• News Release •

Helphire Group plc

Issue Date: 2 October 2009

Annual Results Announcement for the 12 months ended 30 June 2009

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Highlights

- Adjusted operating profit before tax of £4.7m (2008: £55.4m)
- Pre-tax loss of £149.0m largely resulting from non-cash exceptional charges (2008: £43.0m profit)
- Cash generation from operations of £57.2m (2008: £22.3m)
- ABI Cash recovery increased by 39% to £354.7m (2008: £255.1m)
- 13.2% reduction in debtor days to 223 days (2008: 257days)
- Net debt reduced by £122.8m to £239.5m (2008: £362.3m)
- Restructuring programme to realign the business ahead of plan in both timescale and quantum:
  - New management team installed, with entirely new Board
  - Comprehensive business review completed. Focus on core activities and value creation for stakeholders
  - Non-core assets reassessed - sale of E-Register and closure of Spanish operation announced
  - Ongoing focus on cash collection and cost reductions achieving positive results
- Successful share issues raised £89.1m (net of expenses)

Commenting on the Group's results and prospects, Martin Ward, Group Managing Director, said:

"The new management team has responded robustly to some very considerable challenges facing the business and the financial consequences are evident in our financial statements.

"As we reach the end of the first phase of our three-phase plan to cement the recovery of the business, we believe we have aligned Helphire properly within the marketplace and are ahead of our plans both in terms of timescale and quantum, having positioned it to operate profitably and cash positively as we embark upon the more forward-looking phases. The current year has started with trading in line with our expectation and we are continuing to generate operating cash."

Chairman's statement

The clear message this year has been one of challenge and change. The Group is reporting a statutory pre-tax loss of £149.0m for the year ended 30 June 2009 (2008: £43.0m profit), largely resulting from a number of non-cash exceptional charges as detailed in this report.

Adjusted* operating profit for the year was £4.7m (2008: £55.4m).

Entering into the role of Chairman in January of this year, it quickly became clear that there was an urgent need to take strong action to bring about change. We appointed a new management team, constructed an entirely new Board, with relevant experience, and focused on the critical issues resulting in our turnaround plans. Key decisions have been, and are being, taken to restore stability to the business and to bring about a step change in performance.

I am pleased to report that thus far we have made considerable progress, especially in cash recovery, lower debt and overhead reduction. We implemented our Project Century plan to reduce working capital by £100.0m by June 2010, and had already achieved a reduction of approximately £70.0m by the end of August 2009. As a result of our focus on cash collection, debtor days have also continued to fall and at 30 June 2009 stood at 223 days (2008: 257 days). Total net debt has fallen significantly and at 30 June 2009 was £239.5m (2008: £362.3m).

We have embarked upon a major business restructuring programme aimed at significantly cutting fixed overheads and improving productivity and efficiency. I am pleased to report that thus far we are ahead of our plans both in terms of timescale and quantum.

The changes needed as a result of the multitude of legacy issues faced have resulted in a number of exceptional charges as detailed later in this report.

Improved working capital contributed to cash generation from operations of £57.2m (2008: £22.3m). After other operating outflows of interest and tax paid, together with cash flows from investing and financing activities, including the equity fundraising of £89.1m, there was an increase of £39.4m (2008: £29.6m decrease) in cash and cash equivalents, net of the revolving working capital facility.

Within our marketplace we have consolidated our position to focus on quality, with the right economic returns, rather than quantity. This has meant taking some tough decisions on break points for business retention and being prepared to walk away from unprofitable accounts.

Despite the economic situation, the underlying market for our service remains strong and, whilst insurers have historically resisted settling of cases, we are seeing more engagement with insurers in shaping a way forward that eliminates frictional costs. These developments are at an early stage and require commercial balance, but nonetheless represent a directional change in our marketplace. The acceptance of the role some credit hire organisations play can potentially broaden the size of our market as the services provided become established and expected by the driving public.

Dividend

Given the results reported for the year, the Board is not declaring a dividend. It remains the Board's intention to pay dividends in the future, as profit and cash flow generated from operations permit.

* Adjusted measures exclude the impact of those items described as exceptional.

Outlook

Although, as previously reported, we have lost a significant referrer, we have renewed contracts with others and are actively seeking opportunities for growth, albeit at the right level of return.

The lower cost-base is enabling us to trade profitably despite the lower case volumes. So far, the current year has started with trading in line with our expectation and we are continuing to generate operating cash.

Our people

The Group's restructuring has resulted in more than 700 people leaving the Group this year, many through voluntary redundancy and we are sorry to have had to make these difficult decisions. Despite this, our people have continued to serve our business partners well with no disruption to service and have been very supportive during our difficult times. Going forward, we will continue to strengthen our position and complete our restructure to achieve our goal of being a low-cost provider. I would like to express my thanks to all our people for continuing to support the greater success of the Group.

Annual General Meeting

The Group's Annual General Meeting will be held on 27 November 2009.

Richard Rose
Chairman
2 October 2009

Business Review

Group Managing Director's Report

The year ended 30 June 2009 was one in which Helphire acknowledged and responded robustly to some very considerable challenges facing the business. This process began in the first half of the financial year but it was not until the second half of the year, following the appointment of the current Board, that we developed strategies to address all the issues facing the business.

The new Board has performed a completely objective assessment of the business and has implemented a wide-ranging restructuring, impacting all areas of the business from customer relationships at the front end, through fleet policy, IT systems and management of claims, to pursuit and settlement of claims. The Group now has a completely new Board, and a new regime of management built on bringing financial, organisational and operational discipline to the Group. This has resulted in a more tightly managed Group with the acute awareness of all our people of what we need to do to generate value.

The financial consequences of the very tough measures which we have taken are evident in our financial statements. Adjusted* operating profit has fallen to £4.7m (2008: £55.4m) and, after the impact of the exceptional charges related to the actions taken by management, the Group has reported a statutory pre-tax loss of £149.0m (2008: profit of £43.0m).

* Adjusted measures exclude the impact of those items described as exceptional.

I will come on to describe the three-phase plan that we are following to cement the recovery of the business. We are approaching the end of the first restructuring programme linked to our Focus phase, which has aligned the business properly with the marketplace and positioned it to operate profitably and cash-positively, and we are now embarking on the more forward-looking phases.

Marketplace

There has been a significant change in the factors which drive revenue and profit and the Group has had to adjust to deal with that change. Our insurance company partners are finding that competition in the personal lines insurance market is extremely challenging and they have become more reliant on accident management-related income, putting upward pressure on referral commissions. This has undermined the margin in some of our contracts and has resulted in our parting company with some referrers. We have, however, won new significant accounts and secured the renewal of others by playing on our strengths and position in the market.

Motoring activity has remained subdued. Fewer car journeys are being taken and accident frequencies remain low. Repair groups are reporting markedly reduced turnaround times, such that hire durations have dropped significantly from historical levels. These changes have exposed the fixed nature of many of our costs and the need, in future, to tie the economics of referrals to profitability.

Recovery

The new Board is implementing a three-phase plan to 'Focus', 'Drive' and then 'Broaden' the business.

The delivery of the plan will ensure that the Group is able to compete from a low cost-base with an effective operational service delivery that exceeds customer expectation and creates economic value to our Partners and to our Shareholders.

'Focus'

The new Board is focused without sentiment or preconception on the drivers of value in the business. Cash, costs and customers are three areas that we are prioritising and there has been significant progress on each count.

Receivables

In February, we initiated a plan under the heading of Project Century to reduce working capital, including fleet, by £100.0m by June 2010. We are well on course to deliver this, with a reduction of approximately £70.0m through August 2009. The plan is centred around cash recovery on our GTA debt which in turn reduces our debtor days. To the period ended 30 June 2009 debtor days have fallen to 223 days (2008: 257 days) and the open claims case count reduced from approximately 116,000 cases in June 2008 to approximately 109,000 cases at June 2009.

ABI cash generation was up 39.0% at £354.7m (2008: £255.1m) as a result of our determined focus in this area. We have engaged the insurer community to outline our strategy on dealing with claims, making clear to insurers that if we are unable to make a timely recovery, the claim will be passed to solicitors to commence proceedings. As a result, we now have 27,632 cases with a value of £47.1m in the hands of our solicitors and our in-house case count has reduced from 99,277 cases in June 2008 to 81,650 cases in June 2009.

The cases that we have passed to solicitors, and which have been issued into court, tend to be highly successful in making a recovery at a rate significantly higher than the discounted 'in-house' rate. However, one or both parties are burdened with the legal costs which inflate the claim and the time to achieve recovery can be lengthy. We have recently made some changes to improve the rate of issue once a case is passed to the solicitor and, as newer cases attract contractual interest, we hope that insurers will be deterred from running cases to court without proper cause.

Non-core businesses

A strategic decision was taken in 2007 to give the Group direct exposure to the management of personal injury cases via CS2 Lawyers Limited and Fishers Solicitors Limited. In view of the developments in that market, the costs of maintaining this strategy and the highly capital-intensive nature of the business, we are unwinding our arrangements on these positions and, instead, focusing on cash and profit generation with reduced risk, using a specialist solicitor panel. In the same vein, the Group has terminated its start-up operation in Spain and disposed of, by way of sale, the E-Register business in May 2009 for the consideration of £0.3m.

IT

Long-term shareholders will also be aware that the Group has been engaged in an in-house IT project called Expedite which aimed to deliver a proprietary case-handling software system. A thorough review of this system and the alternatives that have become available concluded that development should stop and another more widely supported solution, better suited to the restructured, simplified business and already in use within the Group, should be deployed. This decision has reduced the IT headcount substantially and resulted in a £11.6m impairment charge.

Fleet

Reduced business levels during the period impacted utilisation and resulted in an excess of rental vehicles of approximately 8,750 units. The excess units were addressed through 4,000 units being marked for disposal and 4,750 units placed on long-term corporate rental of between six and 12 months. Of the disposal units, only 50 remain to be disposed as at 30 September 2009. Utilisation has since been improved from a low of 64.0% in March and April 2009 to a three-month average of 81.8% to August 2009 (2008: 72.9%).

The fleet size is now approximately 16,500 units (2008: 19,000). The split of owned vehicles to contract hire is 85:15 (2008: 83:17). The Group has recently taken on a new Fleet Director who is currently reviewing a number of strategic options with a view to maximising value and customer satisfaction. Falling residual values contributed to the reduced profitability for the period under review but we are pleased to report that values have recovered quite strongly in recent months.

Administration

The organisational structure of the Group has been revamped. We have streamlined management and right-sized the Group's workforce based on internal and external best practice benchmarks and as a consequence, our Bristol operation has been consolidated into our Bath site. Far tighter control of expenditure and investment across the Group has increased productivity and led to overhead cost savings in excess of our target of £15.0m on an annualised basis, with the majority of the benefits falling into the new financial year.

‘Drive’

We plan to achieve controlled, profitable growth from a solid platform, with a flexible, low cost-base. We aim to extract greater value from each case we transact, by forming better strategic partnerships with other organisations in the supply chain that can deliver additional value to the Group. We are also seeking to work more closely with some insurers who have expressed a desire to use the Group’s services, particularly credit hire, on alternative terms. This provides clear benefits to the Group in terms of shorter cash flow cycles and cost benefits to the insurer. The Group is piloting this initiative now and sees this as an alignment of interests with at-fault insurers that are attempting to manage their own expense and loss ratios.

‘Broaden’

Whilst our efforts are focused on the present, we are at a very early stage of exploring new concepts that are related to our core activities which may provide avenues of growth for the future. Given the early nature of the activities, there is little in the way of update at this time. The Board intends to seek opportunities to develop growth prospects where these make good sense and are related to our market activities.

CSR key performance indicators

The following KPIs have been developed to support the five main areas of the CSR strategy outlined in previous years. Where certain KPIs have been monitored internally for some time, data is readily available; others are in progress and procedures are being implemented to measure our performance in these areas.

	2009	2008
Our business partners and customers		
Customer Satisfaction Index Score	**95%**	97%
Average length of business partner relationships (years)*	**6**	5
Our people		
Percentage of people engaging in Employee Survey	**48%**	59%
Percentage of survey respondents who believe Helphire contributes to the local community to an appropriate level	**52%**	44.3%
Percentage of survey respondents who believe that people are treated fairly and equally regardless of their age, race, gender etc.	***n/a**	82.3%
Incident rate for all reportable accidents (per ’000 employees**)	**0.68**	2.25
The environment		
Group Office energy usage (tonnes CO2 per head**)	**0.83**	0.83
Fleet carbon footprint		
– Customer fleet (tonnes CO2 per car hire day)	**0.014**	0.015
Office paper		
– Quantity purchased (reams per head**)	**18**	15.30
– Sourced from sustainable sources (%)	**100**	New
Recycling		
– % of total waste recycled ****	**41**	New
Our suppliers		
Strategic suppliers audited against Group standards (%)	**In progress**	New
Our communities		
Total community and charitable investment (£’000)	**24**	14

* Based on Helphire's ten leading business partners, in terms of case volumes.
** Headcount based on average number of employees for the year (2,922).
*** Due to a change in Survey for 2008/9 this question was not asked.
**** Sites for which data is unavailable are not included.

Corporate social responsibility

The Board and the senior management team fully recognise the requirement of the Group to balance the diverse interests of its stakeholder groups, including its employees, business partners, customers, shareholders, the wider community and the environment in which it operates.

Business partners and customers

During the last year, over 3,000 customers provided us with valuable feedback about our call-handling and replacement vehicle services. The Group is pleased to maintain a customer satisfaction rate of 95%, as reported by customers who said that they were satisfied or very satisfied with their experience of our services.

We have restructured our relationship management teams to ensure that we have a consistent approach across the Group and that our services meet the needs of our partners and their customers. Our relationships are supported with service level agreements and management information that transparently tracks our performance against these criteria.

Helphire and the environment

We recognise that our business has an unavoidable impact on the environment and that we need to minimise these effects wherever and whenever practicable. Over the last 12 months we have been constantly evolving the size and composition of our fleet to match the requirements of the business, so have been unable to gain an accurate measure of our fleet based emissions, but we remain committed to minimising these.

Helphire in the community

The Group believes it can and should make a positive contribution to the local communities in which it operates, and has over the last financial year focused on maintaining its support for local communities whilst minimising the associated financial impact on the Group.

In 2008/09, business units across the Group continued to support a number of charitable causes, raising in excess of £24,000 from monthly, 'dress-down' Friday charity collections and one-off initiatives led by our people.

Managing our supply chain responsibly

Helphire manages a diverse range of suppliers and contractors, operating a selection policy that always considers quality, delivery and warranty elements of proposals, as well as cost. We maintain, and regularly review, service level agreements with our strategic suppliers, ensuring the highest possible service standards for our internal and external customers. Our supplier policy is currently under review, with a process being implemented to audit our strategic suppliers against wider ethical and environmental considerations.

We have policies and processes in place to ensure that our people reject any attempt at improper business practice and avoid using their position for personal gain.

Outlook

We believe the restructuring programme will enable the business to operate more profitably and, with close attention to management of working capital, generate cash. Our actions will continue to drive down costs and working capital requirements, although we will need to allow for new business gains.

Our approach to insurers remains one of open-mindedness to find better ways to reduce unnecessary costs whilst securing our interests. The initiatives in place to engage with insurers will help to achieve this. We are, however, in control of our own plans and will execute a strategy that brings value to our shareholders in a timely manner.

The legal standing of the Group's activities was further strengthened through a Court of Appeal decision in the case of *Copley v Lawn*, (June 2009), where the intervention of insurers proved ineffective in extinguishing our claim to recover hire charges. This has further shaped the attitude of some insurers to seek a more productive dialogue.

We are satisfied with progress thus far in the current financial year. Business activity is in line with our expectation. Vehicle residual values are continuing to rise and we continue to make good progress with our restructuring and cash collection.

We will be actively seeking to grow the business from its new, more productive base as opportunities arise, albeit with a focus on quality and profitability.

Martin Ward
Group Managing Director
2 October 2009

Chief Financial Officer's Review

Performance

As already highlighted, the financial results for the year to 30 June 2009 reflect the significant changes that the Group has experienced during the year.

Due to the level of exceptional financial items that have occurred during the period, these have been disclosed separately on the face of the Income Statement in order to provide clarity as to their nature and relative impact on the results for the financial year ended 30 June 2009. For the same reason, I comment separately on these exceptional items in the review of financial performance. The income statement captions excluding these exceptional items more properly reflect the comparable operational performance of the business experienced in the prevailing market and economic environment and, for ease of reference, these are referred to as 'adjusted'.

Adjusted revenue has declined by 9.0% or £36.4m to £368.5m (2008: £404.9m), principally reflecting the 2.5% reduction in hire cases, together with the decline in hire length experienced across the credit hire industry, plus the impact upon associated revenues in credit repair and personal injury referrals.

Adjusted gross profit of £98.4m (2008: £141.2m) has declined by £42.8m, reflecting the lower revenue, together with the effect of increased commissions due to referrers of business to the Group, together with the additional holding cost of fleet, principally increased depreciation which reflects the decline in residual values. Vehicle holding costs within gross margin include the interest cost of fleet related financing.

Adjusted gross margin has declined from 34.9% to 26.7%, reflecting both the reduction in revenue and the higher direct costs.

Adjusted administrative expenses increased by £7.2m to £99.3m (2008: £92.1m) reflecting the full year effect of previous year increases in overheads, prior to the reduction programme implemented mid-year, the full effect of which will only be realised in the current financial year. The reduction in overhead, measured in the month of June 2009 versus the October to December 2008 quarter, represents an annualised saving of approximately £16.0m.

Adjusted operating profit declined to £4.7m from £55.4m with adjusted operating margin falling to 1.3% from 13.7%.

Adjusted finance costs increased to £9.8m from £8.7m, reflecting the higher average debt across the period, together with an increase in borrowing margin under the new finance facilities implemented during the period.

Adjusted loss before tax of £5.2m was an overall reduction of £51.9m from the previous year's adjusted profit before tax of £46.7m.

The adjusted tax charge of £nil (2008: £12.7m) reflects an effective credit rate of 0% versus the prior year adjusted effective charge rate of 27.2%.

Adjusted diluted EPS is a 2.6p loss (2008: 24.2p profit).

No final dividend is payable (2008: 5.8p) following the earlier decision not to pay an interim dividend (2008: 6.5p).

Exceptional items

The new Board, which was only appointed in full following the publication of the Interim results in February 2009, has conducted a further review of the Group's financial position, which has resulted in additional exceptional items to those reported at the half year to give full year exceptional items as follows:

	2009 £'000	2008 £'000
Exceptional items comprise the following:		
Revised estimate of settlement of receivables	**62,363**	–
Fleet charges	**8,352**	–
Goodwill impairment charge	**27,189**	–
Intangible asset impairment charge	**11,611**	–
Restructuring costs	**11,773**	–
Share-based payment (credit)/charge	**(622)**	2,253
Amortisation of intangible assets	**687**	1,463
Loss on deconsolidation	**19,005**	–
Impact on operating (loss)/profit	**140,358**	3,716

Change in fair value of derivative financial instruments	**2,165**	(67)
Write off of bank arrangement fees	**1,311**	–
Impact on loss before taxation	**143,834**	3,649
Tax effect of exceptional items	**(13,658)**	(79)
	130,176	3,570

Costs or gains are treated as exceptional costs or gains when they are associated with normal activities but are of a non-recurring nature and/or exceptional magnitude, such that if they were not shown separately, the accounts would not present a true and fair view.

Revised estimate of settlement of receivables

At the beginning of the 2009 calendar year, the previous Board reviewed the estimated settlement value of ABI receivables and made an exceptional charge of £34.5m relating to settlement rates on an historical and expected net recovery basis.

The new Board has undertaken a comprehensive analysis of open claims, assessing their status against various criteria, including their age, in the context of recent recovery performance on newer claims. Whilst the more recent claims recovery experience on the majority of our GTA receivables is slightly better than current provisions, certain categories of legacy claims, in many cases comprising claims going back a number of years, are demonstrating a lower estimated settlement value or may be, in the Board's judgement, uneconomic to pursue. Consequently, the Board has adjusted its estimated settlement provision for these categories in particular, with a resultant exceptional impairment charge of £27.9m.

The total charge in the period for the impact of the revised approach to, and assessment of, the level of adjustments arising on the settlement of claims is £62.4m and reduces trade receivables accordingly. Consistent with accounting policy, these adjustments have been recorded against revenue on the basis that the adjustment represents a change in estimate.

Fleet charges

During the financial year, the Group experienced a significant reduction in the hire days generated by referrers, including the impact of a reduced length of hire, which resulted in an excess of approximately 8,750 rental vehicles relative to the Group's future requirements. The Group addressed this over-capacity by placing approximately 4,750 units on long-term corporate rental for contracted periods of between six and 12 months and marked another 4,000 units for disposal, of which less than 50 currently remain unsold in the Group at 30 September 2009. The net loss on sale, together with the provision for reduced estimated net proceeds on the remaining vehicles at 30 June 2009, has resulted in an exceptional charge of £7.7m. The benefit of these actions has been to improve revenue generating utilisation from a low of 64.0% in March and April to an average 81.8% in the three months through August 2009 (2008: 72.9%).

Loss on deconsolidation

The Group had previously consolidated the financial results of CS2 Lawyers Limited and Fishers Solicitors Limited as part of its Legal Services business under the requirements of IAS27, due to their contractual arrangements with the Group. In conjunction with the strategic review referred to in the

Group Managing Director's report, we reviewed these arrangements, together with further advice received following the Solicitors Regulatory Authority's recent clarification of their interpretation of acceptable arrangements between solicitors' practices and corporate bodies. As a result of these reviews, the Board has decided to deconsolidate these entities with effect from 30 June 2009 and to record an exceptional charge to reflect the impairment of certain related assets in the Group. The effect of deconsolidation is an exceptional profit of £0.6m together with an exceptional impairment of £19.6m, a total exceptional charge of £19.0m.

Goodwill impairment charge

We are required by IAS 36 ('Impairment of Assets') to review the carrying value of the goodwill arising on consolidation as a result of business combinations for any impairment, at least annually or when there are indications that the goodwill might be impaired. As a result of our review and the current and anticipated performance of the businesses the Group has acquired in the past, we have impaired the value of the goodwill relating to these businesses by £27.2m.

Intangible asset impairment charge

The previous Board had adopted a strategy of developing a single IT system platform (Expedite) for the operation of the Group's credit hire businesses. Following a detailed financial, system capability and requirements review of the Group's IT platforms for its credit hire operations, the new Board has concluded that there is an alternative proprietary platform solution already operating within the Group, which provides significant cost and functionality benefits over the previously preferred Expedite platform. Accordingly, further development and deployment of the Expedite platform has been discontinued and the previously capitalised development costs have been written off, incurring an exceptional charge of £11.6m.

Restructuring costs

During the period, the Group has implemented a significant restructuring programme reducing headcount, consolidating operations and announcing the closure of its Spanish operations. Redundancy and closure costs incurred are £4.9m together with a vacant property impairment charge reflecting the net present value of future lease related obligations of £6.9m, giving a total exceptional charge of £11.8m.

Finance costs

The Group agreed new Facility Agreements with its banking group in April 2009 and so has written off the unamortised fees relating to its previous facilities, an exceptional charge arising of £1.3m.

As part of the refinancing and in order to take advantage of more favourable interest rates, the Group entered new interest rate swaps to hedge a proportion of its future interest liability. Consequently, it terminated its previous swaps and, due to the lower market interest rates, incurred a settlement charge of £2.2m.

As was the case in previous years, the adjusted results exclude the share-based payment credit of £0.6m (2008: £2.3m charge) and the amortisation of intangible assets charge of £0.7m (2008: £1.5m). Including these, the total pre-tax exceptional charges are £143.8m which together with a tax credit of £13.7m results in a post-tax exceptional loss of £130.1m.

Statutory pre-tax losses are £149.0m (2008: £43.0m profit) and statutory post-tax losses are £135.3m (2008: £30.4m profit). Statutory diluted EPS is 68.3p loss (2008: 21.6p profit).

Balance sheet

The Group has focused on reducing its working capital (including fleet) to de-leverage the balance sheet and improve liquidity. During the year, fleet assets have reduced by £57.5m and net trade receivables have reduced by £91.4m (including the effect of the additional estimated settlement provision for ABI receivables of £62.4m).

At 30 June 2009, debtor days were 223 days (2008: 257 days) reflecting the improved performance in ABI trade receivable collection and cash generation.

Net assets at 30 June 2009 were £85.5m, a reduction of £55.2m across the period, due principally to the net loss of £135.3m and the dividend paid of £7.9m offset by the equity fundraising of £89.1m.

Cash flow

As a result of the focus on reducing working capital, cash generated from operations was £57.2m (2008: £22.3m). After other operating outflows of interest and tax paid, together with cash flows from investing and financing activities, which included the equity fundraising of £89.1m, there was an increase of £39.4m (2008: £29.6m decrease) in cash and cash equivalents net of the revolving working capital facility.

Financing

Total net debt at 30 June 2009 was £239.5m (2008: £362.3m) comprising fleet related funding of £142.1m (2008: £187.6m) and other corporate borrowings of £97.4m (2008: £174.7m). In April 2009, the Group renewed its principal bank-related borrowing facilities through until April 2012, certain conditions of which were amended in September 2009, such that at 30 September 2009 the Group's bank-related facilities comprised revolving working capital, fleet, term and mortgage related facilities of £168.0m (2008: £192.7m).

Ian Wardle
Chief Financial Officer
2 October 2009

Principal risks and uncertainties

In seeking to grow and develop the business, the Group faces a range of risks and uncertainties. The processes that the Board has established to safeguard both shareholder value and the assets of the Group are described in the Corporate Governance report. Set out below are those specific risks and uncertainties that the Directors believe could have the most significant adverse impact on the Group's business. The risks and uncertainties described below are not intended to be an exhaustive list.

Adverse economic conditions

The recession in the United Kingdom continues to affect the Group's performance. Continued or further changes to driving patterns, speed and car usage and ownership may result in fewer accidents (reducing the number of potential accident management opportunities) and reduce business volumes.

Adverse effects on the Group's business might affect its relationship and/or terms of business, with and ultimately even the loss of, some key business partners. The adverse effects of the recession might affect its key trading partners and referrers and/or generally have an adverse impact on the insurance industry or other industries in which the Group's key trading partners and referrers operate. This might lead to the imposition on the Group of more onerous business terms or the inability of the Group's debtors to pay sums due. The state of the economy might have an adverse effect on the Group's lending banks or lead to a further deterioration of the banking industry which may affect the Group's relationship with debt providers or its ability to obtain or maintain finance (including on the expiry of current arrangements) on suitable terms.

Competition

Barriers to entry into the general credit hire and credit repair markets are relatively low. There is also the potential for referrers of business to the Group and/or providers of services to motorists or other consumer groups, either alone or in collaboration with others, to adopt alternative business models for the provision of replacement vehicles or the repair of damaged vehicles. If the Group is unable to respond adequately to the competitive challenges faced, it may lose market share and/or there may be pressure on the Group's prices.

Customer and referrer relationships

Whilst not dependent on any one particular referrer, a number of individual referrers generate a significant proportion of the Group's business. Some referrals come from insurance companies who may choose tactically to withhold business from the Company or the credit hire industry altogether. The cost of acquiring business may continue to rise.

Insurance industry protocols

The Group is a subscriber to voluntary protocols developed by accident management companies and the ABI known as the GTA. There is no guarantee that insurers and accident management companies will continue to subscribe to the GTA and they may seek alternative arrangements.

Regulation

Certain of the Group's activities and arrangements are subject to regulation. Whilst the Group seeks to conduct its business in compliance with all applicable regulations, there remains a risk that regulators will find that the Group has not complied fully with such regulations.

Legal

There are a number of existing and historic cases relating to the provision of credit hire and related services which have affected and may in the future affect the credit hire market. The Group believes that its credit hire and repair arrangements are enforceable. Nevertheless, there remains a risk that insurance companies may bring further challenges to the legality of credit hire and repair arrangements or the rates payable.

Recovery of receivables

The Group's accident management business involves the provision of services on credit. The sum receivable by the Group relates to the outcome of a customer's claim; there is a risk that the sum is not fully recoverable from the party at fault and/or there may be significant delays in the receipt of payment. The amount of the receivable is estimated by reference to the assessment of liability for the accident and the customer's need for a vehicle. The Group manages this risk by ensuring that services are only provided to customers after a full risk assessment process.

Fleet costs and residual values

The cost to the business of holding vehicles is dependent on a number of factors including purchase price of vehicles, the level of discounts available from dealers and manufacturers, financing costs and the residual value at the date of disposal. There is a risk that changes in any of these factors could mean that the Group's fleet costs are increased. The Group's fleet management system enables the business to manage the fleet effectively and to maximise the utilisation of its vehicles in order to minimise the cost to the business of holding vehicles. Risk is further mitigated by managing vehicle holding periods.

Operational systems and risks

Operational risks are present in all of the Group's businesses, including the risk of direct and/or indirect loss resulting from inadequate or failed internal and external processes, systems, from fraud or human error or from external events. The Group's business is dependent on processing a large number of claims and vehicle hires. There could be a failure, weakness in, or security breach of, the Group's systems, processes or business continuity arrangements. However, the Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled.

Financial

The principal financial risks and uncertainties include capital risk, interest rate risk and credit risk.

Consolidated Income Statement
For the year ended 30 June 2009

Continuing operations	Note	Year ended 30 June 2009 Adjusted* £'000	Year ended 30 June 2009 Exceptional items* £'000	Year ended 30 June 2009 £'000	Year ended 30 June 2008 Adjusted* £'000	Year ended 30 June 2008 Exceptional items* £'000	Year ended 30 June 2008 £'000
Revenue		**368,496**	**-**	**368,496**	404,935	-	404,935
Revised estimate of settlement of receivables	**6**	**-**	**(62,363)**	**(62,363)**	-	-	-
Total Revenue		**368,496**	**(62,363)**	**306,133**	404,935	-	404,935
Cost of sales		**(270,095)**	**-**	**(270,095)**	(263,704)	-	(263,704)
Fleet charges	**6**	**-**	**(8,352)**	**(8,352)**	-	-	-
Total cost of sales		**(270,095)**	**(8,352)**	**(278,447)**	(263,704)	-	(263,704)
Gross profit / (loss)		**98,401**	**(70,715)**	**27,686**	141,231	-	141,231
Administrative expenses:							
Goodwill impairment charge	**6**	**-**	**(27,189)**	**(27,189)**	-	-	-
Intangible impairment charges	**6**	**-**	**(11,611)**	**(11,611)**	-	-	-
Restructuring costs	**6**	**-**	**(11,773)**	**(11,773)**	-	-	-
Share-based payment credit / (charge)	**6**	**-**	**622**	**622**	-	(2,253)	(2,253)
Amortisation of intangible assets	**6**	**-**	**(687)**	**(687)**	-	(1,463)	(1,463)
Loss on deconsolidation	**6**	**-**	**(19,005)**	**(19,005)**	-	-	-
Other		**(99,320)**	**-**	**(99,320)**	(92,089)	-	(92,089)
Total administrative expenses		**(99,320)**	**(69,643)**	**(168,963)**	-	-	-
Other operating income		**5,582**	**-**	**5,582**	6,242	-	6,242
Operating (loss)/profit		**4,663**	**(140,358)**	**(135,695)**	55,384	(3,716)	51,668
Finance costs	**6**	**(9,833)**	**(1,311)**	**(11,144)**	(8,700)	-	(8,700)
Change in fair value of derivative financial instrument	**6**	**-**	**(2,165)**	**(2,165)**	-	67	67
(Loss)/profit before taxation		**(5,170)**	**(143,834)**	**(149,004)**	46,684	(3,649)	43,035
Tax credit / (charge)		**(3)**	**13,658**	**13,655**	(12,699)	79	(12,620)
(Loss)/profit for the year attributable to equity holders of the parent		**(5,173)**	**(130,176)**	**(135,349)**	33,985	(3,570)	30,415
(Loss)/earnings per share							
Basic	**1**	**(2.61)**	**(65.70)**	**(68.31)**	24.52	(2.58)	21.95
Diluted	**1**	**(2.61)**	**(65.70)**	**(68.31)**	24.17	(2.58)	21.63

* Adjusted profit excludes the impact of those items described as exceptional, namely the revised estimate of settlement of receivables, fleet charges, goodwill impairment charges, intangible assets impairment charges, restructuring costs, loss on deconsolidation and bank arrangement fees written off, and also excludes share-based payment credit/(charge), amortisation of intangible assets and change in fair value of derivative financial instruments. See note 6 for further details.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2009

	Share capital	Share premium account	Merger res-erve*	ESOP reserve	Equity reserve	Hedging reserve	Retained earnings	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Balance at 1 July 2007	6,910	68,664	-	-	6,206	-	50,260	**132,040**
Profit for the year	-	-	-	-	-	-	30,415	**30,415**
Issue of new ordinary shares	35	1,381	-	-	-	-	-	**1,416**
Credit to equity for equity settled share-based payments	-	-	-	-	2,253	-	-	**2,253**
Helphire Group plc shares acquired by ESOP	-	-	-	(7,499)	-	-	-	**(7,499)**
Deferred tax- share-based incentive plan	-	-	-	-	(1,180)	-	-	**(1,180)**
Current tax – share-based incentive plan	-	-	-	-	134	-	-	**134**
Dividend paid	-	-	-	-	-	-	(16,852)	**(16,852)**
Balance at 30 June 2008	**6,945**	**70,045**	**-**	**7,499**	**7,413**	**-**	**63,823**	**140,727**
Loss for the year	-	-	-	-	-	-	(135,349)	**(135.349)**
Issue of new ordinary shares	9,620	37,078	42,424	-	-	-	-	**89,122**
Transfer in retained earnings	-	(20)	(42,424)	-	-	-	42,444	**-**
Credit to equity for equity settled share-based payments	-	-	-	-	(622)	-	-	**(622)**
Fair value of hedging instruments	-	-	-	-	-	(292)	-	**(292)**
Deferred tax- share-based incentive plans	-	-	-	-	(126)	-	-	**(126)**
Dividend paid	-	-	-	-	-	-	(7,918)	**(7,918)**
Balance at 30 June 2009	**16,565**	**107,103**	**-**	**(7,499)**	**6,665**	**(292)**	**(37,000)**	**85,542**

* Under the arrangement for the placing and open offer in April 2009, the Group issued shares in exchange for shares in Helphire Jersey Limited. No share premium was recorded in the Group's financial statements through the operation of merger relief provisions of the Companies Act 2006. The subsequent redemption of these shares gave rise to distributable profits of £42.4m which have been transferred from the merger reserve to retained earnings.

Consolidated Balance Sheet
as at 30 June 2009

	Note	2009 £'000	2008 £'000
Non-current assets			
Goodwill		**44,626**	74,445
Intangible assets		**617**	10,474
Property, plant and equipment (including vehicles)		**143,491**	214,514
Investments		**300**	300
Deferred tax asset		**1,759**	1,198
		190,793	300,931
Current assets			
Trade and other receivables		**202,833**	297,473
Assets held for sale		**8,216**	-
Current tax receivable		**3,808**	-
Other financial assets		**-**	67
Cash and cash equivalents		**11,470**	7,920
		226,327	305,460
Total assets		**417,120**	606,391
Current liabilities			
Trade and other payables		**(71,175)**	(75,703)
Current tax liability		**-**	(8,640)
Obligations under finance leases		**(71,943)**	(156,215)
Short-term borrowings and overdrafts		**(7,509)**	(110,619)
Provisions		**(1,416)**	-
		(152,043)	(351,177)
Net current assets / (liabilities)		**74,284**	(45,717)
Non-current liabilities			
Long-term borrowings and overdrafts		**(114,764)**	(60,845)
Obligations under finance leases		**(56,709)**	(42,582)
Other financial liabilities		**(292)**	-
Deferred tax liability		**(2,020)**	(11,060)
Long-term provisions		**(5,750)**	-
		(179,535)	(114,487)
Total liabilities		**(331,578)**	(465,664)
Net assets		**85,542**	140,727
Equity			
Share capital		**16,565**	6,945
Share premium account		**107,103**	70,045
ESOP reserve		**(7,499)**	(7,499)
Equity reserve		**6,665**	7,413
Hedging reserve		**(292)**	-
Retained earnings		**(37,000)**	63,823
Total equity		**85,542**	140,727

Consolidated Cash Flow Statement
For the year ended 30 June 2009

			2009		2008*
	Note	**£'000**	£'000	£'000	£'000
Cash flows from operating activities					
Operating (loss) / profit		**(135,695)**		51,668	
Depreciation, amortisation and impairment charges		**93,085**		44,098	
Gains on sale of tangible fixed assets		**(838)**		(373)	
Share-based payment (credits)/charges		**(622)**		2,253	
Decrease/(increase) in receivables **		**62,959**		(94,633)	
Increase in payables		**12,116**		19,259	
Increase in provisions		**7,166**		-	
Loss on deconsolidation		**19,005**		-	
Cash generated from/(used in) operations			**57,176**		22,272
Bank and loan interest paid		**(8,189)**		(7,817)	
Interest element of finance lease rentals		**(1,108)**		(883)	
Payment to exit interest rate swap		**(2,098)**		-	
			(11,395)		(8,700)
Taxation (paid) / received			**(6,748)**		(3,044)
Net cash flow from operating activities			**39,033**		10,528
Cash flows from investing activities					
Purchase of property, plant and equipment		**(2,842)**		(22,970)	
Purchase of other intangible assets		**(2,710)**		(2,320)	
Proceeds from sale of plant and equipment		**54,928**		93,392	
Acquisitions		**-**		(14,922)	
Cash and cash equivalents acquired		**-**		1,850	
Cash balances deconsolidated		**(751)**		-	
Net cash flow from investing activities			**48,625**		55,030
Cash flows from financing activities					
Net proceeds from issue of ordinary share capital		**89,120**		1,417	
Net proceeds from issue of new loans *		**5,282**		93,882	
Own shared purchased		**-**		(7,499)	
Repayment of borrowings		**(56,320)**		(7,347)	
Finance lease principal repayments		**(114,272)**		(126,134)	
Dividends paid to shareholders		**(7,918)**		(16,852)	
Net cash out flow from financing activities			**(84,108)**		(62,533)
Net increase in cash and cash equivalents			**3,550**		3,025
Cash and cash equivalents at beginning of period *			**7,920**		4,895
Cash and cash equivalents at end of period			**11,470**		7,920
Cash and cash equivalents consists of: *					
Cash at bank and in hand			**11,470**		7,620
Cash held in restricted deposit			**-**		300
			11,470		7,920

* Amounts drawn down under a revolving credit facility have been reclassified out of cash equivalents and into bank loans in the current year. The prior year comparatives have been amended by £22.1m.
** Included in the movement of receivables of £62,959,000 (2008: £94,633,000) is the impact of the exceptional revised estimate of settlement of receivables of £62,363,000 (2008: £nil)

Notes to the Financial Information

1 (Loss) / earnings per share

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

	2009 **£'000**	2008 £'000
(Loss) / earnings		
(Loss) / earnings for the purposes of basic and diluted earnings per share being net (loss)/profit attributable to equity holders	**(135,349)**	30,415
Number of shares	**Number**	Number
Weighted average number of ordinary shares for the purposes of basic (loss) / earnings per share	**198,146,167**	138,593,997
Effect of dilutive potential ordinary shares – share options	**1,459,551**	1,930,048
Effect of dilutive potential ordinary shares – other share plans	**-**	73,703
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**199,605,718**	140,597,748

The dilutive potential ordinary shares relating to other share plans have been reduced by the number of shares held by the ESOP which are intended to be used to satisfy awards under these plans.

Adjusted (loss) / earnings per share

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

	2009 **£'000**	2008 £'000
Exceptional items (Note 6)	**143,834**	3,649
Tax credits attributable to the above expenses	**(13,658)**	(79)
	130,176	3,570

2 Segmental information

The financial statements are in respect of the Group's sole business segment of accident management services, conducted in the United Kingdom.

3 Status of audit

The financial information set out above does not constitute the company's statutory accounts for the years ended 30 June 2009 or 2008, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

4 Basis of preparation

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in October 2009.

5 Going concern

The Group's business activities, analysis of its financial performance and position, and factors likely to affect its future development, are set out in the reports of the Group Managing Director and Chief Financial Officer. The financial resources available to the Group are discussed in detail in the Chief Financial Officer's review. The forward risks faced by the Group are also discussed in the section on principal risks and uncertainties above.

The Group agreed minor amendments to its bank facilities on 25 September 2009, which included a phased reduction of the total facility limits, from £168.0m at 30 September 2009 to £115.6m in March 2012, following which the facilities are due for repayment in full on 30 April 2012. The Directors have assessed the future funding requirements of the Group and the Company, and have compared them to the level of available borrowing facilities. The assessment included a review of current financial projections for the 18 months from the balance sheet date, and a review of the forecast performance against the financial covenants contained in the Group's banking arrangements as well as a number of scenarios and the mitigating actions the Group could take to limit any adverse consequences.

Having undertaken this work, the Directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

6 Exceptional items

The Group's accounting policy is that costs or gains are treated as exceptional costs or gains when they are associated with normal activities but are of a non-recurring nature and/or exceptional magnitude such that if they were not shown separately the accounts would not present a true and fair view.
Exceptional Items comprise the following:

	2009 **£'000**	2008 £'000
Revised estimate of settlement of receivables	**62,363**	-
Fleet charges	**8,352**	-
Goodwill impairment charge	**27,189**	-
Intangible asset impairment charge	**11,611**	-
Restructuring costs	**11,773**	-
Share based payment (credit)/charge	**(622)**	2,253
Amortisation of intangible assets	**687**	1,463
Loss on deconsolidation	**19,005**	-
Impact on operating (loss) / profit	**140,358**	3,716
Change in fair value of derivative	**2,165**	(67)
Write-off of bank arrangement fees	**1,311**	-
Impact on (loss)/profit before taxation	**143,834**	3,649
Tax effect of exceptional items	**(13,658)**	(79)
	130,176	3,570

Revised estimate of settlement of receivables

An initial estimation of the excepted adjustment on settlement of claims due is made at the time when revenue is recognised. Where necessary, this is revised at each balance sheet date to reflect the most recent estimation of the amounts ultimately recoverable. As explained further in the Chief Financial Officer's review, the Group's circumstances this year were such that a significant, further amendment was required to reassess the scale of adjustment required in the light of the Board's revised approach to collection generally and for specific claims which have been outstanding for a considerable period. The revision in the estimate of settlement of receivables comprises £34.5m charged in the first half of the financial year and £27.9m charged in the second half. The tax effect of this is a credit of £13.4m

Fleet charges

The exceptional fleet charge of £8.3m (2008: £nil) comprises a £7.7m (2008: £nil) fleet impairment charge and £0.6m (2008: £nil) onerous fleet contract cost. The impairment charge has been reduced for the profit of £2.2m generated at the point of actual disposal of previously impaired assets in excess of the original impaired amount.

As a result of the marked downturn in the UK economy during the period, forecast hire volumes have reduced significantly from the levels on which the Group's fleet size was based, resulting in higher levels of surplus vehicles within the fleet. The value of the approximately 4,000 surplus vehicles is expected to be realised through disposal rather than future use, causing a significant reduction in their recoverable amounts and giving rise to the fleet impairment charges for the year ended 30 June 2009. The tax effect of this item is £nil.

Goodwill impairment charge

The goodwill impairment charge of £27.2m (2008: £nil) arose from an impairment review of all the Group's Cash Generating Units (CGU's), which was conducted in response to reduced expected industry growth rates due to the downturn in the UK economy. The tax effect of this is £nil.

Intangible assets impairment charge

The intangible asset impairment charge relates to the discontinuation of the development of a new IT platform. The tax effect is a credit of £0.3m.

Restructuring costs

During the last 12 months, the economic environment and the recession have had a profound impact on business levels. As discussed in the Business Review, the Board has instigated a cost reduction and restructuring programme. The restructuring expense includes £4.4m of redundancy severance costs, £6.5m onerous lease provision and related asset impairment and £0.5m restructuring costs in respect of the closure of operations in Spain and £0.4m of leasehold improvement impairments. The tax effect of this is £nil.

Share-based payment credit / (charge) and amortisation of intangible assets

As in previous periods, the share-based payment credit/(charge) and amortisation of intangible assets, together with the related tax impact, have been excluded in arriving at adjusted (loss)/profit for the period. The tax effect of these items is £nil (2008: £nil).

Loss on deconsolidation

As explained in the Chief Financial Officer's review the Group has deconsolidated CS2 Lawyers Limited and Fishers Solicitors Limited, whose results were previously included in the Group's financial statements, with effect from 30 June 2009. This decision has been made on the basis of further review of the substance of these companies' contractual arrangements with the Group and reflects advice received by the Directors on the acceptability of arrangements between solicitors' practices and corporate bodies. The losses arising on the deconsolidation of these entities which include the impact of fair value adjustments for related amounts following the strategic decision to revise our approach to Legal Services total £19.0m. The tax effect of this is £nil.

Change in fair value of derivative financial instruments

Following the refinancing in March 2009, the Group decided to break the interest rate swap entered into during the previous financial year and replace this with a swap to hedge a substantial portion of the amount due under the new facilities. The cash payment to exit the swaps was £2.0m, being the fair value at the date of exit. The tax effect of this is £nil.

Bank arrangement fees

Bank arrangement fees of £1.3m were written off during the year as a result of the reorganisation of the Group's financing arrangements. This represents the unamortised balance of the arrangement fees relating to the previous bank financing. The tax effect of this exceptional item is £nil.

Directors' responsibility statement

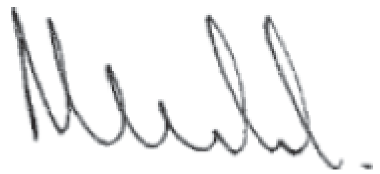
The responsibility statement below has been prepared in connection with the Company's full annual report for the year ended 30 June 2009. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

1. the financial statements prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

2. the management report, which is incorporated in the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board



Martin Ward
Group Managing Director
2 October 2009

Ian Wardle
Chief Financial Officer
2 October 2009

The Group's full financial statements for the year ended 30 June 2009 will be posted to shareholders and delivered to the Registrar of Companies in due course. A copy will be available from the Group's website: http://www.helphire.co.uk.