



ANNUAL REPORT AND ACCOUNTS

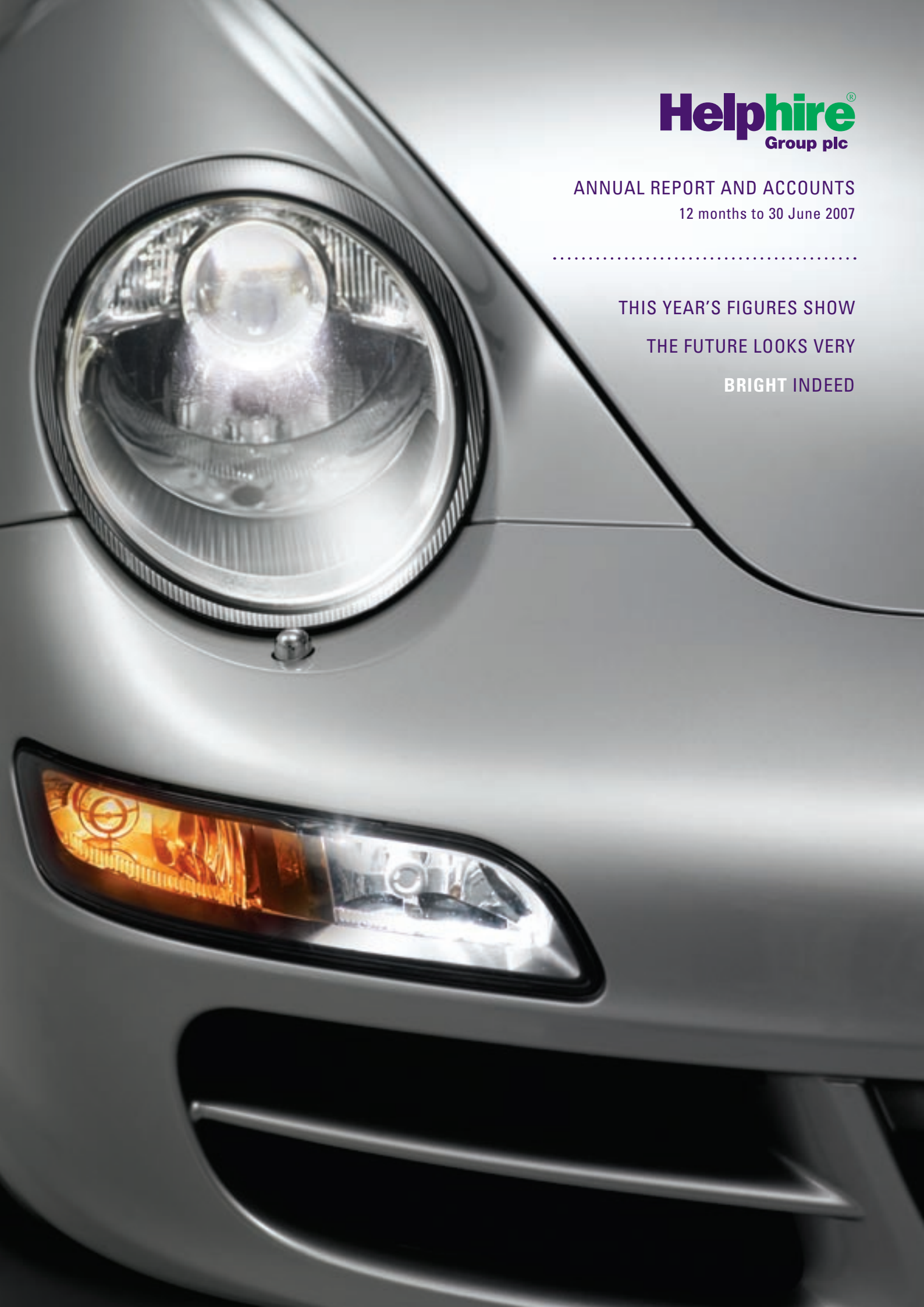
12 months to 30 June 2007

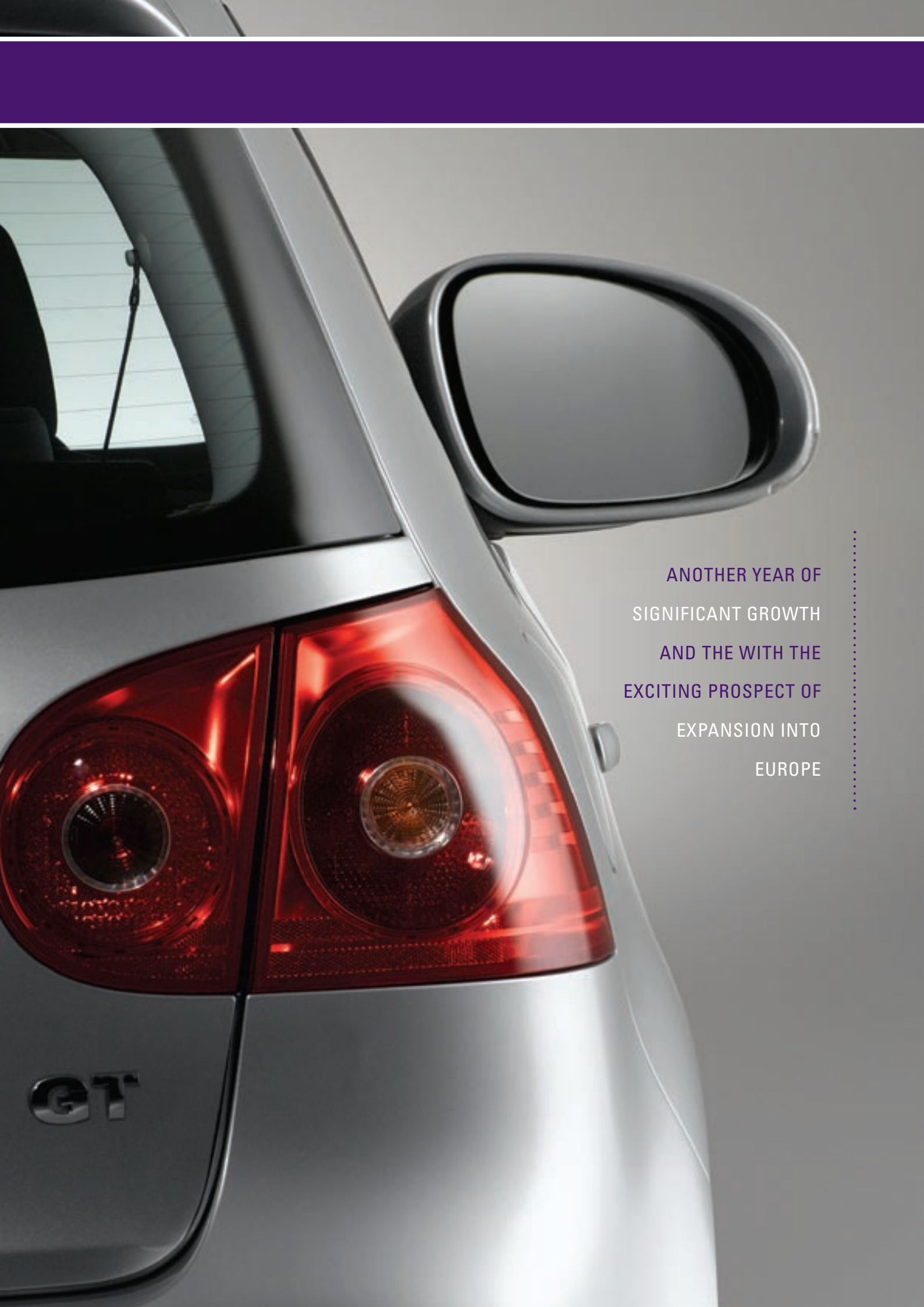


THIS YEAR'S FIGURES SHOW

THE FUTURE LOOKS VERY

BRIGHT INDEED





ANOTHER YEAR OF  
SIGNIFICANT GROWTH  
AND THE WITH THE  
EXCITING PROSPECT OF  
EXPANSION INTO  
EUROPE



I am delighted to introduce another excellent set of financial results for the period to 30 June 2007. I want to express my gratitude to our staff for the hard work that has resulted in this outstanding performance.

During this financial year we have had three board changes. I would like to thank Alistair Mathers for his many years of diligent service and to welcome both Mike O'Leary and David Paige.

I would like to conclude my introduction to the report and accounts by thanking my colleagues on the Board for the contribution that they have made over the year.



RODNEY BAKER-BATES

Chairman / 24 September 2007

THIS YEAR'S HIGHLIGHTS  
ARE A **REFLECTION** OF THE  
WORK AND COMMITMENT  
SHOWN BY OUR STAFF

mission and highlights	3
chief executive's statement	4
financial director's review	6
the board	8
introduction to the managing directors	10
advisors	13
directors' report	14
corporate governance	16
directors' remuneration report	19
corporate social responsibility	26
directors' responsibilities	28
independent auditors' report	29
consolidated income statement	30
consolidated statement of changes in equity	31
consolidated balance sheet	32
consolidated cash flow statement	33
notes to the consolidated financial statements	34
company income statement	51
company balance sheet	52
company cash flow statement	53
notes to the company financial statements	54

**> 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**

- Turnover up 25% (annualised 49%)
- Hires up 11% (annualised 34%)
- Credit Repair cases up 12% (annualised 33%)
- Revenue per case up 13% (annualised 11%)
- Gross profit per case up 6%
- Adjusted profit before tax up 38% (annualised 36%)
- Operating profit up 35% (annualised 58%)

The highlights compare the 12 month period ended 30 June 2007 to the 15 month period to 30 June 2006. Annualised percentages are for the 12 month period to 30 June 2007 compared to the 12 month period to 30 June 2006.

Adjusted financial information in the current period excludes the impact of amortisation of intangible assests, impairment of intangible assests, abortive acquisition costs and share-based payment charge. The comparative figures to 30 June 2006 exclude the impact of amortisation of intangible assets, share-based payment charge and Albany claims. These items are shown separately in the income statement.



WE CONTINUE  
TO BE **REVOLUTIONARY**  
IN THE NON-FAULT  
ACCIDENT BUSINESS

## > overview

The last 12 months have seen continuing strong growth across all of the Group's main trading activities. The market demand for replacement vehicles for the victims of accidents continues to grow from referrers of cases from both the insurance and automotive industries. This period has also seen the first steps taken in exploiting the potential for Helphire to expand into other European countries, starting with Spain in October.

A significant event in the expansion of the Group's Legal Services provision also took place after the year end with the announcement on 7 August of a commercial agreement with CS2, one of the UK's largest claimant personal injury legal services companies.

## > trading results

In comparing the 12 months audited accounts for the period to 30 June 2007 with unaudited financial data for the 12 months to 30 June 2006, the results are as follows. Turnover has grown by 49% to £290m; hire volumes increased by 34% to 148,340; the number of credit repair cases increased by 33% to 55,116, whilst the number of personal injury cases increased by 13% to 30,233. Profit before tax increased 63% to £40.3m.

## > operations and infrastructure

The Group's operational presence continues to expand to address the growing market opportunity. The Helphire and Angel Division is based in call centre accommodation in Bath and Bristol, the Automotive Division in Northwich and the Albany Division in Peterlee. As at 30 June 2007, the Group employed a total of 2,052 people, 1,114 in Bath and Bristol, 146 in Northwich, 296 in Peterlee and 496 in the branches, an increase of 18% over the last 12 months. The Group now has a total of 29 depots from which the fleet of around 17,000 vehicles are collected and delivered.

Development work has continued on two major business process improvement projects supported by significant new technology systems.

A new fleet management system has been introduced which has facilitated fleet acquisition and disposal planning and fulfilment. A second phase of this program introducing fleet logistics improvements is scheduled for the next six months. This system is expected to enhance operations through more efficiently distributing the available fleet.

The first release of the new claims processing system, Project Expedite, has now gone live and is due to have full functionality by the end of the current financial year. The financial business benefit will begin to impact in the year to 30 June 2009.

Helphire continues to explore the potential of providing credit hire services in European markets and early signs are encouraging. An office has now been opened in Madrid and it is anticipated that the first credit hire cases in Spain will be processed in October 2007.

## > commercial agreement with CS2 lawyers

At the beginning of August, the Group announced an important development in its legal services and claims management operations by a commercial arrangement with CS2 Lawyers Limited and the acquisition of a group of legal services businesses. This investment in the legal services market is anticipated to realise significant cost and revenue synergies and strengthens the position of the Helphire Group as a market leader in motor claims management.

## > dividends

Due to the continued strong growth of the Group, the Board will continue with the progressive dividend previously announced. At the end of the first six months of the current financial period, an interim dividend payment of 5.2p was declared. I am now pleased to be able to announce that the Board is recommending a final dividend payment of 5.8p (2006 annualised: 8.0p) making 11.0p for the year. This dividend will be paid on 5 December 2007 to shareholders on the register at 26 October 2007.

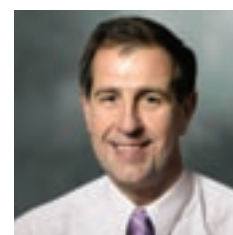
## > outlook

The market for accident management services and replacement vehicle provision in the UK continues to expand. There has been an increase in the interest in and utilisation of these services by the insurance industry in particular. Generally increased awareness of the services we provide and improvement in operational processes by the referrers of cases are also driving increased penetration of the market place.

The new financial year has started well with a combination of inclement weather and new referral sources leading to a busier than normal summer period which bodes well for the forthcoming autumn.

MARK JACKSON

Chief Executive / 24 September 2007



OUR FINANCIAL  
**PERFORMANCE**  
 HAS BEEN  
 IMPRESSIVE

In order to achieve a meaningful comparison of data I refer to the audited accounts for the 12 months to 30 June 2007 as compared with the unaudited financial data for the 12 months to 30 June 2006. To comply with statutory obligations I have also referred to the audited accounts for the 15 month period to 30 June 2006.

#### > turnover

Turnover has grown by 49% to £290m (12 months to 30 June 2006: £195m). Hire volumes increased by 34% to 148,340 (12 months to 30 June 2006: 110,725), a figure which includes 8,415 standard hires (12 months to 30 June 2006: 10,220), which are non credit hire services provided to insurance companies at a reduced tariff as compared with the ABI GTA rates. Credit repair cases increased by 33% to 55,116 (12 months to 30 June 2006: 41,506) whilst the number of PI cases increased by 13% to 30,233 (12 months to 30 June 2006: 26,870). In addition to the increased contribution per case, the change in mix of our revenue has contributed to an overall increase in revenue per case of 11% to £1,957 (12 months to 30 June 2006: £1,765).

On a statutory basis, turnover for the 12 months to 30 June 2007 was £290m (15 months to 30 June 2006: £231m).

Helphire continues to benefit from the acquisition of key insurance accounts. The Group's business sourced from the automotive sector has been consolidated with the Swift operation as the Automotive division and enhances our focus in this area. In June 2007 the Group signed an exclusive three year deal with Pendragon Plc – the largest car dealership group in Europe. Referrals are expected to build from a low base to a level comparable to other major key accounts deriving significant benefits to both parties.

In August 2007 the Group announced an investment in, and strategic alliance with, CS2 – a legal firm based in Chesterfield. CS2 will enable the Group to expand its activities within the PI marketplace and improve margins through efficiencies.

#### > gross margins

Gross profit grew by 42% to £115m (12 months to 30 June 2006: £81m). As a percentage the margin has reduced from 42% to 40%. Whilst the credit hire and PI margins have been suppressed by increasing referral commissions, this has been countered somewhat by the increase in tariff and savings made on fleet costs. The margin has also been adversely affected by the slower growth in PI cases as compared with hire and repair, as some new sources of business have not included personal injury management. However the arrangement with CS2 should improve PI contribution going forward.

Statutory gross profit was £115m (15 months to 30 June 2006: £97m).

Looking ahead to the current financial year the Board expects the consolidated gross margin to be maintained around current levels.

#### > operating margin

The operating margin increased from 14.6% to 15.6%, whilst the adjusted operating profit margin increased from 16.0% to 17.2%. Further expansion is expected in the current financial year, however a more significant improvement can be expected in the year to 30 June 2009 during which significant benefits from the Group's new IT platform are likely.

Statutory operating profit was £45.2m (15 months to 30 June 2006: £33.4m).

### > financial performance

Profit before tax increased by 63% to £40.3m (12 months to 30 June 2006: £24.7m). Adjusted\* profit before tax increased by 55% to £45m (12 months to 30 June 2006: £29m).

Statutory profit before tax was £40.3m (15 months to 30 June 2006: £28.4m).

### > debtors, working capital and cash flow

Outstanding claims at 30 June 2007 stood at £174m (2006: £112m). Calculated on a standard basis, this represents debtor days of 219 (2006: 206). Debtor days on a countback basis were 215 (2006: 214), which takes account of fluctuation in business volumes. The weighted average age of claims is down 8% and a surplus of £0.3m in free cash flow (being the net cash flow from operating and investing activities (excluding acquisitions), less finance lease principal repayments) has been generated compared to a consumption in the year to 30 June 2006 of £9.5m. Net cash flow from operating activities was £11.8m (15 months to 30 June 2006: £7.7m).

### > fleet

Over the past three years the Group has increased the proportion of "owned" vehicles on its rental fleet to benefit from lower holding costs. By owning as opposed to leasing, the Group saves the margin charged by leasing companies and benefits from the purchasing power associated with a fleet of around 17,000 vehicles with an average holding period of 12 months. Helphire's fleet mirrors the 'car park' of vehicles on the road and the consequent diversity of the fleet supports high residual values on resale.

### > interest rate risk

The Group finances its operations from a mixture of equity, bank borrowings and lease financing. The Group borrows in sterling at floating rates of interest with a margin of between 0.95% and 2.00% above LIBOR. A hedging strategy is under consideration to cover the risk associated with rising interest rates on core debt funding.

### > liquidity risk

On 31 July 2007, the Group entered into new banking arrangements. A syndicate of banks comprising HBOS and RBS now provide combined facilities of £150m which mature after more than 12 months. £60m is earmarked for working capital (excluding vehicle purchases); £40m relates to the funding of past acquisitions and a further £50m has been set aside for unspecified acquisitions. The Group also has separate facilities in place to fund fleet acquisitions.

### > critical judgements

As detailed in the accounts, the Directors have made critical judgements in relation to expected future adjustments of claims against motor insurers; depreciation of the rental fleet and the capitalisation and amortisation of IT development costs. By their very nature, these areas are inherently judgemental.

### > capital expenditure

Capital expenditure during the year amounted to £146m, with £132m representing the spend on vehicles; and £14m on a new call centre in Northwich, leasehold improvements, fixtures and fittings and investment in new technology.

### > tax

The effective tax charge has risen from 19% to 27% but is lower than the expected rate of 30% noted in my report last year. This benefit has resulted from re-assessment of certain estimates made in prior years.

Whilst the Group has incurred an increasing tax charge over the past two years as tax losses have been utilised, the cash burden has been limited by accelerated capital allowances associated with our expanding fleet of vehicles.

### > earnings per share

The diluted basic earnings per share increased by 45% to 21.04p (12 months to 30 June 2006: 14.49p). The statutory diluted basic earnings per share increased by 22% to 21.04p (15 months to 30 June 2006: 17.27p). These figures were distorted by certain items as adjusted\* below and an increasing tax charge resulting from the diminishing benefit of losses brought forward. As explained above, the tax charge has risen from an effective rate of 19% to 27% for the respective periods. On an adjusted\* basis and applying a tax charge of 27% in both periods diluted earnings per share rose by 56% to 23.67p (12 months to 30 June 2006: 15.20p).

### > share capital and reserves

During the year the Group's reserves were increased by £21m.

### > pro forma information (unaudited)

	12 months to 30 June 2007 (audited)	12 months to 30 June 2006 (unaudited)	Change*
Revenue	290.3	195.4	49%
Gross profit	115.2	81.4	42%
Gross margin (%)	40%	42%	
Adjusted* operating profit	50.0	31.9	57%
Adjusted* operating margin (%)	17%	16%	
Operating profit	45.2	28.6	58%
Amortisation	(2.3)	(2.3)	-
Costs/income adjusted*	(2.4)	(1.0)	(140%)
Profit before tax	40.3	24.7	63%
Profit after tax	29.5	19.2	54%
Diluted basic EPS	21.04p	14.49p	45%
Adjusted* EPS diluted applying tax charge of 27% in both years (p)	23.67p	15.20p	56%
Hire volumes (No.)	148,340	110,725	34%
Repair volumes (No.)	55,116	41,506	33%
PI volumes (No.)	30,233	26,870	13%

The unaudited results for the 12 months ended 30 June 2006 are actual results extracted from the management accounts.

\*Adjusted financial information in the current period excludes the impact of amortisation of intangible assets, impairment of intangible assets, abortive acquisition costs and share-based payment charge. The comparative figures to 30 June 2006 exclude the impact of amortisation of intangible assets, share-based payment charge and Albany claims. These items are shown separately in the income statement.



DAVID E LINDSAY

Group Finance Director / 24 September 2006



IT TAKES A STRONG  
BOARD TO **STEER**  
THE COMPANY ON  
THE RIGHT ROAD

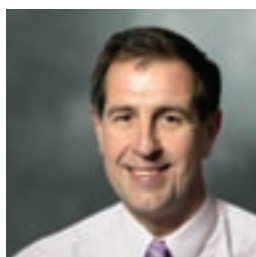




➤ **Rodney Baker-Bates**  
Company Chairman

Rodney was previously Chief Executive of Prudential Financial Services from 1998 to 2001 and prior to that he was the Finance and Information Technology Director for the British Broadcasting Corporation between 1993 and 1998.

He is currently the Chairman of the Executive Managing Partners and Consultant to the Board of C. Hoare & Co and holds a number of other Chairmanships, which include The Westbury Property Fund Limited and First Assist Group Limited.



➤ **Mark B Jackson**  
Chief Executive

Mark qualified in medicine from Oxford University in 1980, and subsequently pursued a career in general medical practice with a period spent completing a doctorate in epidemiology.

He co-founded Helphire in 1992 and became a full time Executive Director and Deputy Chief Executive in 1998. He became Chief Executive in 2001.

Since November 2003 he has been Non-Executive Chairman of Assura.



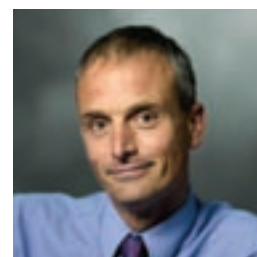
➤ **David E Lindsay ACA**  
Group Finance Director

David began his career in 1986 with ANZ Merchant Bank. He subsequently trained from 1991 to 1994 as a chartered accountant with Coopers & Lybrand. From 1995 to 1996 he was financial accountant at Telewest plc. He joined Helphire in October 1996.



➤ **David A Robertson**  
Group Operations Director

Prior to joining Helphire in August 1997, David's career encompassed senior management positions in the service sector before moving into management consulting. As a consultant, he advised some of the largest companies in Europe, both with Coopers & Lybrand and latterly as a director of his own consulting business.



➤ **Peter F Holding**  
Group Legal Director

Formerly a partner in Shoosmiths and Harrison Solicitors, Peter joined Helphire as Group Legal Director in December 1997. He is a member of the Association of Personal Injury Lawyers.



➤ **Roger J Taylor**  
Deputy Chairman

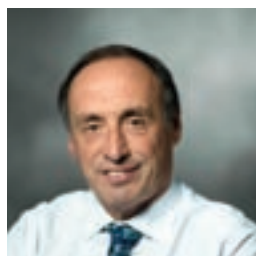
Roger Taylor was appointed as a Non-Executive Director of Helphire in February 2000. Roger is currently Chairman of Amlin plc, prior to which, from 1986 to 1998, he was a director of Royal & Sun Alliance, where he also served as Deputy Chairman of the Group and Chairman of the Management board. From 1997 to 1998 he was Chairman of the Association of British Insurers (ABI).

He is currently a director of Yura International Holding B.V. and the White EnSign Association Ltd.



➤ **Richard C M Burrell**  
Non-Executive Director

Richard was appointed as a Non-Executive Director of Helphire in January 2002. Richard is Chief Executive of Assura Group and a part-time executive with Stobart Group. Prior to joining Assura Group, Richard was with ING Barings and UBS Warburg.



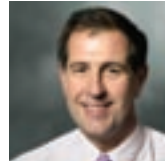
➤ **David V Paige**  
Non-Executive Director

David Paige was appointed Non-Executive Director of Helphire Group plc in February 2007. David served as Group Risk Director with Royal and Sun Alliance Insurance Group plc from 2005 until December 2006 having previously been with Aviva as their Global Finance Transformation Director and Group Business Risk Director. David has also held posts with Zurich Financial Services, as the head of group risk and internal audit; National Westminster Bank, as the Chief Financial Officer of the Retail Business and Director of Global Group Audit. From 1979 to 1997 David was a partner at Coopers & Lybrand in both London and Toronto. David is currently a Non-Executive Director with Aegon UK plc Yorkshire Building Society and Edgcombe plc.



➤ **Michael K O'Leary**  
Non-Executive Director

Mike O'Leary spent 15 years on the Main Board of Misys (1986–2000), running their insurance division for a decade and also their US based healthcare division for three years. Mike has also served as CEO with the Huon Corporation (enterprise IT supplier to P&C insurers worldwide) and Marlborough Stirling (software and outsourcing supplier to the UK and Canadian life assurance industry). Mike, 54 years old, is currently a non executive director with Headlam Group plc and Psion Teklogix plc. He is also non executive Chairman of Digital Healthcare Ltd.



**Mark Jackson**  
Chief Executive



**David Lindsay**  
Group Finance Director



**Peter Holding**  
Group Legal Director



**David Robertson**  
Group Operations Director



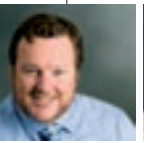
**Nick Tilley**  
Company Secretary /  
Solicitor



**Rod Jenkins**  
Group  
Financial  
Controller



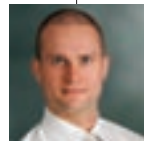
**Rupert Llewellyn**  
MD of  
Fleet  
Services



**Richard Edwards**  
MD of IT



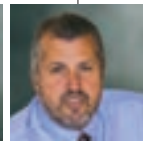
**Peter Gomes**  
MD of  
Collections



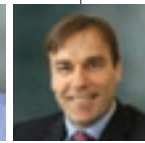
**Jason Tripp**  
MD of  
Business  
Change



**Chris Chatterton**  
MD of  
Helphire and  
Angel



**Alan Gilbert**  
MD of Helphire  
Automotive  
Division



**Martin Ward**  
MD of Albany  
Assistance  
Limited



**Tim Williams**  
MD of Human  
Resources  
& Training



### ➤ Rupert Llewellyn Managing Director of Fleet Services

Rupert joined Helphire in May 2004, having spent all of his working life within the automotive fleet and logistics industry. He has a broad knowledge of all aspects of fleet including the disciplines of purchase, disposal, maintenance and rental operations.

Prior to joining Helphire, Rupert was Divisional Managing Director and Head of European Operations for Autocare Ltd – a company owned by the Wallenius Wilhelmsen shipping organisation, who specialise in automotive shipping and logistics. Extensive fleet and rental operations experience came from time spent with Hertz UK, Europe and Budget Rent A Car International.

### ➤ Rod Jenkins FCMA Group Financial Controller

Rod is a graduate of the London School of Economics and a Fellow of the Chartered Institute of Management Accountants and joined Helphire in 2001. He began his career with Rank Hovis McDougall, before moving on to the sports and leisurewear multinational Pentland Group, where he concentrated primarily on acquisitions. He has over 18 years' experience in senior financial roles in a variety of industries including car components with French manufacturer, Valeo, electronics with Rank Xerox and also has experience in supply chain management and printing.

### ➤ Tim Williams Managing Director of Human Resources & Training

Tim has a degree in biochemistry from Birmingham University. He started his career in Cadbury Schweppes on the production graduate training scheme and after a number of years of production management he took a career step into HR. Since then he has built a successful career in HR across a number of sectors including FMCG, finance and banking, pharmaceuticals manufacturing and cosmetics with Cadburys, HSBC Group, First Direct, Cardinal Health Inc. and Revlon International Corporation. Tim joined Helphire Group plc as Managing Director of Human Resources & Training in September 2005.

### ➤ Peter Gomes Managing Director of Collections

Peter is an honours graduate in Pure Mathematics from the University of Sheffield. On leaving university he joined Arthur Andersen in Manchester where he qualified as a Chartered Accountant. He gained considerable experience in audit and corporate finance, rising to partner with the firm before entering industry in 1996. Since then, Peter has held the roles of Finance Director at Flying Colours Holidays and latterly at Swift Prestige Hire. Following the acquisition of Swift by Helphire Group plc, Peter was appointed Managing Director, Collections in August 2006.

### ➤ Jason Tripp Managing Director of Business Change

Prior to joining Helphire in August 2000 Jason held several senior operational management roles in a number of credit hire, claims handling and personal injury management organisations specialising in the development of new products and services.

### ➤ Chris Chatterton Managing Director of Helphire and Angel

Prior to joining Helphire in August 2002 Chris worked for over 12 years in the automotive and financial services sectors, in various senior sales and marketing roles, securing a number of major business to business outsource contracts.

### ➤ Richard Edwards Managing Director of IT

Richard has a Physics degree from the University of Manchester. Richard worked for several years as a senior consultant with Coopers & Lybrand advising banks, pharmaceutical companies and central government on IT strategy, project management and security. Richard went on to lead IT departments for Moss Bros, First Choice Holidays, and Hanson. Richard joined Helphire in January 2005.

### ➤ Nick Tilley Company Secretary / Solicitor

Nick was a Solicitor in private practice from 1982 until 1998 when he joined Helphire and has been Company Secretary since 2002.

### ➤ Alan Gilbert MD of Helphire Automotive Division

After graduate and post-graduate study in life sciences Alan spent a number of years in B2B Marketing, Market Research and Business Development before joining HSBC in 1988 becoming NW Regional Manager of the Current Asset Finance Division. In 1995 he was appointed Sales and Marketing Director of Misys plc subsidiary Countrywide Insurance Marketing the largest wholesale Insurance Intermediary in the UK. He joined the board of Swift Rent-A-Car Limited as Sales and Marketing Director in 1999; became Managing Director in January 2002 and saw the business through to its acquisition by Helphire in October 2005. He is now MD of the Helphire Automotive Division with responsibility for all of the Group's business derived from that sector.

### ➤ Martin Ward Managing Director of Albany Assistance Limited

Martin has an extensive insurance background and was the founding director and major shareholder of the Rarrigini & Rosso Group which specialises in motor fleet insurance and risk management services. During this time Martin was commercial and operations director and led the raising of over £10 million in VC backed development capital. The business was acquired by THB Group plc in 2003. Martin has an MBA from Durham Business School and joined Helphire in August 2005.

advisors	13
directors' report	14
corporate governance	16
directors' remuneration report	19
corporate social responsibility	26
directors' responsibilities	28
independent auditors' report	29
consolidated income statement	30
consolidated statement of changes in equity	31
consolidated balance sheet	32
consolidated cash flow statement	33
notes to the consolidated financial statements	34
company income statement	51
company balance sheet	52
company cash flow statement	53
notes to the company financial statements	54

KEY BUSINESS  
INDICATORS FORECAST  
IMPRESSIVE FUTURE  
GROWTH

**COMPANY SECRETARY****N P Tilley****REGISTERED OFFICE**

White Hart House  
High Street  
Limpsfield  
Surrey RH8 0DT

**AUDITORS****Deloitte & Touche LLP**

3 Rivergate  
Temple Quay  
Bristol BS1 6GD

**SOLICITORS****Taylor Wessing**

Carmelite  
50 Victoria Embankment  
Blackfriars  
London EC4Y 0DX

**STOCKBROKERS****Centos Securities Limited**

6.7.8 Tokenhouse Yard  
London EC2R 7AS

**Lehman Brothers**

25 Bank Street  
London E14 5LE

**REGISTRARS****Capita IRG plc**

The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**BANKERS****Bank of Scotland**

4th Floor  
New Uberior House  
11 Earl Grey Steet  
Edinburgh EH3 9BN

**Royal Bank of Scotland**

4th Floor  
Castlegate House  
Tower Hill  
Bristol BS2 0JA

**Allied Irish Bank plc**

2 Callaghan Square  
Cardiff  
CF10 5AZ

**HSBC**

45 Milsom Street  
Bath BA1 10U

**FINANCIAL ADVISORS****Centos Securities Limited**

6.7.8 Tokenhouse Yard  
London EC2R 7AS

**COMPANY NUMBER**

3120010

The Directors present their annual report on the affairs of the Group, together with the accounts and independent auditors' report, for the year ended 30 June 2007.

### PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of non-fault accident management assistance and related services, the main income being derived from replacement vehicle hire and the financing of vehicle repairs arising from insurance claims.

### BUSINESS REVIEW

The Group continues to invest in the development of new products and services. The Directors expect the level of core business activity to increase in line with historical trading patterns. Further details of the Group's performance during the period and ongoing strategy are contained in the Chairman's Statement, Chief Executive's Statement and Finance Director's Review.

### RESULTS AND DIVIDENDS

The audited accounts for the year ended 30 June 2007 are set out on pages 30 to 59. The Group's profit for the year after taxation was £29.5m (15 month period ended 30 June 2006: £22.9m). Interim dividends totalling 5.2p (15 month period ended 30 June 2006: 6p) per ordinary share were approved during the period. The Directors recommend a final dividend of 5.8p (15 month period ended 30 June 2006: 4.0p) per ordinary share to be paid after approval at the AGM.

### DIRECTORS

The Directors who served throughout the year (except where otherwise stated) were as follows:

R Baker-Bates (Non-Executive Chairman)  
 R J Taylor (Senior Independent Director)  
 M B Jackson  
 R C M Burrell  
 P F Holding  
 D E Lindsay  
 D A Robertson  
 M O'Leary (appointed 1 October 2006)  
 D Paige (appointed 1 February 2007)  
 A H Mathers (resigned 1 June 2007)

### DIRECTORS' INTERESTS

The interests of the Directors in the shares of Helphire Group plc are shown in the table below. Interests in options are shown in the Remuneration Report.

	Ordinary 5p Shares	
	2007	2006
R Baker-Bates	26,000	—
R J Taylor	45,217	45,217
M B Jackson	1,151,498	1,002,864
R C M Burrell	33,630	33,630
P F Holding	92,811	12,811
D E Lindsay	199,860	103,606
M O'Leary	—	N/A
D Paige	—	N/A
A H Mathers*	52,144	132,094
D A Robertson	76,011	76,011
Helphire Directors' Pension Fund	—	67,230

\* To 1 June 2007

### BIOGRAPHIES OF DIRECTORS

Biographies of Directors including Peter Holding, Roger Taylor and David Paige who are standing for (re)election this year are provided on page 9.

### SUPPLIER PAYMENT POLICY

The Company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by those terms.

At 30 June 2007, the Group's trade creditors, expressed as a number of days, was 21 days (2006: 17 days).

### CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Group made charitable donations of £28,000 (2006: £16,000). There were no political donations (2006: £nil).

### SUBSTANTIAL SHAREHOLDINGS

As at 11 September 2007, the Company had been informed that the following persons are interested directly or indirectly in 3% or more of the issued share capital of the Company:

	Number of ordinary shares	Percentage of issued share capital
Amvescap PLC	33,737,058	24.41%
Legal & General Investment Management	24,861,548	17.99%
Jupiter Asset Management	15,687,849	11.35%
HSBC	12,914,513	9.34%
Aviva Plc	6,886,857	4.98%
HBOS	6,320,040	4.57%
Barclays Plc	4,367,645	3.16%

### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through presentations, informal meetings and Company notice boards. The Group also consults with its Staff Association made up of elected representatives from the whole business. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employee share schemes have been running successfully since their inception in 1997, are open to all employees after completion of one year of service and have enabled a large number of employees to participate in the significant growth in share price since flotation. In 2002 the Group commenced a share save scheme. There have been three grants under this scheme, which is widely supported by all levels of staff.

### AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

A resolution will be put forward at the Annual General Meeting to re-appoint Deloitte & Touche LLP as auditors for the year ending 30 June 2008.

### SUBSEQUENT EVENTS

Subsequent to the year-end, the Group reorganised its banking facilities and entered into a long-term commercial agreement with CS2 Lawyers Limited, as well as acquiring a group of legal services companies. Full details are disclosed in note 29 to the financial statements.

By Order of the Board

**N P Tilley**  
Secretary

White Hart House, Limpsfield, Surrey RH8 0DT  
24 September 2007

## STATEMENT OF COMPLIANCE WITH THE COMBINED CODE ON CORPORATE GOVERNANCE ("CODE") AND THE APPLICATION OF ITS PRINCIPLES

The Company has, throughout the financial year ended 30 June 2007, complied with the provisions of Section 1 of the Code except in the following two respects, set out below:

1. As reported last year, the Board did not have an equal number of Executive and independent Non-Executive Directors until Michael O'Leary's appointment on 1 October 2006.
2. As was also reported last year, Alistair Mathers (who had served as a Non-Executive Director for almost ten years before resigning on 1 June 2007) continued during the year in his post as Chairman of the Audit Committee pending the recruitment of a successor. David Paige was appointed an independent Non-Executive Director on 1 February 2007.

The Company has applied both the main and supporting principles of Section 1 of the Code and an explanation of how these principles have been applied is set out both below and in the Directors' Remuneration, Audit Committee and Internal Control reports.

### THE BOARD

The Board is responsible for organising and directing the affairs of the Company and Group in a manner that is in the best interests of shareholders, meets legal and regulatory requirements and is consistent with good corporate governance.

The Board held six scheduled meetings during the year under review. A table at the end of this report shows individual attendance at all meetings.

Board decisions are generally on matters of strategy, policy, people and budgets. Decisions on the day to day management of the Company are delegated to an Operating Board comprising Executive Directors and senior managers. Each Director receives detailed information on matters to be discussed well in advance of each meeting to ensure that there is a full debate at Board level and, in particular so that the Non-Executive Directors can contribute fully, as required by the Code.

The Board has formally reserved specific matters for determination and has approved terms of reference for all other Board committees; these are available on request and are published on the Company's web site at [www.helphire.co.uk/investor\\_relations.htm](http://www.helphire.co.uk/investor_relations.htm). The Non-Executive Directors' terms and conditions of appointment are available for inspection as required by the Code.

There is a formal policy in place to ensure that all Directors have access to independent professional advice, if they have the need to seek it. There is a formal induction process for new Directors and training is available when required.

### CHAIRMAN, CHIEF EXECUTIVE AND SENIOR INDEPENDENT DIRECTOR

The roles of Chairman (Rodney Baker- Bates) and Chief Executive (Mark Jackson) are separated. The division of responsibilities is clearly defined in writing and has been approved by the Board.

Rodney Baker-Bates is also currently a consultant to the Board of C. Hoare & Co and holds a number of other Chairmanships, which include Westbury Property Fund Limited, e.g. Solutions plc and First Assist Group and is also a Non-Executive Director of the Britannia Building Society.

The Non-Executive Directors, led by Roger Taylor, the Senior Independent Director, meet regularly in the absence of Executive Directors.

### BOARD BALANCE

During the period under review, the Board comprised a Non-Executive Chairman, four full-time Executive Directors and between three and five Non-Executive Directors. All of the Non-Executive Directors, R J Taylor, A H Mathers, R C M Burrell, M K O'Leary, D V Paige were viewed as independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

As has been reported in previous annual reports, Richard Burrell is Chief Executive and Mark Jackson Non-Executive Chairman of Assura Group plc (formerly the Medical Property Investment Fund Limited). Following an in depth review in meetings and discussions between the Chairman, the Company's principal shareholders and the Head of Corporate Governance of a leading corporate governance commentator and pressure group, the Board remains of the opinion that Richard Burrell continues to exercise independent judgement.

### NOMINATION COMMITTEE

Board appointments and succession planning is the responsibility of the Nomination Committee. This committee currently comprises the Chairman (who chairs this committee), two Non-Executive Directors, Roger Taylor and Michael O'Leary, and the Chief Executive. M K O'Leary was appointed to and R C M Burrell stood down from the Nomination Committee with effect from 16 May 2007 and Alistair Mathers left the committee upon his retirement as a Non-Executive Director. During the period under review the committee met three times.

During the period under review the Committee has, from candidates recommended by an external search consultancy, engaged two Non-Executive Directors; Michael O'Leary (who was appointed as an additional Non-Executive Director) and David Paige (as a replacement for, and successor to Alistair Mathers).

### PERFORMANCE EVALUATION

An evaluation of the Board and its Committees has been conducted by an external consultant. As part of this process each Director completed a Board Performance Evaluation Questionnaire, reviewing the constitution of the Board, its strengths and weaknesses, the manner of conducting and preparing for meetings, the performance of the Board as a whole and of each committee. The consultant met with each Director individually to discuss responses to the questionnaires. The Chairman also met with the Non-Executive Directors, both individually and together, during the year without the presence of the Executive Directors, in order to assess the performance of the Executive Directors. The Non-Executive Directors led by Roger Taylor met during the year without the presence of the Chairman in order to assess his performance.

The external consultant compiled a summary report that was presented to and discussed with the Board. The Chairman and the Chief Executive met following the external assessment and have implemented a number of the recommendations and are keeping a number of other recommendations under review.

### **ELECTION AND RE-ELECTION**

All Directors must submit themselves for re-election at least every three years. The Nomination Committee has recommended to the Board that Peter Holding and Roger Taylor should be nominated for re-election at the Annual General Meeting and that David Paige who was appointed to the Board during the period under review should be nominated for election at the Annual General Meeting. The biographies of the Directors submitted for re-election are on page 9. The Chairman confirms that, after formal performance evaluation, Roger Taylor's performance continues to be effective and he demonstrates commitment to the role. The Board believes that David Paige has the necessary qualities and experience to be an effective Non-Executive Director.

### **REMUNERATION COMMITTEE**

The Remuneration Committee currently comprises exclusively Non-Executive Directors, R J Taylor (committee chairman), R C M Burrell and Michael O'Leary. M O'Leary was appointed to the Remuneration Committee with effect from 16 May 2007 in place of A H Mathers who stepped down from the Board on 31 May 2007. The Committee held five scheduled meetings during the period under review.

The Committee's role is to determine remuneration packages for Executive Directors to enable the Group to attract, retain and motivate Executives of the necessary calibre without paying more than is necessary for this purpose. Further information is given in the Directors' Remuneration Report and other parts of this Annual Report & Statement. A public statement regarding the use of remuneration consultants is available on the Company's web site at [www.helphire.co.uk/investor\\_relations.htm](http://www.helphire.co.uk/investor_relations.htm)

During the year under review the Committee recommended a new Performance Share Plan and modifications to the existing Equity Partnership Plan. Both were approved by shareholders at the November 2006 AGM.

The remuneration of the Non-Executive Directors is a matter reserved for the whole Board. The Chairman's remuneration is determined by the Remuneration Committee.

### **RELATIONS WITH SHAREHOLDERS**

The Company is committed to maintaining good relations with all its shareholders through the provision of regular Interim and Annual Reports, other trading statements and the Annual General Meeting. The Company also arranges individual and Group meetings with its institutional shareholders. The views of analysts, brokers and major shareholders are relayed to the Board through the Chairman, Chief Executive and Finance Director.

### **CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING**

The Company holds its Annual General Meeting once a year in Bath providing an opportunity for all shareholders and particularly private investors to be updated on the Company's progress and ask questions of the Board.

### **FINANCIAL REPORTING**

The Board has ultimate responsibility for both the preparation of Accounts and the monitoring of systems of internal financial control. The Board seeks to present a balanced and understandable assessment of the Company's position and its prospects and present price sensitive information in an appropriate way. The Company publishes interim reports so the Company's financial position can be monitored regularly by shareholders.

### **INTERNAL CONTROL**

The Board is responsible for the Group's system of internal control and has, during the period covered by this report, applied principle C2 of the Combined Code by maintaining an ongoing and planned process, which has identified, evaluated, reported and managed the significant risks faced by the Group during this financial period up to the date of approval of this report. The process is in accordance with the Financial Reporting Council's guidance: Internal Control, Revised Guidance for Directors on the Combined Code.

During the reporting period the Group's Risk Committee supervised the Group's ongoing risk management processes to see that they were operated in accordance with the Group's Risk Management policy.

In accordance with provision C2.1 of the Combined Code, the Board confirms that through the Audit Committee it has reviewed the effectiveness of the Group's system of internal controls for assessing significant operational and strategic risks. The controls reviewed covered the financial, operational, compliance and risk management systems that have been in operation during this reporting period. The review considered all significant aspects of the internal controls. Whilst the review disclosed no significant failings or weaknesses, a number of minor control issues have been identified by Internal Audit in the year under review and action plans have been implemented by management to address them. The Audit Committee reports back to the Board following its review.

The identification, management and monitoring of strategic risks remained the sole responsibility of the Board. The Group's senior managers immediately below Board level were responsible for assessing, monitoring and managing operational risks. These senior managers submitted regular risk management reports to the Operating Board, which is comprised of those senior managers and the Executive Directors. Minutes of Operating Board meetings and copies of all risk reports were also sent to the Chairman of the Audit Committee.

The Board, in seeking to achieve the Group's business objectives, cannot offer an absolute guarantee that the application of a risk management process will overcome, eliminate or mitigate all significant risks. However, by developing and operating an annual risk management process to identify, report and manage significant risks the Board is able to provide a reasonable assurance against material misstatement or loss.

In the period under review, the Group has not had any significant problems that required specific disclosure in the annual report and accounts so has not had to apply any specific processes to deal with material internal control issues that might have arisen from such disclosure, except for the share option oversight noted on page 22, Directors' Remuneration Report.

### AUDIT COMMITTEE AND AUDITORS

The Audit Committee currently comprises David Paige (chartered accountant with recent and relevant financial experience and committee chairman), R J Taylor, R C M Burrell and M K O'Leary. D V Paige and M K O'Leary were appointed to the Audit Committee with effect from 16 May 2007. D V Paige took over as its Chairman with effect from 1 June 2007 following Alistair Mathers' retirement. The Committee met four times in the year under review. The current and former Committee Chairman is and was (respectively) the required, financially qualified member of this committee. Further details about, and the qualifications of, the Committee Chairman and the other committee members can be found in their biographies elsewhere in this Annual Report.

The Board has through the Audit Committee established formal and transparent arrangements for financial reporting, the review of formal announcements relating to the Company's financial performance, internal control and external auditing. As required by its terms of reference the Committee has during the period under review, considered the Group's Risk Management activities as a whole (see also the Internal Control section of this report) and the monitoring of the internal audit function in addition to the financial aspects of internal control.

The Company has a formal policy regarding the use of Auditors for non-audit work. During the year the Auditors were engaged to advise on a proposed acquisition which was not completed and (to the extent permitted by best practice and the Company's policy) on aspects of an internal IT project, excluding its design. The Committee considered these engagements to be appropriate due to the Auditors' familiarity with the Group's business and systems.

The Committee has reviewed the scope and results of the audit and non-audit services, the cost effectiveness and independence and objectivity of the Auditors and has approved their fees. The Committee has also reviewed the Company's arrangements to enable employees to raise confidentially, concerns about possible improprieties. It has reviewed the interim and final results published in respect of the period under review and has considered its own effectiveness. The Committee has reviewed the Internal Auditors' work for the period under review and approved their current programme of work.

The Committee receives reports (written and in person) from Executive Directors, senior managers and representatives of the Risk Committee to discharge its responsibilities. It also receives reports from and meets (in the absence of management) external and internal auditors. It sets and reviews the programme of work to be undertaken by the Internal Auditors. During the period under review the Company engaged a second full time internal auditor.

### ATTENDANCE TABLE

Meeting type	RBB	RCB	PFH	MBJ	DEL	MKOL	DVP	DAR	RT	AHM	No. meetings
Board	6	6	6	6	6	4	1	6	5	5	6
Audit Co	N/A	3	N/A	N/A	4	1	1	N/A	4	3	4
Rem Co	N/A	3	N/A	N/A	N/A	1	N/A	N/A	5	4	5
Nom Co	3	2	N/A	3	N/A	N/A	N/A	N/A	3	2	3

Note: Alistair Mathers retired on 1 June 2007, Michael O'Leary joined on 1 October 2006 and David Paige joined on 1 February 2007; Committee appointments were not made until later in the period under review.

By Order of the Board

**D E Lindsay**

24 September 2007

### GOING CONCERN

The Directors continue to prepare accounts on the going concern basis because, based on current financial projections and available facilities, they reasonably expect the Company and the Group to have adequate resources to remain in operation for the foreseeable future.

## INTRODUCTION

This report has been prepared so as to meet the requirements of the Directors' Remuneration Report Regulations 2002 (the "Regulations") as well as the Listing Rules of the Financial Services Authority. It deals with the remuneration of both Executive and Non-Executive Directors.

The report has been divided into separate sections for audited and un-audited information.

A resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

Information in this report relates to the 2006/7 financial year ("Financial Year") unless otherwise stated.

## UNAUDITED INFORMATION

### Remuneration Committee

The Remuneration Committee operates under written terms of reference approved by the Board. It meets as and when required (but at least twice a year) and comprises Roger Taylor (Committee Chairman), Richard Burrell and Michael O'Leary, all Non-Executive Directors considered by the Company to be independent. Michael O'Leary joined the Committee on 1 May 2007; Alistair Mathers served on the Committee until 1 June 2007 when he retired as a director of the Company.

The Committee members' interests in the shares of Helphire Group plc are disclosed on page 14. Cross directorships of Committee members are included in the Board biographies on page 9. The Committee makes recommendations to the Board. No director plays a part in any discussion about his remuneration.

In determining the Directors' remuneration for this Financial Year, the Committee consulted Mark Jackson (Chief Executive) about its proposals (save in respect of matters directly relating solely to Mark Jackson's remuneration). The Committee also took advice from New Bridge Street Consultants LLP who have been appointed by the Committee on the structure of the Directors' remuneration packages. New Bridge Street Consultants also advise the Company in relation to the operation of the Company's share incentive schemes generally.

### Remuneration Policy

The Company's remuneration policy remains that executive remuneration packages are designed to attract, motivate and retain the high calibre directors needed to maintain the Company's position as a leading non-fault accident service provider (from what is a small pool of candidates with relevant experience at this level) and to reward them for enhancing value to shareholders. The performance evaluation of the Executive Directors and the determination of their annual remuneration packages is undertaken by the Committee.

The Committee has responsibility for the remuneration packages of the Chairman, the Executive Directors and executives immediately below Board level. The Board sets the remuneration of the Non-Executive Directors.

The main elements of the Executive Directors' remuneration packages for the Financial Year (which are set out in more detail below) were:

1. Basic salary and benefits;
2. Annual bonus payments not to exceed 100% of basic salary;
3. Long Term Incentive Plans; and
4. Pension arrangements.

The Committee currently intends that the same will be true of the 2007/8 financial year.

The Company's policy is, and it is intended that it shall continue to be, that a significant element of an Executive Director's remuneration is to be performance related.

Whilst the Committee has, as required, stated its remuneration policy for future years it is conscious that any remuneration policy needs to be flexible. Any changes to this policy will be disclosed in subsequent reports.

Executive Directors are entitled to accept appointments outside the Company so long as the Company's permission is sought. Any annual fees payable are shared with the Company. M B Jackson is Chairman of Assura Group plc and he retains £40,000 p.a. being half of such fees paid.

### Basic Salary

Executive Directors' salaries are determined by the Committee and generally take effect from the start of each financial year. Before setting these basic salaries the Committee considers pay conditions in the Group as a whole, individual performance and relies on objective, independent advice and research which gives up to date information on remuneration policies adopted by like companies.

The most recent increases in the basic salary of all Executive Directors were made after considering advice from New Bridge Street Consultants with regard to the levels of salaries in comparator businesses, the Company's continued success and the Executive Directors' specialist industry knowledge.

Basic salaries for the Financial Year were; CEO £380,000; other Executive Directors £266,000. Further details of Directors' remuneration appear in the audited part of this report. M B Jackson also receives an additional 20% of salary in lieu of pension contributions, but which does not count as basic salary for determining bonuses and long-term incentive awards.

Executive Directors' contracts of service (which include details of their remuneration) will be available for inspection at the AGM.

In addition to their basic salary, Executive Directors receive certain benefits, comprising a car (or cash allowance in lieu), fuel card, private medical, life, loss of income and permanent health insurances and pension contributions (or cash in lieu of such contributions).

## UNAUDITED INFORMATION CONTINUED

### Annual Bonus Payments

All Executive Directors are entitled to participate in the annual bonus scheme which for this Financial Year provided for a bonus of up to a maximum of 100% of basic salary to be paid upon achieving challenging earnings targets by reference to profit before tax and amortisation after all costs including exceptional items ("pre-tax profits") which were set by the Committee.

The Company again produced strong growth in profits (a 54% increase in PBT before adjustments compared with the previous year) and as a consequence the annual bonus targets were met in full, resulting in the payment of maximum bonuses (100% of basic salaries).

The Committee will set appropriately challenging bonus targets again based on pre-tax profits, to be applied in the forthcoming Financial Year.

### Share-Based Incentives

The Company's current share-based incentive arrangements comprise principally (i) the Equity Partnership Plan 2002 ("EPP"), (ii) the Helphire Performance Share Plan 2006 ("PSP") and (iii) the Share Save Scheme ("SAYE"). The Helphire Executive Share Option Scheme 2002 ("2002 Scheme") is still available for use but, as stated in last year's report, save in exceptional circumstances, it is unlikely that any further options will be granted to Executive Directors under the 2002 Scheme and no such awards were made in this financial year.

Awards were made to Executive Directors during this Financial Year under the EPP and PSP. The Committee has responsibility for supervising the EPP and PSP and the grant of awards made under their terms.

Under the EPP, Executives may voluntarily acquire new or pledge existing shares they already hold (known as "Investment Shares") worth up to 100% of base salary. For all future awards Executives will be awarded up to, two conditional shares for every one Investment Share acquired. However, as was approved by shareholders last year and in this Financial Year only Executives were awarded four conditional shares for each Investment Share acquired to, inter alia, take account of the fact that Executives had not previously been granted any share awards since December 2004.

Under the PSP the Company may grant conditional awards of shares worth up to 150% (or 200% in exceptional circumstances) of gross basic salary.

Awards under both the EPP and the PSP will normally vest on or shortly following the third anniversary of grant, subject to the achievement of demanding performance conditions based on a sliding scale of challenging TSR and EPS-based targets (set out in full in the table below).

Following the establishment of the PSP and related amendments to the EPP (for which shareholders' approval was obtained at last year's AGM), the Committee decided that, due to the considerable hiatus in the grant of long term incentives since December 2004 until the grant made under the EPP on 20 December 2006, it would be appropriate to phase in the introduction of the new PSP by making a partial award (50% of basic salary, being one third of the normal, maximum entitlement) on 13 April of 2007, with the Committee intending to make a further (100% of basic salary, i.e. two thirds normal maximum) award at the end of 2007. Thereafter the Committee currently intends to move to an annual grant policy in 2008.

The performance condition applied to awards under both the EPP and PSP made during the Financial Year was (as summarised above) based on a mixture of absolute EPS and relative TSR targets set out below:

Adjusted EPS for the financial year ended 30 June 2009	Percentage of one half of an award subject to EPS Condition that vests
Less than 27.5p	0%
27.5p	25%
Between 27.5 and 35p	Between 25% and 100% on a straight line basis
35p or higher	100%
Rank of the Company's TSR against the FTSE 250 (excluding investment trusts) over the three year Performance Period	Percentage of one half of an award subject to the TSR Condition that will vest
Below median	None
Median	25%
Between median and upper quartile	Between 25% and 100% on a straight line basis
Upper quartile or above	100%

These targets were chosen as the Committee believes they provide incentives for the Executives to generate above market returns to shareholders while also delivering substantial, real EPS growth.

These targets are not capable of re-testing and to the extent that they are not met, awards will lapse.

As part of its responsibilities in respect of the Company's share-based incentive arrangements, the Committee will assess the extent to which the relevant performance conditions that apply to awards are met, seeking advice from third parties where necessary. The Committee will also regularly review the operation of these arrangements to ensure they take appropriate account of the Company's strategic goals and market/best practice.

Any awards made under the EPP or the PSP in the forthcoming year will be subject to similarly challenging EPS and TSR based targets.

Details of share options, EPP and PSP awards granted to Executive Directors appear in the audited section of this report.

### Pension Arrangements

All Executive Directors, except the Chief Executive who takes the same contributions as salary supplements in lieu of a contribution to a pension scheme, received a contribution of 20% of basic salary to be used for personal money purchase schemes.

**UNAUDITED INFORMATION CONTINUED**
**Directors' Contracts**

In accordance with general practice it is the Company's policy that all Executive Directors should have contracts with an indefinite term providing for a maximum one year notice period. All Executive Directors, including Peter Holding who is proposed for re-election at the next AGM, have contracts which are subject to one year's notice.

Details of the executive directors' contracts are summarised below:

Name	Contract date	Notice period
M B Jackson	28 February 1997	One year
D E Lindsay	28 February 1997	One year
D A Robertson	10 February 1998	One year
P F Holding	28 January 1998	One year

The Executive Directors' contracts have no express provision for the payment of compensation in the event of early termination. In the event of termination of an Executive Director's service contract, when determining the compensation payable to the Executive Director, it is the policy of the Committee to take account of the principles of mitigation of loss.

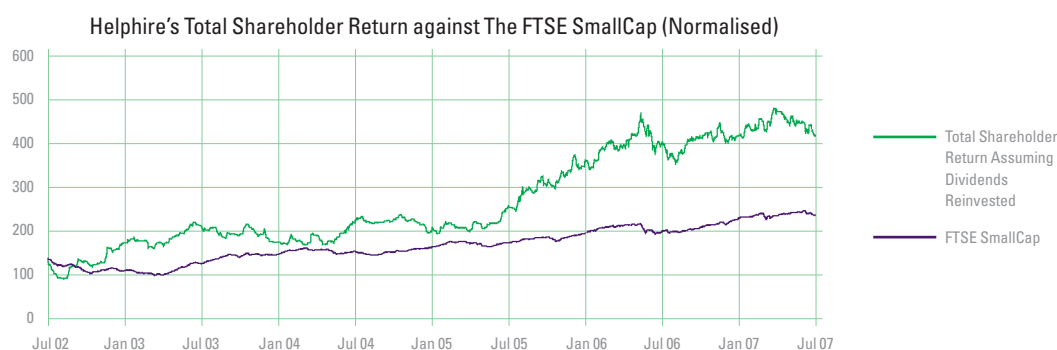
All Non-Executive Directors have specific terms of engagement and are appointed for periods of three years. Their fees are disclosed in the audited section of this report and, save in the case of the Chairman whose remuneration is set by the Committee, are set by the Board as a whole after taking account of independent surveys of fees paid to Non-Executive Directors of similar companies and of the time commitment of the Non-Executive Directors. Non-Executive Directors cannot participate in any of the Company's incentive schemes. Dates of the Non-Executive Directors' original letters of appointment and the current unexpired period of their appointments are set out below:

Name	Date of letter	Unexpired term
R P Baker-Bates	2 December 2005	One year
R J Taylor	11 September 2002	One year
R C M Burrell	11 September 2002	One year
M K O'Leary	20 September 2006	Two years
D V Paige	2 February 2007	Three years (subject to election)
A H Mathers	11 September 2002	N/A retired

**Performance Graph**

The Regulations require this report to contain a graph showing the performance of the Company and a "broad equity market index" over the past five years. As the Company was a constituent of the FTSE All SmallCap Index for the substantial part of the last five years (entry into FTSE 250 was on 22 September 2005), this index is at present considered an appropriate form of "broad equity market index" against which the Company's performance should be compared (although this approach will be kept under review). Performance, as required by the Regulations, is measured by Total Shareholder Return (share price growth plus dividends reinvested).

This graph shows the value by the end of June 2007, of £100 invested in Helphire on 1 July 2002 compared with the value of £100 invested in the FTSE Small Cap Index.


**AUDITED INFORMATION**
**Aggregate Directors' Remuneration**

The total amounts for Directors' remuneration and other benefits were as follows:

	2007 (12 months) £'000	2006 (15 months) £'000
Emoluments	2,845	3,089
Gains on exercise of options	4,713	737
Money purchase pension contributions	120	180
<b>Total remuneration</b>	<b>7,678</b>	<b>4,006</b>

## Directors' Emoluments

Name of Director	Fees/Basic salary £'000	††Bonus £'000	Taxable benefits £'000	2007 Total £'000	2006 Total £'000
<b>Executive:</b>					
M B Jackson	1456	387	20	863	937
D E Lindsay	266	271	17	554	609
D A Robertson	266	271	13	550	610
P F Holding	266	271	15	552	607
M J Symons (to 10 June 2005 only)				–	67
<b>Non-Executive:</b>					
R Baker-Bates	118	–	–	118	64
R J Taylor	73	–	–	73	92
R C M Burrell	43	–	–	43	47
M K O'Leary*	32	–	–	32	–
D V Paige**	18	–	–	18	–
A Mathers***	42	–	–	42	56
<b>Total emoluments</b>	<b>1,580</b>	<b>1,200</b>	<b>65</b>	<b>2,845</b>	<b>3,089</b>

For the Financial Year: \*From 1 October 2006; \*\*From 1 February 2007; \*\*\*Until 1 June 2007.

†Comprises basic salary plus 20% supplement in lieu of pension.

††Includes bonus of 100% of basic salary and annual Christmas bonus paid to all staff.

## Directors' Share Options

The aggregate emoluments disclosed do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by Directors.

The Directors no longer hold any Inland Revenue approved options.

Details of gains:		Number of options	Exercise price £	Market price at exercise date £	Gains on exercise 2007 £'000	Gains on exercise 2006 £'000
Name	Scheme					
M B Jackson	Unapproved	56,000	2.2250	4.42	123	–
	Unapproved	491,000	1.0600	4.42	1,650	–
D A Robertson	Unapproved	28,000	0.9813	4.14	88	–
	Unapproved	36,000	2.2250	4.14	69	–
	Unapproved	195,000	1.0000	4.14	612	–
	Unapproved	257,000	0.7600	4.14	869	–
P F Holding	Unapproved	36,000	2.2250	3.78	56	–
	Unapproved	50,000	1.0000	3.78	139	–
	Unapproved	77,000	0.7600	3.78	233	–
	Unapproved	180,000	0.7600	4.00	583	–
	Unapproved	107,000	1.0600	3.78	291	–
<b>Total gains on exercise</b>					<b>4,713</b>	<b>–</b>

On 30 March 2007, M B Jackson exercised 546,000 share options and sold shares relating to 397,000 of those options. As a result of an oversight amounts due to the Company in respect of 149,500 options, including related taxation, were not paid on the date of exercise. The balance due, £415,000, was repaid to the Company in full including interest on 20 September 2007.

Details of the Directors' options under the Unapproved part of the 2002 Scheme and the Company's previous Executive Share Option Scheme are as follows:

Name	Options held at 1 July 2006 '000	Options granted in the year '000	Options exercised in the year '000	Options lapsed in the year '000	Options held at 30 June 2007 '000 (or cessation of employment)	Exercise price	Date from which exercisable	Expiry date
M B Jackson	*56	–	(56)	–	–	£2.225	20/5/02	20/5/09
	491	–	(491)	–	–	£1.06	19/7/05	19/7/12
	272	–	–	–	272	£2.09	8/7/06	8/7/13
	280	–	–	–	280	£2.145	13/12/07	13/12/14
<b>Total</b>	<b>1,099</b>	<b>–</b>	<b>(547)</b>	<b>–</b>	<b>552</b>			
D E Lindsay	*36	–	–	–	36	£2.225	20/5/02	20/5/09
	292	–	–	–	292	£1.06	19/7/05	19/7/12
	167	–	–	–	167	£2.09	8/7/06	8/7/13
	196	–	–	–	196	£2.145	13/12/07	13/12/14
<b>Total</b>	<b>691</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>691</b>			
D A Robertson	*28	–	(28)	–	–	£0.9813	14/8/01	14/8/08
	*36	–	(36)	–	–	£2.225	20/5/02	20/5/09
	195	–	(195)	–	–	£1.00	17/5/03	17/5/10
	257	–	(257)	–	–	£0.76	29/6/04	29/6/11
	292	–	–	–	292	£1.06	19/7/05	19/7/12
	162	–	–	–	162	£2.09	8/7/06	8/7/13
	196	–	–	–	196	£2.145	13/12/07	13/12/14
<b>Total</b>	<b>1,166</b>	<b>–</b>	<b>(516)</b>	<b>–</b>	<b>650</b>			
P F Holding	*36	–	(36)	–	–	£2.225	20/5/02	20/5/09
	50	–	(50)	–	–	£1.00	17/5/03	17/5/10
	257	–	(257)	–	–	£0.76	29/6/04	29/6/11
	292	–	(107)	–	185	£1.06	19/7/05	19/7/12
	162	–	–	–	162	£2.09	8/7/06	8/7/13
	196	–	–	–	196	£2.145	13/12/07	13/12/14
<b>Total</b>	<b>993</b>	<b>–</b>	<b>(450)</b>	<b>–</b>	<b>543</b>			

Entries marked with an \* were grants under the pre-2002 Scheme; all other entries were grants made under the 2002 Scheme.

The exercise of the options granted under the Company's previous Executive Share Option Scheme is subject to an average growth rate of 7.5% plus inflation in the Company's earnings per share in the three years prior to the date of exercise.

The exercise of the options granted under the 2002 Scheme which are exercisable between 19 July 2005 and 13 December 2012 was dependent on the achievement of a sliding scale of absolute EPS targets as follows:

EPS for financial year ending 31 March 2005	Proportion of option exercisable
Less than 7p	0
7p	One third
9p	Two thirds
12p	All

The Committee has assessed these targets as having been met in full.

The exercise of the options granted under the 2002 Scheme which are exercisable between 8 July 2006 and 8 July 2013 was dependent on the achievement of a sliding scale of absolute EPS targets as follows:

EPS for financial year ending 31 March 2006*	Proportion of option exercisable
Less than 6p	0
6p	One third
9p	Two thirds
14p	All

\*Although there was no financial year ending on 31 March 2006, the target was set before any change in the year end was known and as EPS was measured to this date and on the most diluted calculation exceeded the highest target, the Committee has assessed these targets as having been met in full.

The exercise of the options granted under the 2002 Scheme which are exercisable between 13 December 2007 and 13 December 2014 was dependent on the achievement of a sliding scale of absolute EPS targets as follows:

EPS for the last financial year of the Company ending before the third anniversary of the grant date*	Proportion of option exercisable
Less than 15.5p	0
15.5p	One third
17.0p	Two thirds
18.7p	All

\*This wording, in respect of grants made in December 2004, reflects the then proposed change of financial year end date in the 2005/6 financial year.

The targets in respect of the grants made in December 2004 are not capable of re-testing so to the extent that these targets are not met the options will lapse.

The exercise price of options granted under the 2002 Scheme is equal to the market value of the Company's shares at the time when the options were granted.

Details of the Directors' options under the Company's SAYE Scheme are as follows:

Name	Options held at 1 July 2006	Options granted in the year	Options exercised in the year	Options lapsed in the year	Options held at 30 June 2007	Exercise price	Date from which exercisable	Expiry date
M B Jackson	3,035	–	–	–	3,035	£3.08	1/6/09	1/6/16
D E Lindsay	3,035	–	–	–	3,035	£3.08	1/6/09	1/6/16
D A Robertson	3,035	–	–	–	3,035	£3.08	1/6/09	1/6/16
P F Holding	3,035	–	–	–	3,035	£3.08	1/6/09	1/6/16
Total	12,140	–	–	–	12,140			

Details of the awards made under the EPP are as follows:

Name	Nos. shares over which awards held at 1 July 2006 '000	Nos. shares over which awards granted in the year '000	Awards exercised in the year '000	Awards lapsed in the year '000	Awards held at 30 June 2007 '000 (or cessation of employment)	Share price at date of award – pence	Date from which exercisable	Expiry date
M B Jackson	–	390	–	–	390	381.50	20/12/09	20/12/16
D E Lindsay	–	273	–	–	273	381.50	20/12/09	20/12/16
D A Robertson	–	273	–	–	273	381.50	20/12/09	20/12/16
P F Holding	–	273	–	–	273	381.50	20/12/09	20/12/16
Total	–	1,209	–	–	1,209			

Details of the awards made under the PSP are as follows:

Name	Nos. shares over which awards held at 1 July 2006 '000	Nos. shares over which awards granted in the year '000	Awards exercised in the year '000	Awards lapsed in the year '000	Awards held at 30 June 2007 '000 (or cessation of employment)	Share price at date of award – pence	Date from which exercisable	Expiry date
M B Jackson	–	43	–	–	43	436	13/04/10	13/10/10
D E Lindsay	–	30	–	–	30	436	13/04/10	13/10/10
D A Robertson	–	30	–	–	30	436	13/04/10	13/10/10
P F Holding	–	30	–	–	30	436	13/04/10	13/10/10
Total	–	133	–	–	133			

The performance conditions to which the EPP and PSP awards are subject are set out on page 20.

EPP and PSP awards are structured as options with a nil or nominal (not exceeding £1 for the entire award) exercise price.

Nothing has been paid by any Director for the award of any share awards (although the requirement to pledge Investment Shares for the purposes of the EPP should be taken into account).

All share options are in respect of ordinary shares. The market price of the ordinary shares at 30 June 2007 was 383.3 pence (last trading day 29 June) and the range during the year was 335.0 pence to 448.0 pence.

There have been no variations to the terms and conditions or performance conditions for share options during the financial year.

Sanne Trust Company Limited currently holds 14,635 shares in the company which are available to satisfy awards under the EPP or PSP.

### Directors' Pension Entitlements

All Executive Directors are members of personal money purchase schemes. Contributions paid by the Group in respect of such Directors were as follows:

Name of Director	2007 £'000	2006 £'000
D E Lindsay	40	60
D A Robertson	40	60
P F Holding	40	60
Total	120	180

Pension entitlements of Mark Jackson are dealt with by way of salary supplement as described above.

Approval – By Order of the Board

**D E Lindsay**

Director, 24 September 2007

Helphire is committed to being a good corporate citizen and has put in place supporting procedures to ensure best practice is followed.

### OUR COMPANY AND THE ENVIRONMENT

Helphire Group plc is committed to following best environmental practice in its day-to-day conduct of business and management of resources and facilities. Several initiatives and procedures have already been implemented with encouraging results. To ensure ongoing focus on strategic and tactical corporate environmental responsibility a Facilities Contracts Supervisor has been appointed with a remit to evaluate current energy usage and Group-wide emissions, working with key Group functions to target a reduction in both energy consumption and emissions. The Group's Board, of course, retains ultimate responsibility for setting and monitoring policy on environmental matters with key aims of the Group being:

- to take all practical steps to ensure the Group's business activities have the minimum negative impact on the environment;
- to achieve the most economic and careful use of sources of fuel and energy;
- to minimising the production of waste and managing the disposal of necessary waste in a safe manner; and
- to make the maximum practical use of recycling.

At present, improvements in current systems and procedures are being considered by staff forums, key management teams and appointed staff. Specialist advisors are appointed, as required, to assist in this process to help ensure all potential opportunities to improve performance are exploited and compliance with statutory requirements are met.

### ANNUAL MONITORING

In order to be able to measure any improvement achieved through changes to working practices, equipment and facilities, experts from key Government bodies have been approached to conduct an audit on present levels of energy usage and emissions. Going forward, this information will be published, with trend analyses undertaken to determine the effectiveness of actions undertaken. Positive results will be used as a tool to encourage and reward staff for ideas and actions.

### BUILDINGS AND OUR WORKING ENVIRONMENT

Our head office site in Bath boasts climate control heating and cooling systems, and sensor activated lighting which compensates for ambient light changes. We have a 95% efficient heating/cooling plant, parts of which run on 12V supply for efficiency, and our lighting systems are PIR controlled for occupation detection ensuring minimum energy wastage. All of our office sites recycle waste paper, cardboard, cans, plastic drinking cups and toner cartridges.

### OUR FLEET

Being a vehicle provider, with a fleet of around 17,000 vehicles, our policy is to provide customers with the safest, most fuel efficient replacement transport. To achieve this, the average age of our vehicles is now 11 months, as newer cars are more efficient and comply with the very latest in safety and emissions legislation. Wherever possible, new vehicles are selected with ENCAP crash test performance results in mind, supporting our suppliers in their quest to build safer cars. As diesel vehicles and dual fuel have become more environmentally friendly, new Euro compliant and bi-fuel vehicles have been added to the fleet, currently representing about 43% of our vehicles.

Our existing operations policy of using transporters to deliver vehicles to our customers has been reviewed in light of fuel consumption and effect on the environment. Consequently we have reduced the transporter fleet by 75%. Increasing our branch network will ensure delivery distances to customers are reduced, thus the effect on the environment of our business operations will be lessened.

A major fleet driver development initiative is underway, in partnership with the RAC, requiring that all Helphire Group network drivers and company car drivers have their driving skills assessed, and undergo development if required. Encouragement to drive safely, and within the law will have a positive effect on fuel consumption and subsequent emissions.

### OUR PEOPLE

We recognise the contribution of our employees to Helphire's performance and profitability and have core values, supported by policies, to maintain and develop good staff relationships.

We are committed to the principle and practice of equal opportunity in employment. We do not tolerate discrimination, bullying or harassment. We apply common terms and conditions to both temporary and permanent staff and have policies which are in line with ACAS guidelines and which comply with relevant UK and European Human Rights and employment legislation.

We ensure effective communication with our employees through staff association meetings, monthly publications, twice yearly Director briefings, one-to-one staff/manager updates and staff suggestions schemes.

All staff have twice yearly performance appraisals in which objective setting, training and development are integral parts. We run management development programmes to assist our managers in their roles. Our sites at Peterlee and Northwich have 'Investors in People' accreditation.

By benchmarking salaries annually using third party data and offering a range of benefits including pension, save as you earn share options for all employees, childcare vouchers, subsidised café and discounts on sporting facilities goods/services, the Group seeks to provide a competitive reward package.

### COMMUNITY SUPPORT

We believe our business can and should make a positive contribution to the local community. In addition to our activities to support the environment, we make a number of charitable donations and support local initiatives through sponsorship.

### Charitable donations

We aim to support local, national and international charity appeals, especially if a staff member is actively involved in fundraising. In 2006/7 Helphire's 'dress-down' Friday charity collections, and one-off appeals, raised in excess of £7,000. Staff contributions, regularly matched by the Company were made to 17 charities, including: Asthma UK, National Osteoporosis, The Fragile X Society, and The Royal Free Hospital's Selena Young Fund.

Employees based at our Peterlee site have, over the year, supported a number of nominated charities through similar dress down days. In addition monthly theme/fun days have helped to raise even more funds for causes including the British Heart Foundation, The Great North Air Ambulance, St. Benedict's Hospice, Buterwick Hospice and the Clarke Lister Appeal.

As corporate sponsors of CLIC, our operation in Northwich also ran a number of activities during the year including 'Win a day off work' and selling CLIC 'Awareness Bears' to help raise funds.

In 2006/7, Helphire committed to a discretionary charity fund of £5,000 per Executive Board Member, which has over the past year supported a number of staff-driven fundraising activities, including Marie Curie Cancer, Avon and Somerset Cliff & Rescue Team and Lighthouse International Ministries.

The Helphire annual five-a-side football tournament, held in memory of Andrea Gray, a colleague who sadly passed away from cancer, continues to raise much valued funds for Cancer Research UK.

### Bath Rugby Community Foundation

Helphire and Bath Rugby have teamed up to help steer disadvantaged children away from becoming a risk to society. The Foundation, which was set up to expand Bath Rugby's community work, is intended to get more children involved in the sport of Rugby. Helphire has committed to a three-year involvement with the Foundation, which is currently helping children in over 60 local schools.

### Sponsorships

Our sponsorship strategy is designed to encourage our people to take part in sponsored events for charity. We aim to support a variety of charities and in particular those that have personal significance to our people. In so doing we provide support to a host of local initiatives which create a positive local profile in our key areas of operation.

As title sponsors of Bath Rugby since 2006, Helphire continues to promote awareness of the service and employment opportunities through branding on the front of playing and replica shirts, programme advertising and the creation of the 'Helphire Stand' at the Club's ground. More recently we have joined forces with other club sponsors to promote our standing in the community and offer mutual staff benefits across our respective organisations.

Helphire is also a sponsor of Exeter City Football Club. Through programme advertising and hoardings at the Club's St. James' Park ground, we aim to promote brand awareness further afield in the South West.

### HEALTH AND SAFETY

We recognise that the health and safety of our employees and customers is of paramount importance. We have an established Health and Safety Policy across the business and a Health and Safety committee chaired by the Group Legal Director.

Health and Safety within the Group has an equal status with all other business objectives, promoted jointly by management and staff. The Health and Safety Policy is based on the belief that accidents can be prevented and it is the Group's objective to provide and maintain a healthy, safe and secure work setting for its employees and visitors.

### WORKING WITH SUPPLIERS

Currently dealing with over 2,500 suppliers, we operate a supplier selection policy that considers the quality, delivery and warranty elements of proposals as well as cost. We set service level agreements with our key suppliers, managing performance against agreed standards to ensure we get good service for our customers and operating divisions.

We operate within the spirit of our supplier contracts and strive to conduct our business in a way that promotes long-term relationships.

We will reject any attempt at improper business practice, and our staff will not use their authority for personal gain. Staff may accept token business gifts only and will not accept hospitality that could lead to them being perceived to favour any supplier.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group financial statements under IFRSs ("IFRSs") as adopted by the European Union and have also elected to prepare the Parent Company financial statements in accordance with IFRSs adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria or assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of corporate and financial information included on the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## TO THE MEMBERS OF HELPHIRE GROUP PLC

We have audited the Group and Parent Company financial statements ("the financial statements") of Helphire Group plc for the year ended 30 June 2007 which comprise the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement, the Parent Company income statement, the Parent Company balance sheet, the Parent Company cash flow statement and the related notes 1 to 44. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the annual report, the Directors' remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, Chief Executive's Statement and Finance Director's Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the annual report.

## BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

## OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's and the Parent Company's affairs as at 30 June 2007 and of the Group's and the parent company's profit for the year then ended;
- the financial statements and part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

## SEPARATE OPINION IN RELATION TO IFRS

As explained in note 1 to the financial statements, the group, in addition to complying with its legal obligation to comply with IFRSs adopted by the European Union, has also complied with IFRSs issued by the International Accounting Standards Board.

In our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 30 June 2007 and of its profit for the year then ended.

## Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Bristol, United Kingdom  
24 September 2007

	Note	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
<b>Continuing operations</b>			
Revenue	3	290,318	231,387
Cost of sales		(175,118)	(133,903)
<b>Gross profit</b>		<b>115,200</b>	<b>97,484</b>
Administrative expenses			
Abortive acquisition costs		(766)	–
Amortisation of intangible assets		(2,296)	(2,870)
Impairment of intangible assets		(406)	–
Share-based payment charge		(1,275)	(722)
Albany claims		–	(578)
Other		(69,107)	(63,351)
		(73,850)	(67,521)
Other operating income	4	3,889	3,452
<b>Operating profit</b>	5	<b>45,239</b>	<b>33,415</b>
Finance costs	7	(4,975)	(5,048)
<b>Profit before tax</b>		<b>40,264</b>	<b>28,367</b>
Tax on profit on ordinary activities	8	(10,727)	(5,484)
<b>Profit for the period</b>		<b>29,537</b>	<b>22,883</b>
Earnings per share			
Basic	10	21.55p	17.67p
Diluted	10	21.04p	17.27p
Adjusted earnings per share			
Basic	10	24.25p	19.90p
Diluted	10	23.67p	19.45p



	Note	Share capital Note 20 £'000	Share premium account Note 21 £'000	Equity reserve Note 22 £'000	Retained earnings Note 23 £'000	Total £'000
<b>Balance at 1 April 2005</b>		5,907	23,936	1,585	22,982	54,410
Profit for the period		–	–	–	22,883	22,883
Issue of new ordinary shares		892	42,170	–	–	43,062
Share based incentive plans		–	–	722	–	722
Deferred tax – share based incentive plan	19	–	–	2,276	–	2,276
Dividend paid	9	–	–	–	(12,520)	(12,520)
<b>Balance at 30 June 2006</b>		6,799	66,106	4,583	33,345	110,833
Profit for the year		–	–	–	29,537	29,537
Issue of new ordinary shares		111	2,558	–	–	2,669
Share based incentive plans		–	–	1,275	–	1,275
Deferred tax – share based incentive plan	19	–	–	(1,424)	–	(1,424)
Current tax – share based incentive plan		–	–	1,772	–	1,772
Dividend paid	9	–	–	–	(12,622)	(12,622)
<b>Balance at 30 June 2007</b>		6,910	68,664	6,206	50,260	132,040

	Note	2007 £'000	2006 £'000
<b>Non-current assets</b>			
Goodwill	11	67,052	67,052
Intangible assets	12	7,502	6,259
Property, plant and equipment (including vehicles)	13	144,109	50,702
Investments	14	300	300
Deferred tax asset	19	2,054	6,733
Other receivables		2,023	–
		223,040	131,046
<b>Current assets</b>			
Trade and other receivables	15	191,494	125,938
Tax receivable		432	–
Cash and cash equivalents		4,895	8,758
		196,821	134,696
<b>Total assets</b>		419,861	265,742
<b>Current liabilities</b>			
Trade and other payables	16	(52,865)	(37,928)
Tax liabilities		–	(3,076)
Obligations under finance leases	17	(126,237)	(37,230)
Short-term borrowings and overdrafts	18	(47,221)	(48,966)
		(226,323)	(127,200)
<b>Net current (liabilities)/assets</b>		(29,502)	7,496
<b>Non-current liabilities</b>			
Long-term borrowings and overdrafts	18	(33,498)	(15,487)
Deferred tax liability	19	(7,394)	(2,467)
Obligations under finance leases	17	(20,606)	(9,755)
		(61,498)	(27,709)
<b>Total liabilities</b>		(287,821)	(154,909)
<b>Net assets</b>		132,040	110,833
<b>Equity</b>			
Share capital	20	6,910	6,799
Share premium account	21	68,664	66,106
Equity reserve	22	6,206	4,583
Retained earnings	23	50,260	33,345
<b>Total equity</b>		132,040	110,833

The financial statements were approved by the Board and authorised for issue on 24 September 2007. They were signed on its behalf by:

**D E Lindsay**

Director

	Note	£'000	Year ended 30 June 2007 £'000	£'000	15 months ended 30 June 2006 £'000
<b>Cash flows from operating activities</b>					
Operating profit		45,239		33,415	
Depreciation, amortisation and impairment charges		23,352		14,485	
Gains on sale of tangible fixed assets		(440)		4	
Share-based payment charge		1,275		722	
Increase in debtors		(67,541)		(39,360)	
Increase in creditors		19,014		5,851	
Cash generated from operations			20,899		15,117
Bank and loan interest paid		(4,438)		(4,511)	
Interest element of finance lease rentals		(537)		(537)	
			(4,975)		(5,048)
Taxation paid			(4,094)		(2,322)
<b>Net cash flow from operating activities</b>			<b>11,830</b>		<b>7,747</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(2,161)		(6,071)	
Purchase of other intangible assets		(3,945)		(2,586)	
Proceeds from sale of plant and equipment		32,137		14,717	
Acquisitions		–		(17,574)	
Cash and cash equivalents acquired		–		395	
<b>Net cash flow from investing activities</b>			<b>26,031</b>		<b>(11,119)</b>
<b>Cash flows from financing activities</b>					
Net proceeds from issue of ordinary share capital		2,444		39,837	
Net proceeds from issue of new loans		16,444		–	
Repayment of borrowings		(25,599)		(19,372)	
Finance lease principal repayments		(37,536)		(23,270)	
Dividends paid to shareholders		(16,701)		(8,441)	
<b>Net cash flow from financing activities</b>			<b>(60,948)</b>		<b>(11,246)</b>
<b>Net decrease in cash and cash equivalents</b>	28		<b>(23,087)</b>		<b>(14,618)</b>
Cash and cash equivalents at beginning of period			(14,423)		195
<b>Cash and cash equivalents at end of period</b>			<b>(37,510)</b>		<b>(14,423)</b>
<b>Cash and cash equivalents consists of:</b>					
Cash at bank and in hand			4,459		4,736
Cash held in restricted deposit			436		4,022
Bank overdraft			(42,405)		(23,181)
			(37,510)		(14,423)

## 1 SIGNIFICANT ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of entities acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate. Where necessary, adjustments are made to the financial statements of controlled entities to bring the accounting policies used into line with those used by the Group. All intra Group transactions, balances, income and expenses are eliminated on consolidation.

### Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

### Investments

Non-current investments in unlisted companies are included in non-current assets and stated at cost less any provision for impairment.

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and VAT.

Credit hire, credit repair and associated income derived from other accident management activities is recognised on transactions which have completed during the period, together with an appropriate proportion of income in respect of hires and work in progress at the period end. Income derived from solicitor income, legal expenses insurance policy sales and deferred premiums is recognised on an accruals basis.

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

**1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Retirement benefit costs**

The Group contributes to the personal pension plans of employees at a fixed percentage of basic earnings. The cost is charged to the income statement as the contributions fall due.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Intangible assets**

Intangible assets are recognised when a non-monetary asset is separable, or arises from contractual or other legal rights, and where it is probable that future economic benefits attributable to the asset will flow to the Group and the asset cost can be measured reliably. Intangible assets are amortised over their estimated useful economic life on a straight-line basis as follows:

Customer contracts	23–48 months
Software development	Not amortised as not available for use at 30 June 2007

**Property, plant and equipment**

Property, plant and equipment is stated at cost, less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	2%
Leasehold improvements	over the term of the lease
Furniture, fixtures and equipment	15% to 31.33%
Hire fleet	see below

Non-hire fleet assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Fleet vehicles are depreciated by equal monthly instalments to write down the cost of the vehicles to their estimated residual value over the expected holding period. Residual value is based on current estimates of the net disposal value of the vehicle as if the vehicle were already of the age and in the condition expected at the date of disposal. Management review these estimates at each reporting date by reference to publicly available data on second-hand vehicle sales. The depreciation charge is adjusted prospectively to reflect movements in the residual value.

## 1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Impairment of tangible and intangible assets

At each balance sheet date the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all liabilities.

### Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

### Financial liabilities and equity

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

### Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges, including direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

### Share-based payments

The Group has applied the requirements of IFRS 2, Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested at 1 April 2005.

The Group issues equity-settled share-based payments to certain directors and employees. These payments are measured at fair value (excluding the effects of non market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

For options, fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. For other long-term incentive schemes under which shares are awarded to directors and employees subject to performance conditions, the fair value is determined to be the market price of the shares at the date of grant. However, for awards that are subject to market-based performance conditions the Stochastic Model is used, which applies the performance condition to a large number of possible price movements and uses the average result to estimate the fair value of an award.

**2 SEGMENTAL INFORMATION**

The financial statements are in respect of the Group's sole business segment of non-fault accident services, conducted wholly in the United Kingdom. Helphire Spain SL did not trade in the period under review.

**3 REVENUE**

An analysis of the Group's revenues is as follows:

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Accident management assistance and related services, primary vehicle hire	214,765	166,434
Vehicle repairs	75,553	64,953
	290,318	231,387

**4 OTHER OPERATING INCOME**

Other operating income includes fees, commissions and premiums generated from non-core accident management services.

**5 OPERATING PROFIT**

Operating profit has been arrived at after charging (crediting):

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Depreciation of property, plant and equipment	20,650	11,616
Amortisation of intangible assets – from business combinations	2,296	2,870
Impairment of intangible assets – internally generated	406	–
Auditors' remuneration for audit services	220	250
Profit on sale of property, plant and equipment	440	4
Operating lease rentals		
– vehicles	10,959	16,105
– property	3,286	3,673
– office equipment	–	3
Staff costs (note 6)	49,702	45,061

A more detailed analysis of auditors' remuneration is provided below:

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Fees payable to the company's auditors for the audit of the Company's annual accounts	83	76
Fees payable to the company's auditors for other services to the Group	35	80
The audit of the company's subsidiaries pursuant to legislation	102	94
<b>Total audit fees</b>	<b>220</b>	<b>250</b>
IT assurance services	8	269
Acquisition services	–	127
Abortive acquisition costs	415	–
<b>Total non-audit fees</b>	<b>423</b>	<b>396</b>

## 6 STAFF COSTS

The average number of employees (including Executive Directors) was:

	Year ended 30 June 2007 Number	15 months ended 30 June 2006 Number
Operational	1,656	1,410
Office administration	152	251
Management	139	119
	1,947	1,780

Their aggregate remuneration comprised:

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Wages and salaries	44,638	39,999
Social security costs	4,366	4,323
Other pension costs	698	739
	49,702	45,061

## 7 FINANCE COSTS

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Interest on bank overdrafts and loans	2,261	3,092
Interest on loan notes	2,177	1,419
Interest on obligations under finance leases	537	537
	4,975	5,048

## 8 TAX

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
<b>Current tax</b>		
UK corporation tax on profits for the period	5,532	4,073
Adjustments in respect of prior periods	(2,987)	400
Total current tax	2,545	4,473
<b>Deferred tax</b>		
Origination and reversal of timing differences	8,182	1,011
<b>Tax on profit on ordinary activities</b>	10,727	5,484

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
<b>Reconciliation of tax charge</b>		
Profit before tax	40,264	28,367
Tax at the UK corporation tax rate of 30%	12,079	8,510
Impact of change in tax rate brought forward deferred tax asset	69	–
Tax deductions not previously recognised	(2,668)	(160)
Tax effect of expenses that are not deductible in determining taxable profit	358	227
Tax effect of utilisation of tax losses not previously recognised	(74)	(905)
Recognition of tax losses	963	(2,188)
Tax expense for the period	10,727	5,484

In addition to the amount credited to the income statement of £333,000 (2006: charge of £54,000), deferred tax relating to share-based payments of £1,424,000 (2006: £2,276,000 credit) has been charged direct to the equity reserve.

**8 TAX CONTINUED**

Deferred tax assets and liabilities have been calculated using the rate of UK Corporation Tax expected to apply when the relevant timing differences reverse. A number of changes to the UK tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes relating to the decrease in the corporation tax rate from 30% to 28% have been substantively enacted at the balance sheet date, and are therefore included in these financial statements. The impact of this change in rate on Group deferred tax balances was a credit to the tax charge in the income statement of £69,000 and a debit to the equity reserve of £182,000.

**9 DIVIDENDS**

Amounts recognised as distributions to equity holders in the period:

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Final dividend for the period ended 30 June 2006 of 4p (2006: 3.7p for the year ended 31 March 2005)	5,456	4,372
Interim dividend for the year ended 30 June 2007 of 5.2p (2006: 6p for the period ended 30 June 2006)	7,166	8,148
	12,622	12,520

Proposed final dividend for year ended 30 June 2007 of 5.8p (2006: 4p) per share. The proposed dividend is subject to approval by shareholders at the Annual General Meeting and so has not been included as a liability in these financial statements.

**10 EARNINGS PER SHARE**

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

Earnings	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders	29,537	22,883
Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	137,079,912	129,523,905
Effect of dilutive potential ordinary shares – share options	2,549,480	2,987,986
Effect of dilutive potential ordinary shares – other share plans	774,371	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	140,403,763	132,511,891

**Adjusted earnings per share**

Adjusted earnings per share is based on the weighted average number of shares as for the unadjusted earnings per share and the profit for the period adjusted for the following expenses:

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Amortisation of intangible assets	2,296	2,870
Impairment of intangible assets	406	–
Aborted acquisition costs	766	–
Albany claims	–	578
Share-based payment charge	1,275	722
Adjustment to profit before tax	4,743	4,170
Tax credits attributable to the above expenses	(1,040)	(1,277)
	3,703	2,893

## 11 GOODWILL

	£'000
<b>Cost</b>	
At 1 April 2005	44,097
Recognised on acquisition of subsidiary	23,647
Other changes	761
At 1 July 2006 and 30 June 2007	68,505
<b>Accumulated impairment losses</b>	
1 July 2006 and 30 June 2007	(1,453)
<b>Carrying amount</b>	
At 1 July 2006 and 30 June 2007	67,052

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units (CGUs) that are expected to benefit from that business acquisition. Before recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2007 £'000	2006 £'000
Albany CGU	43,405	43,405
Swift CGU	23,647	23,647
Previous Acquisitions segment (comprising several CGUs)	1,453	1,453
	68,505	68,505

The Group tests goodwill annually for impairment, or more frequently if there are indications that the goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budget approved by management for the next five years and extrapolates cash flows for the remaining period based on estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows for all CGUs is 7%. The growth rate assumed is 5% per annum, but with a 5% decline in the last five years of each CGU's useful economic life and 0% growth in the preceding five years. This is considered by the Directors to be less than the long-term average growth rate for the industry.

**12 OTHER INTANGIBLE ASSETS**

	Customer contracts £'000	Software development £'000	Total £'000
<b>Cost</b>			
At 1 April 2005	6,845	1,457	8,302
Additions	–	2,585	2,585
Recognised on acquisition of subsidiary	290	–	290
At 1 July 2006	7,135	4,042	11,177
Additions	–	3,945	3,945
At 30 June 2007	7,135	7,987	15,122
<b>Accumulated amortisation and impairment losses</b>			
At 1 April 2005	(1,048)	(1,000)	(2,048)
Amortisation charge	(2,870)	–	(2,870)
At 1 July 2006	(3,918)	(1,000)	(4,918)
Amortisation charge	(2,296)	–	(2,296)
Impairment loss	–	(406)	(406)
At 30 June 2007	(6,214)	(1,406)	(7,620)
<b>Carrying amount</b>			
At 30 June 2007	921	6,581	7,502
At 1 July 2006	3,217	3,042	6,259

Customer contracts acquired as part of business acquisitions are amortised over the expected useful life of each contract, which ranges from 23 to 48 months.

Software development relates to a new IT platform for the Group. It was not available for use in the year to 30 June 2007 and therefore was not amortised. Amortisation is expected to commence in the next financial year.

The Directors are required to test assets not available for use for impairment. In performing the impairment test for software development, the Directors have assessed the recoverable amount based on the estimated future economic benefits of implementation. The quantification of these benefits is inherently judgemental and a key source of estimation uncertainty.

### 13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Fixtures & equipment £'000	Total £'000
<b>Cost</b>					
At 1 April 2005	–	1,031	12,444	9,837	23,312
Additions	–	690	56,404	3,354	60,448
Acquisition of subsidiary undertaking	–	42	2,062	45	2,149
Disposals	–	–	(19,077)	(62)	(19,139)
At 1 July 2006	–	1,763	51,833	13,174	66,770
Additions	7,216	718	131,570	6,250	145,754
Disposals	–	–	(41,152)	–	(41,152)
At 30 June 2007	7,216	2,481	142,251	19,424	171,372
<b>Accumulated depreciation and impairment</b>					
At 1 April 2005	–	(480)	(3,394)	(4,996)	(8,870)
Charge for the year	–	(197)	(8,666)	(2,753)	(11,616)
Disposals	–	–	4,358	60	4,418
At 1 July 2006	–	(677)	(7,702)	(7,689)	(16,068)
Charge for the year	(67)	(239)	(17,600)	(2,744)	(20,650)
Disposals	–	–	9,455	–	9,455
At 30 June 2007	(67)	(916)	(15,847)	(10,433)	(27,263)
<b>Carrying amount</b>					
At 30 June 2007	7,149	1,565	126,404	8,991	144,109
At 1 July 2006	–	1,086	44,131	5,485	50,702
<b>Leased assets included above:</b>					
<b>Carrying amount</b>					
At 30 June 2007	–	–	122,961	4,627	127,588
At 1 July 2006	–	–	35,014	1,587	36,601

The depreciation on the vehicle hire fleet represents a critical judgement made by the Directors. The Group operates a large fleet of hire vehicles. Depreciation on these vehicles is intended to reduce the carrying value of the vehicles to their expected residual value at disposal. However, the residual value attributable is dependent on conditions present in the future and is subject to movements in the market for nearly-new vehicles. As such, this area is inherently judgemental and is a key source of estimation uncertainty.

### 14 INVESTMENTS

The investment in the consolidated balance sheet represents an investment in an unlisted entity. A list of the significant investments in subsidiaries, including the name, country of incorporation, proportion of ownership interest is given in note 35 to the Company's separate financial statements.

**15 TRADE AND OTHER RECEIVABLES**

	2007 £'000	2006 £'000
Trade receivables	195,326	127,302
Expected adjustment arising on settlement	(21,685)	(15,392)
Trade receivables – net	173,641	111,910
Other debtors	11,909	9,675
Prepayments and accrued income	5,023	3,936
VAT recoverable	921	417
	191,494	125,938

Trade receivables represents amounts receivable for the provision of services to customers. The provision for impairment of receivables is estimated by the Group's management based on prior experience. Credit risk is spread over a large number of customers. The average credit period taken by customers is 219 days (2006: 206 days).

The expected adjustments arising on the settlement of receivables represents a critical judgement made by the Directors. By their very nature, claims against motor insurance policies can be subject to dispute with a consequent requirement to reach a settlement with the counterparty. The Directors have reduced trade receivables to reflect the expected future adjustment on settlement as the basis of the level of adjustments arising historically. However, this area is inherently judgemental and is a key source of estimation uncertainty.

**16 TRADE AND OTHER PAYABLES**

	2007 £'000	2006 £'000
Trade payables	11,701	6,379
Other taxation and social security	1,934	1,920
Accruals and deferred income	38,630	24,923
Other creditors	600	627
Dividends	–	4,079
	52,865	37,928

Trade payables represent amounts payable for goods and services. The average credit period taken for trade purchases is 21 days (2006: 17 days).

**17 OBLIGATIONS UNDER FINANCE LEASES**

	2007 £'000	2006 £'000
Amounts payable under finance leases		
Within one year	126,237	37,230
Amount due for settlement within 12 months	126,237	37,230
Amounts payable under finance leases		
In the second to fifth years inclusive	20,606	9,755
Amount due for settlement after 12 months	20,606	9,755

It is the Group's policy to lease certain of its fixtures and equipment and motor vehicles under finance leases. The average lease term is 1.60 years (2006: 1.76 years). For the period ended 30 June 2007 the average effective borrowing rate was 6.89% (2006: 6.89%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated sterling. The fair value of the Group's finance lease obligations approximates to their carrying value. The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

## 18 BANK BORROWINGS AND OVERDRAFTS

	2007 £'000	2006 £'000
Bank overdrafts	42,405	23,181
Bank loans	38,021	20,080
Loan notes	293	21,192
	80,719	64,453
The borrowings are repayable as follows:		
On demand or within one year		
Bank overdrafts	42,405	23,181
Bank loans	4,523	4,593
Loan notes	293	21,192
Amount due for settlement within 12 months	47,221	48,966
In the second year		
Bank loans	4,522	3,518
In the third to fifth years inclusive		
Bank loans	28,976	1,220
After five years		
Bank loans	–	10,749
Amount due for settlement after 12 months	33,498	15,487
The weighted average interest rates paid were as follows:		
	2007 %	2006 %
Bank loans and overdrafts	6.09	5.97

The overdraft balance of £42.4m comprises a bank overdraft of £2.2m and two revolving bank facilities of £19.4m and £20.8m which are repayable on demand.

Loan notes were issued to fund the acquisitions of Albany and Swift and are guaranteed by Bank of Scotland. The loan notes are redeemable in full upon receipt of 30 days written notice. Interest is charged using the base rate published by Bank of Scotland. During the year the Albany loan notes were repaid in full and repayments of £3,729,000 were made in respect of the Swift loan notes.

At 30 June 2007 the Group's bank loans of £38.0m comprised a Term Loan of £2.3m, Terms Loans relating to the acquisition of Albany totalling £29.5m and a mortgage secured on the Northwich fleet headquarters of £6.2m. The £2.3m Term Loan is repayable by quarterly instalments of £0.25m, due to be fully repaid by 25 July 2009. The Albany Term Loans of £29.5m are repayable at a rate of £3.7m per annum with a final bullet payment of £11m due in 2012. The mortgage of £6.2m is repayable in full in 2009. The mortgage loan is subject to interest at 1% above the Bank of England base rate. The loan facilities were subject to interest at 0.95% above LIBOR, rising to 1.05% to 1.40% above LIBOR if the ratio of Net Debt to EBITDA exceeded certain levels.

The combined bank facility was secured by a fixed and floating charge over the assets of the Group.

The Directors consider that the fair values of the Group's borrowings is equal to their book value.

Subsequent to the year-end on 31 July 2007, the Group entered into new banking facilities with its syndicate of banks. A £150m facility including Term Loans and a banking facility were put in place at a cost ranging from 0.95% to 1.4% above LIBOR dependent on specific financial ratios. The facility comprises a Term Loan facility of £40m, a Revolving Facility A of £50m and a Revolving Facility B of £10m. The £40m Term Loan facility is repayable at a rate of £6.3m per year with a final bullet payment of £11.9m due in 2011. The facility also includes an additional £50m Term Loan facility which has yet to be utilised. The mortgage loan of £6.2m is unchanged.

## 19 DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2006: 30%). The deferred tax liabilities and assets, and movements thereon, recognised by the Group are set out below:

	(Liability) Intangible assets £'000	(Liability) Accelerated tax depreciation £'000	Liability Total £'000	Asset Tax losses £'000	Asset Share-based payments £'000	Asset Total £'000
At 1 April 2005	(1,739)	–	(1,739)	3,050	923	3,973
Acquisition of subsidiary	(86)	(170)	(256)	1,024	–	1,024
Credit (charge) to income	860	(1,332)	(472)	(486)	(54)	(540)
Credit to equity	–	–	–	–	2,276	2,276
At 30 June 2006	(965)	(1,502)	(2,467)	3,588	3,145	6,733
Credit (charge) to income	707	(5,634)	(4,927)	(3,588)	333	(3,255)
Charge to equity	–	–	–	–	(1,424)	(1,424)
At 30 June 2007	(258)	(7,136)	(7,394)	–	2,054	2,054

At the balance sheet date the Group has unused trading losses of £5.2m (2006: £15m) available for offset against future trading profits. A deferred tax asset has been recognised in respect of £Nil m (2006: £12m) of this amount. No deferred tax asset has been recognised in respect of the remaining £5.2m (2006: £3m) due to the unpredictability of future profit streams.

A number of changes to the UK tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes relating to the decrease in the corporation tax rate from 30% to 28% have been substantively enacted at the balance sheet date and therefore included in these financial statements.

## 20 SHARE CAPITAL

	2007 £'000	2006 £'000
<b>Authorised</b>		
160,000,000 ordinary shares of 5p each	8,000	8,000
<b>Issued and fully paid</b>		
138,218,543 (2006: 135,975,358) ordinary shares of 5p each	6,910	6,799
The movement in issued share capital during the year was as follows:		Shares '000s
At the start of the year		135,975
Exercise of share options		2,194
Sharesave scheme		50
At end of the year		138,219

**21 SHARE PREMIUM ACCOUNT**

	£'000
At 1 April 2005	23,936
Shares issued	42,170
At 30 June 2006	66,106
Shares issued	2,558
At 30 June 2007	68,664

**22 EQUITY RESERVE**

	£'000
At 1 April 2005	1,585
Share-based payment charged to income	722
Deferred tax asset on share options	2,276
At 1 July 2006	4,583
Share-based payment charged to income	1,275
Deferred tax – share based incentive plan	(1,424)
Current tax – share based incentive plan	1,772
At 30 June 2007	6,206

**23 RETAINED EARNINGS**

	£'000
At 1 April 2005	22,982
Profit for the period	22,883
Dividends	(12,520)
At 1 July 2006	33,345
Profit for the year	29,537
Dividends	(12,622)
At 30 June 2007	50,260

**24 OPERATING LEASE ARRANGEMENTS**

	2007 £'000	2006 £'000
Minimum lease payments under operating leases recognised in income for the period	14,245	19,781

At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2007 £'000	2006 £'000
Within one year	4,692	4,998
In the second to fifth years inclusive	2,757	1,898
After five years	1,234	1,172
	8,683	8,068

Operating lease payments represent rentals payable by the Group for certain of its motor vehicles, plant and equipment and properties. Leases are negotiated for an average term of 2.63 years (2006: 2.97 years) and rentals are fixed for an average of 2.28 years (2006: 2.34 years).

**25 SHARE-BASED PAYMENTS****Equity settled share option plan**

The Group grants options in the form of mainstream options and options under sharesave schemes.

*Mainstream options*

The Group grants options to certain directors and employees. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant.

The vesting period is generally three years. If the options remain unexercised after a period of seven years from the date of grant the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

Details of the options outstanding during the period are as follows:

	Number of options 000s	Year ended June 2007 Weighted average exercise price £	Number of options £'000	15 months ended 30 June 2006 Weighted average exercise price £
Outstanding at beginning of the year	5,466	1.57	6,303	1.50
Granted during the year	–	–	103	2.97
Exercised during the year	(2,244)	1.20	(885)	1.20
Forfeited during the year	(196)	1.40	(55)	1.88
Outstanding at end of the year	3,026	1.86	5,466	1.57
Exercisable at the end of the year	1,743	1.60	1,601	1.08

The weighted average share price at the date of exercise for share options exercised during the period was 408.47p (2006: 310.97p). The options outstanding at 30 June 2007 had a weighted average exercise price of £1.83 (2006: £1.57) and a weighted average remaining contractual life of 3.2 years (2006: 6.5 years).

The inputs to the Blacks-Scholes model for options granted in each period were as follows:

	Year ended June 2007	15 months ended 30 June 2006
Weighted average share price	–	£2.98
Weighted average exercise price	–	£2.97
Expected volatility	–	31.9%
Expected life	–	4 years
Risk free rate	–	4.13%
Expected dividends	–	2.06%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous four years. The expected useful life in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

## 25 SHARE-BASED PAYMENTS CONTINUED

### Sharesave schemes

Under sharesave schemes, employees are granted options to acquire shares in the Company with funds deducted from their salaries on a monthly basis. The options must be exercised three years following the date of grant. The options generally lapse if the employee leaves within the three year period.

	Number of options 000s	Year ended June 2007 Weighted average exercise price £	Number of options £'000	15 months ended 30 June 2006 Weighted average exercise price £
Outstanding at beginning of the period	415	3.08	262	1.32
Granted during the period	223	3.56	428	3.08
Exercised during the period	–	–	(216)	1.32
Forfeited during the period	(50)	3.27	(59)	1.71
Outstanding at end of the period	588	3.25	415	3.08
Exercisable at the end of the year	–	–	–	–

The options outstanding at 30 June 2007 had a weighted average exercise price of £3.25 (2006: £3.08) and a weighted average remaining contractual life of 2.1 years (2006: 2.8 years).

In 2007 options were granted on 18 April and their aggregate fair value was estimated at £280,000. In 2006 options were granted on 31 March 2006 and their estimated aggregate fair value was £472,000.

The inputs to the Blacks-Scholes model for options granted in each period were as follows:

	Year ended June 2007	15 months ended 30 June 2006
Weighted average share price	£4.30	£3.78
Weighted average exercise price	£3.56	£3.08
Expected volatility	24.5%	24.2%
Expected life	3 years	3 years
Risk free rate	5.44%	4.47%
Expected dividends	2.14%	1.77%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous four years. The expected useful life in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

### Other equity-settled share plans

The Group also makes awards to Directors and senior managers under the Equity Partnership Plan 2002 ("EPP") and the Performance Share Plan 2006 ("PSP"). Under the EPP, matching shares are awarded subject to co-investment by the participant. Under the GPSP, nil cost options are awarded. Awards made under both plans vest after a three year performance period, subject to satisfaction of performance conditions and continued employment with the Group. Half of each award under both plans is subject to an Earnings Per Share ("EPS") condition whereby an absolute adjusted EPS target for the financial year three years after that in which the award is made must be met for the award to vest fully. The other half of each award is subject to a Total Shareholder Return ("TSR") condition, which measures Helphire's TSR against that of the FTS250 excluding investment trusts over the three years commencing with that in which the award is made.

Details of awards made during 2007, all of which were outstanding at the year-end are as follows:

	Matching shares/ nil cost options 000s
Equity Partnership Plan	1,393
Performance Share Plan	194
	1,587

The matching shares outstanding under the EPP had a remaining contractual life of 2.48 years. The outstanding nil cost options under the PSP had a remaining contractual life of 2.79 years.

For the 50% of EPP and PSP awards subject to the EPS condition, the fair value of the awards per share at the date of grant was the market price of the Company's shares at the date of the award. This was £3.815 for the EPP award and £4.36 for the PSP award.

For the 50% of EPP and PSP awards subject to the TSR performance condition, this market-based condition was factored into the calculation of the fair value of the awards using the Stochastic Model, which applies the performance condition to a large number of possible share price movements and uses the average result to produce an estimated value for an option.

**25 SHARE-BASED PAYMENTS CONTINUED**

The key assumptions input into the Stochastic Model were as follows:

	EPP	PSP
Weighted average share price	£3.82	£4.36
Expected volatility	24.60%	24.80%
Expected life	3 years	3 years
Risk free rate	5.10%	N/A
Expected dividends	Nil	Nil

There is no expected dividend yield because participants receive the value of dividends accruing over the vesting period. The risk-free rate of interest does not apply to the PSP awards because no payment is required from participants.

The Group recognised total expenses of £1.3m and £0.7m related to equity-settled share-based payment transactions in 2007 and 2006 respectively.

**26 RELATED PARTY TRANSACTIONS**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements.

Remuneration of the Directors, who are the key management personnel of the Group, is provided in the audited section of the Directors' Remuneration Report on pages 19 to 25.

**27 CONTINGENT ASSETS AND LIABILITIES**

Subsequent to the acquisition of Albany in October 2004 and Swift in September 2005, certain liabilities have arisen in the acquired businesses relating to matters arising prior to acquisition by Helphire Group Plc. These liabilities were not foreseen at the date of acquisition. The Directors have estimated the likely impact of these matters and recognised associated liabilities in the consolidated balance sheet.

£1.6m of the liabilities were identified within one year of the relevant acquisition and were therefore treated as adjustments to the fair values of the acquired liabilities. £0.6m arose after one year of the relevant acquisition and was therefore treated as an expense in 2006. Whilst the nature of the items concerned is such that it is not possible in certain cases to precisely determine the amount of the liability, the Directors consider that suitably reliable estimations can be made and have recorded liabilities on this basis.

The Directors have made warranty claims against the former owners of Albany in respect of certain of the above liabilities. However, such claims are at an early stage and it is not possible to assess their success, or otherwise, with sufficient certainty. As such, warranty claims are considered contingent and no asset has been recorded in the accounts.

## 28 ANALYSIS AND RECONCILIATION OF NET DEBT

	1 July 2006 £'000	Cash flow £'000	Non cash changes £'000	30 June 2007 £'000
Net cash and cash equivalents	(14,423)	(23,087)	–	(37,510)
Debt due within one year	(25,785)	20,969	–	(4,816)
Debt due after more than one year	(15,487)	(11,813)	(6,198)	(33,498)
Finance leases	(46,985)	37,536	(137,394)	(146,843)
	(88,257)	46,692	(143,592)	(185,157)
<b>Net debt</b>	<b>(102,680)</b>	<b>23,605</b>	<b>(143,592)</b>	<b>(222,667)</b>

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Decrease in cash and cash equivalents in the year	(23,087)	(14,618)
Cash flows from movements in borrowings and lease financing	46,692	38,276
Change in net debt resulting from cash flows	23,605	23,658
New finance leases	(137,394)	(52,070)
New mortgage loan	(6,198)	–
Loan notes issued in acquisition of subsidiary	–	(4,022)
Movement in net debt in the year	(119,987)	(32,434)
Net debt at start of the year	(102,680)	(70,246)
<b>Net debt at end of the year</b>	<b>(222,667)</b>	<b>(102,680)</b>

## 29 POST BALANCE SHEET EVENTS

On 31 July 2007 the Group entered into new banking facilities with its syndicate of banks. A £180m facility including term loans and a banking facility have been put in place at a cost ranging from 0.95% to 1.4% above LIBOR dependent on specific financial ratios. More details are provided in note 18.

On 6 August 2007 the Group entered into a long-term commercial agreement with CS2 Lawyers Limited ("CS2"), a firm of solicitors specialising in Uninsured Loss Recovery ("ULR") cases. The Group also advanced a loan of £5.1m to CS2 Lawyers Limited, which is repayable on demand. No consideration was payable by the Group, nor does the Group own any shares in CS2, voting or otherwise. The Directors have considered the overall substance of the Group's relationship with CS2 and have concluded that CS2 satisfies the definition of a subsidiary under IAS27. On the same date the Group acquired 100% of the ordinary shares and voting rights of several companies related to CS2, comprising E-Claim Limited, Fleet Legal Limited, Lawyer.com Limited, Medirep Marketing Limited and QSIT Limited. The CS2 companies are engaged in fleet accident management, the sale of Legal Expenses Insurance ("LEI"), the provision of medico-legal reports and the provision of legal support services. The aggregate consideration for the acquisition of the CS2 companies was £5.7m satisfied in cash.

Given the short period of time between the Group entering into the long-term commercial agreement with CS2 and acquiring the CS2 companies and the publication of the Group's results, the process of attributing fair values to the assets and liabilities acquired in accordance with IFRS is still ongoing and it is thus impractical to disclose the carrying amounts of each class of asset and liability as required by IFRS3.

Continuing operations	Note	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
<b>Operating income</b>			
Management charges		32,297	22,811
Other income		45	64
Dividends from subsidiaries		12,350	10,000
		44,692	32,875
<b>Operating expenses</b>			
Share-based payment charge		(910)	(586)
Administrative expenses		(21,967)	(18,514)
		(22,877)	(19,100)
<b>Operating profit</b>	31	21,815	13,775
Finance costs	32	(4,456)	(4,753)
<b>Profit before tax</b>		17,359	9,022
Tax on profit on ordinary activities	33	(1,975)	(392)
<b>Profit for the period</b>		15,384	8,630

	Note	2007 £'000	2006 £'000
<b>Non-current assets</b>			
Property, plant and equipment	34	7,966	822
Investments in subsidiaries	35	68,303	67,938
Other investments	35	300	300
Deferred tax asset	39	1,719	2,611
Trade and other receivables	36	316	871
		78,604	72,542
<b>Current assets</b>			
Trade and other receivables	36	99,628	77,429
Cash and cash equivalents		436	4,022
		100,064	81,451
<b>Total assets</b>		178,668	153,993
<b>Current liabilities</b>			
Trade and other payables	37	(14,351)	(13,938)
Tax liabilities		(562)	–
Borrowings and overdrafts	38	(45,229)	(46,770)
		(60,142)	(60,708)
<b>Net current assets</b>		39,922	20,743
<b>Non-current liabilities</b>			
Borrowings and overdrafts	38	(33,498)	(15,487)
Deferred tax liabilities	39	(3)	(7)
		(33,501)	(15,494)
<b>Total liabilities</b>		(93,643)	(76,202)
<b>Net assets</b>		85,025	77,791
<b>Equity</b>			
Share capital	40	6,910	6,799
Share premium account	40	68,644	66,086
Equity reserve	42	5,800	3,997
Retained earnings	41	3,671	909
		85,025	77,791

The financial statements were approved by the Board of Directors and authorised for issue on 24 September 2007. They were signed on its behalf by:

**D E Lindsay**

Director, 24 September 2007

	£'000	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
<b>Cash flows from operating activities</b>			
Operating profit		21,815	13,775
Depreciation charge	112		27
Gains on sale of tangible fixed assets	–		–
Increase in debtors	(21,419)		(22,335)
Increase in creditors	4,494		2,264
Share-based payment charge	910		586
Cash generated from operations		5,912	(5,683)
Bank and loan interest paid		(4,456)	(4,753)
Taxation paid		–	–
<b>Net cash flow from operating activities</b>		1,456	(10,436)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,058)	(582)
Acquisitions		–	(17,574)
<b>Net cash flow from investing activities</b>		(1,058)	(18,156)
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary share capital		2,444	39,837
Net proceeds from issue of new loans		16,444	–
Repayment of borrowings		(25,599)	(19,767)
Dividends paid to shareholders		(16,701)	(8,441)
<b>Net cash flow from financing activities</b>		(23,412)	11,629
<b>Decrease in cash and cash equivalents</b>		(23,014)	(16,963)
Cash and cash equivalents at beginning of period		(16,963)	–
<b>Cash and cash equivalents at end of period</b>		(39,977)	(16,963)
<b>Cash and cash equivalents consists of:</b>			
Cash held in restricted deposit		436	4,022
Bank overdraft		(40,413)	(20,985)
		(39,977)	(16,963)

### 30 SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 1985. As permitted by that Act, the separate financial statements have been presented in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

### 31 OPERATING PROFIT

The auditors' remuneration for audit services to the Company was £83,000 (2006: £76,000).

### 32 FINANCE COSTS

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Interest on bank overdrafts and loans	2,277	1,662
Interest on loan notes	2,179	3,091
	<b>4,456</b>	<b>4,753</b>

### 33 TAX

	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
<b>Current tax</b>		
UK corporation tax on profits for the period	2,210	10
Adjustments in respect of prior periods	–	330
<b>Total current tax</b>	<b>2,210</b>	<b>340</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(235)	52
<b>Tax on profit on ordinary activities</b>	<b>1,975</b>	<b>392</b>
<b>Reconciliation of tax charge</b>		
Profit before tax	17,359	9,022
Tax at the UK corporation tax rate of 30%	5,208	2,707
Non taxable income	(3,705)	(3,000)
Group relief surrendered	–	273
Deductible costs not in income statement	–	(310)
Non deductible costs	472	722
<b>Tax expense for the period</b>	<b>1,975</b>	<b>392</b>

**34 PROPERTY, PLANT AND EQUIPMENT**

	Freehold property £'000	Leasehold improvements £'000	Total £'000
<b>Group</b>			
<b>Cost</b>			
At 1 April 2005	–	268	268
Additions	–	582	582
At 1 July 2006	–	850	850
Additions	7,216	40	7,256
At 30 June 2007	7,216	890	8,106
<b>Accumulated depreciation and impairment</b>			
At 1 April 2005	–	(1)	(1)
Charge for the period	–	(27)	(27)
At 1 July 2006	–	(28)	(28)
Charge for the period	(68)	(44)	(112)
At 30 June 2007	(68)	(72)	(140)
<b>Carrying amount</b>			
At 30 June 2007	7,148	818	7,966
At 1 July 2006	–	822	822

## 35 SUBSIDIARIES

Details of the Company and Group's subsidiaries at 30 June 2007 are as follows:

Subsidiary undertaking	Shares held by Company or Group	Principal activity	Ownership interest %	Voting power %
Helphire (UK) Limited	Company	Non-fault accident management	100	100
Helphire Finance Limited	Company	Financing vehicle repairs	100	100
Angel Assistance Limited	Company	Sale of legal expenses insurance	100	100
HFS Limited	Company	Fleet management	100	100
Helphire Legal Services Limited	Company	Provision of claims handling service	100	100
Helphire EBT (Trustees) Limited	Group	Corporate trustee	100	100
e Register Limited	Company	Jewellery data services	100	100
Total Accident Management Limited	Company	Accident management services	100	100
Helphire (Pinesgate) Limited	Company	Property services	100	100
Albany RTA Limited	Company	Holding company	100	100
Albany Group Holdings Limited	Group	Holding company	100	100
Albany Assistance Limited	Group	Uninsured loss recovery	100	100
Albany Vehicle Rentals Limited	Group	Vehicle rental	100	100
Swift Rent-A-Car Limited	Company	Vehicle rental	100	100
Helphire Spain SL	Company	Non-fault accident management	100	100
Fishers Solicitors Limited	N/A	Solicitors	0	0
Swift Finance (GB) Limited	Group	Financing vehicle repairs	100	100
Countrywide Assistance Limited	Company	Non-trading	100	100
1st Automotive Limited	Company	Non-trading	100	100
Rescue Car Rentals Limited	Group	Non-trading	100	100
Jewellers On-line Limited	Group	Non-trading	100	100
City and County Hire Limited	Group	Non-trading	100	100
Car and Commercial Assessors Limited	Group	Non-trading	100	100
Specialist Witness Limited	Group	Non-trading	100	100
Theftsure Limited	Group	Non-trading	100	100
Helphire (Pinesgate Reversion) Limited	Company	Non-trading	100	100
Helphire (Pinesgate Nominee No 1) Limited	Company	Non-trading	100	100
Helphire (Pinesgate Nominee No 2) Limited	Company	Non-trading	100	100
Marketstir Limited	Group	Non-trading	100	100
Albany Medical Rentals Limited	Group	Non-trading	100	100
Swift Prestige Hire Limited	Group	Non-trading	100	100

All subsidiaries are incorporated in England and Wales and operate in the United Kingdom, with the exception of Helphire Spain SL, which is incorporated and operates in Spain.

Whilst Helphire owns no shares in Fishers Solicitors Limited the directors consider it to be a subsidiary against the requirements of IAS 27 because of its contractual arrangements with the Group.

The movement in investments in subsidiaries during the period was as follows:

Cost	£'000
At 1 April 2005	46,150
Additions	27,050
At 1 July 2006	73,200
Additions	365
At 30 June 2007	73,565
<b>Impairment</b>	
At 1 April 2005 and 1 July 2006	5,262
Charge for the period	–
At 30 June 2007	5,262
<b>Net book value</b>	
At 30 June 2007	68,303
At 1 July 2006	67,938

The additions during the year related to the recharge of share-based payment charges to subsidiary undertakings.

Subsequent to the year-end on 6 August 2006 the Group entered into a long term commercial agreement with CS2 Lawyers Limited and acquired the CS2 Group of companies. Further details are provided in note 29 to the consolidated financial statements.

The other investment of £300,000 (2006: £300,000) is an investment in a corporate vehicle created for the sale and leaseback of the Group's headquarters in 2005.

**36 TRADE AND OTHER RECEIVABLES**

	2007 £'000	2006 £'000
<b>Current</b>		
Amounts owed by subsidiary undertakings	91,540	72,829
Other debtors	5,328	1,870
Prepayments and accrued income	2,083	2,395
VAT	677	335
	99,628	77,429
	2007 £'000	2006 £'000
<b>Non-current</b>		
Amounts owed by subsidiary undertakings	316	871
	316	871

**37 TRADE AND OTHER PAYABLES**

	2007 £'000	2006 £'000
Trade payables	1,945	1,020
Other taxation and social security	1,205	211
Accruals and deferred income	5,817	5,360
Proposed dividends	—	4,079
Amounts owed to subsidiary undertakings	5,384	3,268
	14,351	13,938

Trade payables represent amounts payable for goods and services. The average credit period taken for trade purchases is 26 days (2006: 30 days).

**38 BORROWINGS AND OVERDRAFTS**

	2007 £'000	2006 £'000
Bank overdrafts	40,413	20,985
Bank loans	38,087	20,080
Loan notes	293	21,192
	78,793	62,257

The borrowings are repayable as follows:

On demand or within one year		
Bank overdrafts	40,413	20,985
Bank loans	4,523	4,593
Loan notes	293	21,192
Amount due for settlement within 12 months	45,229	46,770
In the second year		
Bank loans	4,522	3,518
In the third to fifth years inclusive		
Bank loans	28,976	1,220
After five years		
Bank loans	—	10,749
Amount due for settlement after 12 months	35,498	15,487

Further details relating to borrowings and overdrafts and the applicable interest rates are given in note 18 to the consolidated financial statements. The Directors consider that the fair values of the company's borrowings was equal to their book value.

### 39 DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2006: 30%), as detailed in note 19. The deferred tax liabilities and assets, and movements thereon, recognised by the company are set out below:

	(Liability) Accelerated tax depreciation £'000	Asset Share-based payments £'000
At 1 April 2005	–	767
(Charge) credit to income	(7)	(45)
(Charge) credit to equity	–	1,889
At 30 June 2006	(7)	2,611
(Charge) credit to income	4	231
(Charge) credit to equity	–	(1,123)
At 30 June 2007	(3)	1,719

### 40 SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

The movements on these items are disclosed in notes 20 and 231 to the consolidated financial statements.

### 41 RETAINED EARNINGS

	£'000
At 1 April 2005	4,799
Profit for the period	8,630
Dividends	(12,520)
At 1 July 2006	909
Profit for the year	15,384
Dividends	(12,622)
At 30 June 2007	3,671

### 42 EQUITY RESERVE

	£'000
At 1 April 2005	1,386
Share-based payment charge	722
Deferred tax – share-based incentive plan	1,889
At 30 June 2006	3,997
Share-based payment charge	1,275
Deferred tax – share-based incentive plan	(1,123)
Current tax – share-based incentive plan	1,651
At 30 June 2007	5,800

**43 STATEMENT OF CHANGES IN EQUITY**

	Note	Year ended 30 June 2007 £'000	15 months ended 30 June 2006 £'000
Profit for the period		15,384	8,630
Share-based payment charge		1,275	722
Deferred tax – share-based incentive plan	39	(1,123)	1,889
Current tax – share-based incentive plan		1,651	–
Net proceeds from issue of ordinary share capital		2,669	43,062
Ordinary dividend paid on equity shares	9	(12,622)	(12,520)
		7,234	41,783
<b>As at start of period</b>		<b>77,791</b>	<b>36,008</b>
<b>As at end of period</b>		<b>85,025</b>	<b>77,791</b>

**44 RELATED PARTIES**

Related party transactions relating to the Parent Company are disclosed in note 26.







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