2006, adjusted profit for the period is before amortisation of intangible fixed assets of £2,182,000 (2005: £1,048,000), share option charge of £497,000 (2005: £412,000), goodwill impairment charge of £nil (2005: £1,453,000), intangible asset impairment charge of £nil (2005: £1,000,000) and profit on sale of tangible fixed assets of £nil (2005: £6,175,000).

5 DIVIDENDS

	Unaudited 6 months ended 31 March 2006 Total £'000	Unaudited 6 months ended 31 March 2005 Total £'000	Unaudited 12 months ended 31 March 2006 Total £'000	Audited 12 months ended 31 March 2005 Total £'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
Interim dividend for the 15 month period ending 30 June 2006 3p (2005: 2.3p) per ordinary share	4,069	2,713	4,069	2,713
	4,069	2,713	8,441	5,613

A proposed dividend of 3.0p was approved by the Board on 8 June 2006 and has not been recognised as a liability at 31 March 2006. It will be paid on 19 September 2006 to shareholders on the register on 23 June 2006.

consolidated ifrs income reconciliation for the six month period to 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
Continuing operation						
Revenue	74,627	–	–	–	265	74,892
Cost of sales	(39,756)	–	–	–	–	(39,756)
Gross profit	34,871	–	–	–	265	35,136
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	(23,003)	(235)	885	(1,048)	(70)	(23,471)
	(19,281)	(235)	885	(1,048)	(70)	(19,749)
Other operating income	1,203	–	–	–	–	1,203
Total operating profit	16,793	(235)	885	(1,048)	195	16,590
Finance costs	(2,341)	–	–	–	(55)	(2,396)
Profit on ordinary activities before taxation	14,452	(235)	885	(1,048)	140	14,194
Tax on profit on ordinary activities	(53)	–	–	314	–	261
Profit for the period	14,399	(235)	885	(734)	140	14,455

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 31 March 2006 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 income reconciliation 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 and twelve month periods ended 31 March 2006.

Deloitte & Touche LLP

Chartered Accountants

Bristol
12 June 2006



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