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Helphire Group plc Pre-Close Trading Update

Helphire Group plc (the "Group") is today issuing its pre-close trading update for the year ended 30th June 2009.

Since the Group's last announcement on 6th May and following the fundraising in April 2009, management's key focus has been about turning the business around and restructuring the Group to address past problems. Cash and cost control have been the primary areas for early attention. To achieve this, a new executive team was put in place, with the appointment of Martin Ward as Group Managing Director at the beginning of April, later supported by the arrival of Ian Wardle as Group Finance Director in early May. More recently, we have re-organised the senior management team and put in place a new reporting structure to support the changes needed within the Group. Whilst trading conditions remain challenging, particularly in the area of credit hire rental length, solid progress has been made in the key areas of focus making a positive difference to the business.

We are pleased to report that since our last update on the 6th May there has been a significant improvement in cash resources generated from the Group's operations and a commensurate reduction in the Group's working capital requirement. Operating cash flow has been strong, particularly in the last two months, and as a result the Group generated £44.5m of operating cash flow (unaudited) in the second half of the year compared with £24.9m in the comparable period last year. Management set an internal target of reducing its working capital requirement by £100m (from a baseline taken in February 2009) in the period to June 2010, under its Project Century plan. Between February 2009 and June 2009, we have successfully achieved a reduction of £63.5m based upon the Project Century criteria. The improvement has been generated from the successful disposal of impaired fleet together with residual value proceeds realised at levels above those previously estimated and through a determined and focussed approach to the collection of receivables. As a result, receivables have reduced by £39.3m from February 2009, and debtor days have reduced by 12 days across the same period.

Financial Position

As at 30th June, the Group's net indebtedness, with the benefit of the April fundraising, and excluding fleet related funding was £99.9m (31st December 2008 £151.2m). Fleet related funding was £142.1m (31st December 2008 £196.4m).

Other

Fleet utilisation, which is a key performance indicator for the Group, had weakened in the latter part of 2008, due to the reduction in credit hire days, and has been another area of particular focus for the new management team. We are pleased to report that significant improvements in utilisation have now been made from a low point of 63.6% in March 2009 to 80.1% in June 2009.

In May we announced that case volumes had fallen below those of the corresponding period last year and reduced hire duration was putting pressure on profitability. Since then we can report that case volume levels have been stable as has hire duration albeit at relatively lower levels compared to those achieved historically.

As previously reported, the new management team's response was to cut costs and restructure the Group in order to operate profitably at lower durations. The restructuring programme previously announced indicated annualised cost savings in excess of £10m. This has since been improved upon and management now expects these savings to be in excess of £15m on an annualised basis, with the material actions already implemented and the cost benefits being realised in the new financial period.

Finally, we previously announced the loss of a significant referrer of business and had factored that event into our restructuring plan. However, we are pleased to report that the Group has recently signed a new well known brand insurer/intermediary as a referrer of cases and commenced full trading in July 2009. We are actively seeking to grow the referrer base further, but have built more flexibility and controls into our operation going forward such that future growth can be handled in a productive and efficient manner.

Further details will be provided in our preliminary announcement of results for the year ended 30th June 2009, which is planned to be issued on 2nd October 2009.

Martin Ward, Group Managing Director, commented: *"There is still a significant task ahead of us to restore previous levels of profitability in the Group, but I have been encouraged by the amount of progress that has been made over a short period of time, especially in cash generation and cost control. The immediate focus of the business will remain cash, costs and its customers and putting the Group in the best shape to respond to the challenging trading conditions that persist."*

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Notes to Editors:

Helphire Group plc is the market leader in the provision of accident management assistance to drivers involved in road accidents that were not their fault. Working with the UK's top insurance companies, its services include provision of like for like replacement vehicles, financing of vehicle repairs, legal expenses and the management of personal accident claims.

Helphire was founded in 1992 and floated on the London Stock Exchange in 1997. With a staff of over 2,600 and a fleet of over 17,000 vehicles to meet its customer requirements, the award winning Group is headquartered in Bath. Operating under the UK Accident Management and Legal Services divisions, the Company has five call centre sites and a national network of 30 branches.