Interim Report

For the 6 Months Ended
31 December 2015

Introduction

Financial and Operational headlines

Financial headlines

- Turnover £165.2m (2014: £122.0m) - Increase of 35%
- Adjusted* EBIT of £17.1m (2014: £11.2m) - Increase of 53%
- Adjusted* profit before tax of £17.3m (2014: £11.5m) - Increase of 51%
- Net operating cash flow to EBITDA 91% (2014: 114%)
- Debtor days 95 days (2014: 108 days)
- Total cash balances £31.6m (2014: £22.2m adjusted for £41.0m cash spent on acquisition)
- Net debt of £9.1m (2014: £2.9m adjusted for £41.0m cash spent on acquisition)
- Adjusted* basic EPS 4.89 pence (2014: 4.30 pence) - Increase of 13.7%
- Statutory basic EPS 4.49 pence (2014: 4.14 pence) - Increase of 8.45%
- Interim dividend 4.50 pence (2014: 4.00 pence) - Increase of 12.5%

Operational headlines

- 8.8% like for like growth in number of credit hire cases
- Total number of hire days increased by 16.4%
- 101.7% increase in number of all repair cases (including FMG)
- Revenue generating fleet utilisation increased to 82.5% (2014: 81.0%)
- Increase in number of contracts and range of services
- FMG acquisition performing to expectations and integration underway

* Adjusted measures exclude the impact of the items described as exceptional and the amortisation of intangibles in Note 5 of the Interim Report and Accounts.

Chairman's Statement

I am pleased to be able to report to shareholders that the Group achieved an adjusted profit before taxation for the six months to 31 December 2015 of £17.3 million compared to £11.5 million in the corresponding period last year; an increase of 51%.

Results

Revenues were £165.2m (2014: £122.0m), an increase of £43.2m (35.4%). Sales growth in our accident management businesses was 28.5% reflecting a 8.8% Like For Like ("LFL") growth in the number of credit hires and a 101.7% increase in the total number of repairs undertaken against the corresponding period last year. Revenues include an amount of £14.9m in respect of the FMG group of companies ("FMG") which was acquired on 27 October 2015.

The adjusted earnings before interest and taxation ("EBIT") for the period were £17.1m (2014: £11.2m) which includes an amount of £1.0m in respect of FMG. Adjusted operating margin was 10.0% (2014: 9.1%) with operating margin in our accident management businesses improving from 7.1% to 9.7%, reflecting the increased sales mentioned above and associated contribution as well as changes in the mix of business handled, improvements in our supply chain and a close control of costs.

There was a net adjusted interest credit in the period of £0.2m (2014: £0.2m).

Adjusted profit before tax for the period was therefore £17.3m, an increase of 50.8% over the £11.5m achieved in the corresponding period last year.

A charge of £0.4m in respect of amortisation of intangible assets (acquired by virtue of the purchase of FMG), was incurred. In addition there was a pre-tax exceptional net charge of £0.9m (2014: £0.5m) in the period reflecting a £0.2m cost (2014: £0.3m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes and a charge of £0.1m (2014: £0.2m) in respect of the unwind of discount charges on certain provisions. In addition, acquisition costs of £0.6m were incurred and charged as an expense as required by IFRS2.

After the amortisation of intangible assets and exceptional items above, statutory profit before tax was £16.0m (2014: £11.0m) an increase of 45.8%. There was a net tax charge of £3.1m. In 2014 there was a net credit of £0.6m principally in respect of the further recognition of a deferred tax asset relating to prior years' losses and unused allowances. The statutory profit after tax is £13.0m (2014: £11.6m).

Earnings Per Share

Statutory basic EPS is 4.49p (2014: 4.14p). Statutory diluted EPS is 4.31p (2014: 3.84p).

The adjusted EPS is 4.89p (2014: 4.30p). The adjusted diluted EPS is 4.70p (2014: 3.99p).

The adjusted figures exclude the impact of the amortisation of intangible assets and those items described as exceptional (Note 5).

Dividends

The Board has pleasure in declaring an interim dividend of 4.50 pence per share payable on 24 March 2016 to those shareholders on the register on 04 March 2016 (2014: 4.00 pence). The ex-dividend date is 03 March 2016.

Outlook

The second half of the year has already started well with volumes maintaining the rate of growth seen in the first half whilst the planned integration of FMG with the rest of our business is showing good progress. The impact of strategic acquisitions, along with continued delivery of organic growth and the benefits of further improvements in operational efficiency from our GPS strategy, give the Board great encouragement for the future.

Our people

Our people have been instrumental in winning and integrating new business during the period whilst at the same time maintaining the high standards of customer service for which the Group is increasingly known. Once again we thank our employees for their support, hard work and dedication during the year and say to them "well done".

Avril Palmer-Baunack
Chairman
24 February 2015

Operational and Financial Review

Operational review

The Group has remained focussed on the pursuit of sustainable, profitable, cash generative business and the acquisition of businesses that meet this criteria and provide cross fertilisation of business opportunities within the sectors in which the Group operates.

The period has therefore seen the Group expand into new but complementary markets with the acquisition in October 2015 of FMG, which has added related but diversified revenue streams. The potential to grow and develop more vehicle incident and accident management services to both business and insurance customers supports the Group's position as a leader in vehicle mobility, rapid roadside recovery, repair, legal and other support services. This broader reach enables the Group to expand its proposals to existing as well as new customers so the opportunity exists for further organic growth.

The majority of the Group's non-fault accident management operations are now subject to bilateral protocol arrangements and this has contributed to the reduction in debtor days seen over recent periods. Agreeing protocol arrangements with insurers is an effective way to help them reduce their combined operating ratio which is a key performance measure for them. As a direct consequence of this successful business model, the proportion of business conducted purely within the GTA process reduced significantly and therefore the Group took the decision to withdraw from the ABI GTA with effect from 15 August 2015. Since then, and since we last reported, there has been an increase in the number of insurers wishing to explore entering into bilateral protocol arrangements with the Group and a number of new protocol agreements have been concluded.

The Group has increased its focus on providing a complete customer journey during the period and as a result the Group's delivery of outstanding customer service was recognised at the prestigious North East Contact Centre Awards 2015 where, against strong competition and a formidable shortlist including Axa Insurance, Virgin Money and Virgin Media, it won the Customer Experience Champion Award.

The Group is increasingly a leading partner of choice within our industry. This is due in large part to the improvements achieved in both operational efficiency and the customer journey experienced whilst using the Group's services as well as the Group's use of telematics and web-based portals accessible by our partners and our customers. This has led to a number of benefits for the Group in the period; it secured new hire and repair contracts; it extended the scope of existing hire and repair contracts; there was increased interest from potential new partners and additionally existing partners wanted to explore expanding the existing services the Group already supplies to them so as to provide them with a complete mobility solution.

The Group strategy of Growth, Profit and Sustainability has been instrumental in helping to maintain focus as we develop the Group. The Group is particularly focussed on sustainability and how to adapt and develop its services by thinking ahead on how the market will shape, and planning to meet its Partners' future requirements without losing sight of the growing near-term demand for its services. The Group continues to build its market penetration and presence within its distribution channels as well as seeking new relationships based on emerging technologies.

Vehicle fleet

The Group continues to operate highly effective fleet services through a hybrid solution of ownership, contract hire and, during peak periods, cross-hiring from daily rental companies. This combination gives the Group flexibility to dispose of excess fleet in the lower volume summer months or in the event of a downturn and to maximise fleet, without incurring ownership costs, in short peak periods.

Our efforts to balance the mix of the fleet to meet changes in the mix of demand and a 16.4% increase in total hire days were assisted by attractive funding and procurement programmes. The average number of vehicles held during the period was increased by 11.8% from 5,750 for the six months ending 31 December 2014 to 6,426 for the six months to 31 December 2015. The average age of the fleet has at the same time been maintained at between 9 and 12 months across a broad spread of manufacturers and models. Fleet utilisation was therefore maintained above our 80% target and supply and operational efficiencies enabled this to be increased to 82.5% which compares to 81.0% for the same period last year. Our fleet comprised 7,263 vehicles at 31 December 2015 compared to 6,421 at 31 December 2014 and 6,041 at 30 June 2015.

Legal Services

NewLaw has continued to build its range of services and pursue the additional opportunities available to it as the Group expands its reach into the marketplace. During the period to date NewLaw has been successful in pursuing applications to set up further ABS structures with additional Partners. The most recent of these is in partnership with The Royal College of Nursing which will be effective from 1 April 2016. This is in addition to the ABS arrangements entered into with the British Medical Association shortly before the last year end. NewLaw continues to pursue other opportunities for partnerships with insurers and other related brands via ABS structures. Following the acquisition of FMG, one of NewLaw's ABS structures, namely FMG Legal LLP, has become 100% controlled by the Group.

Principia Law, our other legal services business, has continued to build its business making an increased contribution to the Group as well as attracting new corporate clients whilst also continuing to provide the Group with expertise in relation to credit hire recoveries, particularly those cases requiring more specialist attention.

Acquisitions

On 27 October 2015 in support of its strategy of widening its range of services, the Group completed the acquisition of FMG, a leading fleet accident management group. The results for the period to 31 December 2015 include turnover of £14.9m and an EBIT of £1.0m for the period since acquisition.

FMG was acquired for a consideration of £22.5 million and the settlement of loan notes of £23.5m at completion. The consideration for the acquisition of all the shares and other vendor interests in FMG was accordingly £46.0 million and comprised a number of elements, the effect of which was the payment at completion of approximately £41.0 million in cash and the issue of 3,048,220 new Redde shares with a total value of £5.0 million.

The new Redde Shares do not have any entitlement to any dividends with a record date during the 12 months following completion including the interim dividend for the year ended 30 June 2016 that has been announced today. The new Redde Shares will be subject to a 24 month lock in (subject to the customary exemptions) followed by an orderly market arrangement.

Plans for the consequential integration of our existing fleet and accident management business (Total Accident Management) with FMG is well advanced. We expect this process to be completed by the year end with the associated benefits of the integration to be more fully reflected in the next financial year.

Financial review

Certain items have been reported and disclosed as exceptional on the face of the Income Statement and these items are commented on separately as appropriate in this Financial Review. The Income Statement captions excluding these exceptional items more properly reflect the comparable operating performance of the business and for ease of reference are referred to as 'adjusted'.

For the six months ended 31 December 2015, the Group recorded an adjusted EBIT of £17.1m (2014: £11.2m), an adjusted profit before tax of £17.3m (2014: £11.5m) and a statutory profit before tax of £16.0m (2014: £11.0m).

A summary of the key performance indicators is set out in the table below.

	6 months ended 31 December 2015	6 months ended 31 December 2014	12 months ended 30 June 2015
Financial KPIs			
Revenue (£'000)	**165,182**	121,984	248,671
Gross profit (£'000)	**45,955**	38,024	76,588
Gross margin	**27.8%**	31.2%	30.8%
Adjusted profit before taxation* (£'000)	**17,284**	11,459	22,727
Adjusted EBIT* (£'000)	**17,098**	11,236	22,286
Adjusted EBIT* margin	**10.4%**	9.2%	9.0%
Adjusted operating* margin	**10.0%**	9.1%	8.8%
EBITDA	**20,495**	14,283	31,585
Operating cash flow/EBITDA	**90.9%**	113.7%	115.9%
Statutory Debtor days	**95**	108	100

* Adjusted measures exclude the impact of the amortisation of intangibles and the items described as exceptional in Note 5.

Revenues

Revenues were £165.2m (2014: £122.0m), an increase of £43.2m (35.4%). Revenues include an amount of £14.9m in respect of the FMG which was acquired on 27 October 2015. Excluding FMG like for like revenue growth in our accident management business was 28.5% which includes a 24.5% growth in credit hire related revenues and a 32.2% increase in repair related revenues.

The total number of LFL hire cases was 6.3% higher than the corresponding period last year with LFL hires in respect of our core credit hire operations increasing by 8.8% whilst hires in relation to lower margin direct hires reduced by 16.7% reflecting our policy of managed reductions in this short hire and low margin area. There was also a 101.7% increase in the volume of business undertaken for repairs against the corresponding period last year mainly as a result of contract wins including a 26.8% increase in the number of credit repairs. Excluding FMG the increase in the total number of repairs was 58.2%.

Gross profit, adjusted operating profit and adjusted EBIT

Gross profit was £7.9m higher than the corresponding period last year and gross margin was 27.8% (2014: 31.2%) reflecting the increase in the volume of repairs which attract lower margins than hires and also the inclusion of FMG. Excluding FMG, gross margin was 28.3%.

Adjusted operating profit margin was 10.0% (2014: 9.1%) and EBITDA was £20.5m (2014: £14.3m).

Adjusted EBIT for the period was £17.1m (2014: £11.2m) which includes an amount of £1.0m in respect of FMG which was acquired on 27 October 2015. Adjusted EBIT margin was 10.3% (2014: 9.2%) and was 10.7% excluding FMG, reflecting the increased sales mentioned above as well as changes in the mix of business handled, improved returns from our ABS partnerships, improvements in our supply chain and overall overheads being contained to an increase of just 0.5%.

Adjusted EBIT is reconciled to the Income Statement as follows:

	Unaudited 6 months ended 31 December 2015 £m	Unaudited 6 months ended 31 December 2014 £m	Audited 12 months ended 30 June 2015 £m
Adjusted EBIT – continuing operations	**17.1**	11.2	22.3
Adjustments			
Autofocus settlements	**-**	-	2.9
Acquisition costs and abortive acquisition costs	**(0.6)**	-	(0.4)
Share based payments	**(0.2)**	(0.3)	(0.4)
Amortisation of acquired intangible assets	**(0.4)**	-	-
Statutory EBIT	**15.9**	10.9	24.4

Net finance income

There was an adjusted net interest credit in the period of £0.2m (2014: £0.2m). Including exceptional net finance charges in relation to the unwind of discounts held against provisions of £0.1m (2014: £0.1m) the net interest credit for the period was £0.1m (2014:£0.1m).

Adjusted profit before tax

Adjusted profit before tax for the period was £17.3m, an increase of 50.8% over the £11.5m achieved in the corresponding period last year.

Amortisation of Intangibles and Exceptional items

A pre-tax charge of £0.4m in respect of amortisation of intangible assets (deemed to be acquired under the terms of IFRS3) by virtue of the acquisition of FMG was incurred during the period (2014: £nil).

Excluding the above charge of £0.4m in respect of intangibles, a pre-tax exceptional net charge of £0.9m (2014: £0.5m) was recorded in the period. This charge reflects a £0.2m cost (2014: £0.3m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes; a charge of £0.1m (2014: £0.2m) in respect of the unwind of discount charges on certain provisions and in addition acquisition costs of £0.6m charged as an expense as required by IFRS2.

Statutory profit before and after taxation

After the amortisation of intangibles and exceptional items, the statutory profit before tax was £16.0m (2014: £11.0m) an increase of 45.8%. There was a net tax charge of £3.1m (2014: credit of £0.6m principally as a result of the further recognition of a deferred tax asset relating to prior years' losses and unused allowances). The statutory profit after tax is £13.0m (2014: £11.6m).

Earnings per share

Statutory basic EPS is 4.49p (2014: 4.14p). Statutory diluted EPS is 4.31p (2014: 3.84p)

The adjusted EPS is 4.89p (2014: 4.30p). The adjusted diluted EPS is 4.70p (2014: 3.99p)

The adjusted figures exclude the impact of amortisation of intangibles and those items described as exceptional
(Note 5).

Dividends

The Board has declared an interim dividend of 4.50 pence per share payable on 24 March 2016 to those shareholders on the register on 04 March 2016 (2014: 4.00 pence). The ex-dividend date is 03 March 2016.

Balance sheet

Statutory debtor days now stand at 95 days (2014: 108 days) and compare to 100 days at 30 June 2015. Revenue generated debtors at 31 December 2015 were £96.9m (including £6.4m in respect of FMG) and compare to £68.4m at 30 June 2015 and £68.5m at 31 December 2014. Excluding FMG these both represent an increase of 32%

Creditors increased to £102.1m (including £19.0m in respect of FMG) compared to £65.0m at 30 June 2015 and £61.3m at 31 December 2014. Excluding FMG these represent increases of 27.8% and 35.6% respectively.

The increase in LFL debtors and creditors are mainly due to the 28.5% increase in LFL revenues in the period under review.

The Group also increased its investment in fleet numbers in response to both seasonality and underlying increased demand and this together with a greater use of HP vehicle leasing finance arrangements which have been available at attractive rates during the period resulted in an increase of £12.6m in the net value of vehicles held as fixed assets under finance leases compared to 30 June 2015.

Net assets at 31 December 2015 were £160.7m (2014: £149.3m).

Net debt, cash and financing

Actual net debt at 31 December 2015 was £9.1m and compares with equivalent net debt of £2.9m at 31 December 2014 and equivalent net debt of £1.4m at 30 June 2015 (the latter two dates adjusted for the £41.0m subsequently expended in relation to the acquisition of FMG). Actual cash balances were £31.6m at 31 December 2014 and compare to equivalent cash balances of £27.6m at 30 June 2015 and £22.2m at 31 December 2014 (the latter two dates again adjusted for the £41.0m subsequently expended in relation to the acquisition of FMG).

As outlined above during the period the total number of vehicles on the fleet was increased to service the much increased volumes of hire days and a greater mix of HP funding verses contract hire was used in financing these vehicles. As a consequence Fleet finance debt was £40.5m at 31 December 2015 an increase of £11.7m compared to £28.8m at 30 June 2015.

The net debt and cash position can be summarised as follows:

	Unaudited 6 months ended 31 December 2015 £m	Unaudited 6 months ended 31 December 2014 £m	Audited 12 months ended 30 June 2015 £m
Fleet finance leases	**(40.5)**	(24.4)	(28.8)
Other leases and borrowings	**(0.2)**	(0.7)	(0.2)
Total debt	**(40.7)**	(25.1)	(29.0)
Working capital cash balances	**31.6**	22.2	27.6
Working capital Net Debt	**(9.1)**	(2.9)	(1.4)
Cash balances subsequently used on acquisitions	**-**	41.0	41.0
Net (debt) / cash	**(9.1)**	38.1	39.6
Total cash balances	**31.6**	63.2	68.6

Principal risks and uncertainties

Principal risks and uncertainties are detailed in Note 21 to this announcement

Related party transactions

There were no related party transactions during the period that require disclosure.

Martin Ward
Chief Executive Officer
24 February 2016

Stephen Oakley
Chief Financial Officer
24 February 2016

Condensed Consolidated Income Statement
For the six months ended 31 December 2015

Unaudited	Note	6 months ended 31 December 2015 Adjusted* £'000	6 months ended 31 December 2015 Adjustment items* £'000	6 months ended 31 December 2015 £'000	6 months ended 31 December 2014 Adjusted * £'000	6 months ended 31 December 2014 Adjustment items* £'000	6 months ended 31 December 2014 £'000
Total Revenue	3	165,182	-	165,182	121,984	-	121,984
Cost of sales		(119,227)	-	(119,227)	(83,960)	-	(83,960)
Gross profit		45,955	-	45,955	38,024	-	38,024
Administrative expenses	5	(29,480)	(1,187)	(30,667)	(26,869)	(299)	(27,168)
Operating profit – continuing operations		16,475	(1,187)	15,288	11,155	(299)	10,856
Income from associates		623	-	623	81	-	81
EBIT		17,098	(1,187)	15,911	11,236	(299)	10,937
Net finance income /(costs)	6	186	(66)	120	223	(162)	61
Profit before taxation		17,284	(1,253)	16,031	11,459	(461)	10,998
Taxation	7	(3,129)	80	(3,049)	574	-	574
Profit for the period		14,155	(1,173)	12,982	12,033	(461)	11,572
Profit for the period attributable to:							
Equity holders of the Company		14,105	(1,173)	12,932	12,008	(461)	11,547
Non Controlling Interests		50	-	50	25	-	25
Profit for the period		14,155	(1,173)	12,982	12,033	(461)	11,572
Earnings per share (p)							
Basic	8	4.89	(0.40)	4.49	4.30	(0.16)	4.14
Diluted	8	4.70	(0.39)	4.31	3.99	(0.14)	3.84

* Adjusted profit excludes the impact of the amortisation of intangible assets and those items described as exceptional as set out in Note 5.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2015

Unaudited	6 months to 31 December 2015 £'000	6 months to 31 December 2014 £'000
Profit for the period	12,982	11,572
Other comprehensive income		
Gains arising during the period	-	-
Total comprehensive income for the period, attributable to:		
Equity holders of the Company	12,932	11,547
Non-controlling interests	50	25
Total comprehensive income for the period	12,982	11,572

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 December 2015

Six months ended 31 December 2015	**Note**	**Share capital £'000**	**Share premium account £'000**	**Shares to be issued £'000**	**Retained earnings £'000**	**Total £'000**	**Non-Controlling interests £'000**	**Total £'000**
Balance at 1 July 2015		**296**	**65,103**	**3,439**	**88,615**	**157,453**	**(7)**	**157,446**
Profit for the period		**-**	**-**	**-**	**12,932**	**12,932**	**50**	**12,982**
Total comprehensive income for the period		**-**	**-**	**-**	**12,932**	**12,932**	**50**	**12,982**
Issue of Ordinary Shares	**17**	**8**	**8,642**	**(3,439)**	**-**	**5,211**	**-**	**5,211**
Credit to equity for equity settled share-based payments		**-**	**-**	**-**	**151**	**151**	**-**	**151**
Dividends paid		**-**	**-**	**-**	**(15,047)**	**(15,047)**	**-**	**(15,047)**
Balance at 31 December 2015		**304**	**73,745**	**-**	**86,651**	**160,700**	**43**	**160,743**

Six months ended 31 December 2014	**Note**	Share capital £'000	Share premium account £'000	Shares to be issued £'000	Retained earnings £'000	Total £'000	Non-Controlling interests £'000	Total £'000
Balance at 1 July 2014		283	57,804	-	84,076	142,163	(69)	142,094
Profit for the period		-	-	-	11,547	11,547	25	11,572
Total comprehensive income for the period		-	-	-	11,547	11,547	25	11,572
Issue of Ordinary Shares		9	5.197	-	-	5,206	-	5,206
Credit to equity for equity settled share-based payments		-	-	-	275	275	-	275
Dividends paid		-	-	-	(9,838)	(9,838)	-	(9,838)
Balance at 31 December 2014		292	63,001	-	86,060	149,353	(44)	149,309

Condensed Consolidated Statement of Financial Position
As at 31 December 2015

	Note	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Non-current assets				
Goodwill	10	86,269	59,231	59,231
Intangible assets	11	22,502	-	-
Property, plant and equipment (including vehicles)	12	46,636	27,194	31,682
Interests in associates	13	466	65	232
Deferred tax asset		8,858	10,137	10,850
		164,731	96,627	101,995
Current assets				
Trade and other receivables	14	114,813	84,435	84,331
Cash and cash equivalents		31,594	63,263	68,626
		146,407	147,698	152,957
Total assets		311,138	244,325	254,952
Current liabilities				
Trade and other payables	15	(102,116)	(61,258)	(65,025)
Obligations under finance leases	16	(20,475)	(9,830)	(14,663)
Short-term borrowings	16	-	(350)	-
Deferred consideration		-	(4,837)	-
Provisions		(1,862)	(2,132)	(1,689)
		(124,453)	(78,407)	(81,377)
Net current assets		21,954	69,291	71,580
Non-current liabilities				
Obligations under finance leases	16	(20,234)	(14,945)	(14,288)
Deferred tax liability		(5,708)	(680)	(1,022)
Long-term provisions		-	(984)	(819)
		(25,942)	(16,609)	(16,129)
Total liabilities		(150,395)	(95,016)	(97,506)
Net assets		160,743	149,309	157,446
Equity				
Share capital	17	304	292	296
Share premium account		73,745	63,001	65,103
Shares to be issued		-	-	3,439
Retained earnings		86,651	86,060	88,615
Equity attributable to owners of the Company		160,700	149,353	157,453
Non-controlling interests		43	(44)	(7)
Total equity		160,743	149,309	157,446

Company Registration Number: 03120010

Condensed Consolidated Statement of Cash Flows
For the six months ended 31 December 2015

	Note		Unaudited 6 months ended 31 December 2015		Unaudited 6 months ended 31 December 2014
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Profit for the period		12,982		11,572	
Tax charge / (credit)	7	3,049		(574)	
Income from associates	13	(623)		(81)	
Net finance income	6	(186)		(223)	
Fleet finance lease interest	6	664		469	
Depreciation		3,850		2,627	
Amortisation of intangible assets	11	398		-	
Loss on sale of tangible fixed assets		210		218	
Share-based payment charges	5	151		275	
EBITDA		20,495		14,283	
Increase in receivables		(20,677)		(2,070)	
Increase in payables		19,937		4,591	
Decrease in provisions		(645)		(559)	
Cash generated from operating activities			19,110		16,245
Bank interest received	6	194		244	
Bank and loan interest paid		-		(9)	
Fleet finance lease interest	6	(664)		(469)	
Interest element of finance lease rentals	6	(8)		(12)	
			(478)		(246)
Taxation (paid) / received			-		241
Net cash from operating activities			18,632		16,240
Cash flows from investing activities					
Acquisitions of business combinations net of cash acquired		(13,108)		-	
Distributions from associates		389		74	
Purchase of property, plant and equipment		(646)		(583)	
Proceeds from sale of property, plant and equipment		2,856		3,266	
Net cash from investing activities			(10,509)		2,757
Cash flows from financing activities					
Proceeds from issues of share capital		211		74	
Expenses of share issues		-		-	
Dividends paid	9	(15,047)		(9,838)	
Repayment of borrowings	18	(23,505)		-	
Finance lease principal repayments		(6,814)		(4,308)	
Net cash (outflow) / inflow from financing activities			(45,155)		(14,072)
Net (decrease) / increase in cash and cash equivalents			(37,032)		4,925
Cash and cash equivalents at the beginning of the period			68,626		58,338
Cash and cash equivalents at the end of the period			31,594		63,263
Cash and cash equivalents consisted of:					
Cash at bank and in hand			31,594		63,263

Notes to the Interim Statements

1 Basis of preparation

The condensed consolidated financial statements are prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting'.

The information for the year ended 30 June 2015 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on these accounts was not qualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated financial statements have been prepared under the going concern assumption.

The directors have assessed the future funding requirement of the Group and the Company, and have compared them to the levels of available cash and funding resources. The assessment included a review of current financial projections to June 2016. Recognising the potential uncertainties surrounding financial projections in the current economic environment, in particular with regard to the demand for the Group's services and the cash collection profiles from insurers, the directors have considered 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 adequate resources to finance its operations for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the Interim Report.

2 Significant accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention. The same accounting policies, presentation and methods of computation have been applied in these condensed consolidated financial statements as were applied in the Group's financial statements for the year ended 30 June 2015.

In the application of the Group's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying value of the assets and liabilities that are not readily apparent from the other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements affecting the Group's interim financial statements are the valuation of the receivables (see Note 3), depreciation of the vehicle fleet (see Note 12), impairment of intangible assets (See note 11) and goodwill impairment (see Note 10).

3 Revenue

	Unaudited 6 months ended 31 December 2015 £'000	Unaudited 6 months ended 31 December 2014 £'000
Revenue	**165,182**	121,984

As fully disclosed within Note 14 to the consolidated financial statements for the year ended 30 June 2015, the estimation of the expected adjustment arising on the settlement of claims is revised, where necessary, at each balance sheet date to reflect the Group's most recent estimation of amounts ultimately recoverable. Although in principle this is determined by reference to individual cases, in practice the homogenous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claims. Adjustments arising from subsequent revision of the Group's expected adjustment arising on settlement of claims, including amounts received by way of late payment charges, are recorded in revenue in the Income Statement.

4 Business segments

The condensed consolidated financial statements are in respect of the Group's activities solely conducted in the United Kingdom. The activities of the Group are managed by the executive board which is deemed to be the Chief Operating Decision Maker as a single operating platform. The entities within the Group contribute as part of the whole operation of the Group to provide services for the core business. The Board of Redde plc considers the performance of the business by reference to contributions from all activities of the Group as a whole, and reviews requirements of the total Group when determining allocations of resources. IFRS8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance. The Group has identified two operating segments within the main reportable segment. These are aggregated into one reportable segment as permitted under IFRS8 for reporting purposes as the nature of services and their customer base is similar. (See Note 2 to the Annual Report and Accounts for the year to 30 June 2015).

5 Amortisation of Intangibles and Exceptional items

Exceptional items are items which due to their size, incidence or non recurring nature have been classified separately in order to draw them to the attention of the reader of the accounts. These items together with the amortisation of intangible assets have been separately classified in this report in order to, in the opinion of the Board, show more accurately the underlying results of the Group. The aggregate of such items have accordingly been disclosed separately on the face of the consolidated income statement.

Adjusted profit

As discussed in the Operational and Financial Review, in order to provide a comparable view of the underlying performance of the Group, the adjusted profit has been presented in the condensed consolidated income statement. Adjusted profit excludes the impact of amortisation of intangible assets and those items described as exceptional, as discussed in more detail below.

	Unaudited 6 months ended 31 December 2015 £'000	Unaudited 6 months ended 31 December 2014 £'000
Administration costs - Amortisation of acquired intangible assets:		
a) Amortisation of acquired intangible assets	**(398)**	-
Total amortisation of acquired intangible assets	**(398)**	-
Exceptional items comprise the following:		
b) Share based payments	**(151)**	(275)
c) Acquisition costs	**(638)**	(24)
Impact on operating profit for the period	**(789)**	(299)
d) Finance costs - unwind of discount on provisions and deferred consideration	**(66)**	(162)
Total exceptional items	**(855)**	(461)
Total adjustments to profits	**(1,253)**	(461)
Tax effect of the above	**80**	-
Impact on profit after tax for the period	**(1,173)**	(461)

a) Amortisation of acquired intangible assets

The Group recognised the value of customer relationships and acquired software amounting to £22.9m in total (note 11) as a result of the acquisition of FMG (note 18) and these assets are being amortised over 10 and 5 years respectively. The charge for the period amounts to £0.4m (note 11) and the tax effect was a credit of £0.08m.

b) Share based payments

The Group has a number of share incentive schemes. In accordance with IFRS2 the calculated charge in respect of options issued and outstanding amounts to £0.2m for the period (2014: £0.3m). The tax effect of this item is £nil (2014: £nil).

c) Acquisition Costs

During the period costs of £0.6m were incurred in relation to the purchase of certain subsidiaries and have been expensed in accordance with the requirements of IFRS2.

d) Finance costs

The carrying amount of deferred consideration and provisions against properties are included in the balance sheet net of the appropriate discount reflecting the cost of relevant capital or funding. The charge represents the unwinding of this discount during the period.

6 Finance income and finance costs

	Unaudited 6 months ended 31 December 2015 £'000	Unaudited 6 months ended 31 December 2014 £'000
a) Finance income		
Interest receivable	**194**	244
b) Finance costs		
Interest on bank overdrafts and loans	**-**	(9)
Interest on obligations under finance leases	**(672)**	(482)
Bank facility fees and costs charged in the period	**-**	-
	(672)	(491)
Transfer of interest on obligations under finance leases and fleet facilities to cost of sales	**664**	470
Total finance costs payable before exceptional costs	**(8)**	(21)
Finance income less net finance costs	**186**	223
c) Exceptional finance costs		
Unwind of discount on provisions and deferred consideration	**(66)**	(162)
Total Net finance income / (expense)	**120**	61

7 Tax charge

The tax (charge)/credit comprises the following:

	Unaudited 6 months ended 31 December 2015 £'000	Unaudited 6 months ended 31 December 2014 £'000
Current tax (charge) /credit	**(771)**	13
Deferred tax (charge) / credit	**(2,278)**	561
Total tax (charge) / credit	**(3,049)**	574

The effective rate of the tax charge of 19% (2014: credit of 5.8%) for the period does not significantly differ from the effective standard rate of UK corporation tax charge of 20% (2014: 20.75%).The difference in effective rate compared to 2014 is principally due to the use of prior year tax losses with the resultant reversal of associated deferred tax assets previously set up in this respect.

8 Earnings per ordinary share

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

Number of shares	**Unaudited 6 months ended 31 December 2015 Number**	Unaudited 6 months ended 31 December 2014 Number
Weighted average number of ordinary shares for the purposes of earnings per share	**288,225,298**	279,571,418
Effect of 2013 share options scheme shares in issue	**276,761**	2,909,601
Effect of B shares in issue	**10,410,279**	10,396,348
Deferred consideration shares to be issued	**-**	7,193,675
Effect of 2014 SAYE share option scheme shares in issue	**1,066,228**	1,480,773
Effect of 2015 SAYE share option scheme shares in issue	**301,390**	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**300,279,956**	301,551,815

There were 293,284,482 ordinary shares of 0.1p each in issue as at 31 December 2015 (note 17).

9 Dividends

The Board has announced an interim dividend for the year to 30 June 2016 of 4.50 pence per ordinary share and amounting to £13.1m (net of dividends waived by the vendors of FMG) payable on Thursday 24 March 2016 to those shareholders on the register at the close of business on Friday 04 March 2016. The shares will be ex-dividend on Thursday 03 March 2016.

Ordinary share dividends paid in the period to 31 December 2015 can be summarised as follows:

	Unaudited 6 months ended 31 December 2015 £'000	Unaudited 6 months ended 31 December 2014 £'000
Special dividend in respect of Autofocus of 1.00 pence paid 30 July 2015	**2,854**	-
Final dividend for 2015 of 4.25 pence paid 5 November 2015 (2014: 3.50 pence)	**12,193**	9,838
Total dividends paid in the period	**15,047**	9,838

10 Goodwill

	£'000
Cost	
At 01 July 2014, 31 December 2014 and 01 July 2015,	113,549
Additions on acquisitions of business combinations (note 18)	27,038
At 31 December 2015	140,587
Accumulated impairment losses	
At 01 July 2014, 31 December 2014, 01 July 2015 and 31 December 2015	(54,318)
Net book value	
At 31 December 2015	**86,269**
At 31 December 2014	59,231

The Directors last reviewed the carrying value of Goodwill on 30 June 2015 and the key elements of this review are contained in Note 11 to the Annual Report and Accounts for the year to 30 June 2015. The Directors have undertaken a further review of the carrying value of Goodwill including that relating to FMG as at 31 December 2015 on substantially the same basis and have concluded that no adjustment is necessary. There was therefore no movement in goodwill impairment in the six months ended 31 December 2015 (2014: £nil).

The allocation of Goodwill to the Group's CGU's is as follows:

	31 December 2015 £'000	31 December 2014 £'000	30 June 2015 £'000
Redde Group (excluding NewLaw and FMG groups of companies)	18,950	18,950	18,950
NewLaw group of companies	40,281	40,281	40,281
FMG group of companies	27,038	-	-
	86,269	59,231	59,231

11 Intangible fixed assets

	Customer Relationships £'000	Computer Software £'000	Other Assets £'000	Total £'000
Cost				
At 01 July 2015	-	-	-	-
Additions on acquisitions of business combinations (note 18)	21,900	1,000	-	22,900
At 31 December 2015	21,900	1,000	-	22,900
Amortisation				
Charge for period	(365)	(33)	-	(398)
At 31 December 2015	(365)	(33)	-	(398)
Net book value				
At 31 December 2015	**21,535**	**967**	**-**	**22,502**

The fair values of intangible assets resulting from the acquisition of FMG is considered to be provisional given the time that FMG has been part of the Group and is expected to be presented as final as part of the Group's 2016 annual financial statements.

12 Property, plant and equipment (including vehicles)

	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Fixtures and equipment £'000	Total £'000
Cost					
At 01 July 2015	438	780	35,803	14,095	51,116
Additions	–	33	18,670	469	19,172
Disposals	–	–	(5,023)	-	(5,023)
On acquisitions of business combinations	2,287	–	–	736	3,023
At 31 December 2015	**2,725**	**813**	**49,450**	**15,300**	**68,288**
Accumulated depreciation and impairment					
At 01 July 2015	(71)	(445)	(5,963)	(12,955)	(19,434)
Charge for the period	(13)	(32)	(3,446)	(359)	(3,850)
Disposals	–	–	1,632	–	1,632
On acquisitions of business combinations	–	–	–	–	–
At 31 December 2015	**(84)**	**(477)**	**(7,777)**	**(13,314)**	**(21,652)**
Carrying amounts					
At 31 December 2015	**2,641**	**336**	**41,673**	**1,986**	**46,636**
Leased assets included above:					
At 31 December 2015	**–**	**–**	**41,506**	**183**	**41,689**

	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Fixtures and equipment £'000	Total £'000
Cost					
At 01 July 2014	438	3,123	21,806	13,599	38,966
Additions	–	43	12,877	314	13,234
Disposals	–	(37)	(4,821)	-	(4,858)
On acquisitions of business combinations	–	-	-	-	-
At 31 December 2014	**438**	**3,129**	**29,862**	**13,913**	**47,342**
Accumulated depreciation and impairment					
At 01 July 2014	(62)	(2,734)	(3,870)	(12,225)	(18,891)
Charge for the period	(4)	(29)	(2,188)	(387)	(2,608)
Disposals	–	9	1,342	–	1,351
On acquisitions of business combinations	–	–	–	–	–
At 31 December 2014	**(66)**	(2,754)	**(4,716)**	**(12,612)**	**(20,148)**
Carrying amounts					
At 31 December 2014	**372**	**375**	**25,146**	**1,301**	**27,194**
Leased assets included above:					
At 31 December 2014	**–**	**–**	**24,285**	**218**	**24,503**

13 Associates

The Group's interest in associates comprises of minority participations in three Limited Liability Partnerships ("LLP"") registered and situated in the United Kingdom. All of the LLPs are engaged in the processing of legal claims and are regulated by the Solicitors Regulation Authority. The LLPs are businesses over which the Group is deemed to have significant influence but does not control.

	Unaudited 6 months ended 31 December 2015 £'000	Unaudited 6 months ended 31 December 2014 £'000
Carrying amount of interests in associates	**466**	65
Group's share of:		
Profit from continuing operations	623	81
Other Comprehensive income	**-**	-
Total profits	**623**	81

14 Trade and other receivables

Net trade receivables comprise claims due from insurance companies and self insuring organisations and amounts invoices for the provision of services to customers. The Group's debtor days at 31 December 2015 were 95 days (31 December 2014: 108 days). This measure is based upon net trade receivables, other receivables and accrued income as a proportion of the related underlying sales revenue for the past 12 months multiplied by 365 days.

	31 December 2015 £'000	31 December 2014 £'000	30 June 2015 £'000
Net trade receivables	**93,049**	67,321	67,229
Other receivables	**71**	211	144
Accrued income	**3,805**	978	1,047
Total receivables for debtor day calculation purposes	**96,925**	68,510	68,420
Disbursements recoverable in legal businesses	**11,406**	11,691	10,924
Amount due from associates	**13**	13	13
Taxation recoverable	**-**	-	13
Assets held for sale	**10**	-	-
Prepayments	**6,459**	4,221	4,961
	114,813	84,435	84,331

15 Trade and other payables

	31 December 2015 £'000	31 December 2014 £'000	30 June 2015 £'000
Trade payables	**50,826**	22,479	24,938
Corporation tax payable	**996**	-	-
Other taxation and social security	**4,035**	1,811	3,164
Accruals and deferred income	**34,505**	26,165	27,297
Disbursements payable in legal businesses	**8,174**	9,171	7,926
Other creditors	**3,580**	1,632	1,700
	102,116	61,258	65,025

16 Finance leases and other debt

During the period the Group entered into new finance leases with a principal value of £18.3m and made principal repayments of existing finance leases of £6.8m. Finance leases outstanding at 31 December 2015 amounted to £40.7m and compares to £29.0m at 30 June 2015 and £24.8m at 31 December 2014. Finance leases are secured upon the underlying vehicles. The Group has considerable facilities available to it for the provision of its motor fleet both by way of finance leases and contract hire which are considered in aggregate sufficient for its present growth plans.

Other loans at 31 December 2014 related to a trading relationship acquired with the NewLaw group of companies and has since been repaid.

The Group also has a 5 year £35m unsecured revolving credit facility with HSBC expiring in December 2020 as well as an unsecured overdraft facility of £5m with the same bank. There have been no drawings under either facility since inception but the facility is available to fund growth in the business should the present considerable cash balances currently held for this purpose be used for other corporate purposes such as further acquisitions. If and when drawn, related covenants surround a net debt to EBITDA ratio (< 3:1) and the ratio of trade receivables to amounts drawn under the HSBC facility (> 1.5:1). The Group also currently has secured overdraft facilities with other banks amounting to £4m (which were acquired as part of acquisitions), but these facilities have never been utilised since acquisition and these facilities are in the process of being terminated by the Group and the associated security released.

17 Share capital and share premium account

Changes in the share capital or share premium account during the year are summarised in the Consolidated Statement of Changes in net Equity and reflect:

Date	Reason	Number	Average price	Total £'000	Share Capital £'000	Share Premium £'000
31 July 2015	NewLaw 2nd tranche deferred consideration	480,924	118.99p	572	-	572
31 August 2015	NewLaw 2nd tranche deferred consideration	480,924	118.99p	573	1	572
30 September 2015	NewLaw 2nd tranche deferred consideration	480,924	118.99p	572	-	572
31 October 2015	NewLaw 2nd tranche deferred consideration	480,923	118.99p	573	1	572
30 November 2015	NewLaw 2nd tranche deferred consideration	480,923	118.99p	572	-	572
31 December 2015	NewLaw 2nd tranche deferred consideration	485,256	118.99p	577	1	576
	Total 2nd tranche deferred consideration	**2,889,874**		**3,439**	**3**	**3,436**
27 October 2015	**Issued for acquisition of FMG**	**3,048,220**	164.03p	**5,000**	**3**	**4,997**
04 August 2015	Exercise of Executive Share Options	63,656	15.74p	10	-	10
07 August 2015	Exercise of SAYE Options	6,832	48.30p	3	-	3
02 November 2015	Exercise of Executive Share Options	254,630	11.49p	29	-	29
06 November 2015	Exercise of Executive Share Options	567,998	11.34p	65	1	64
10 November 2015	Exercise of Executive Share Options	524,346	7.76p	42	1	41
16 November 2015	Exercise of Executive Share Options	95,489	11.49p	11	-	11
09 December 2015	Exercise of Executive Share Options	190,973	11.49p	22	-	22
17 December 2015	Exercise of Executive Share Options	124,917	11.16p	14	-	14
22 December 2015	Exercise of Executive Share Options	127,318	11.49p	15	-	15
	Total shares issued for cash	**1,956,159**		**211**	**2**	**209**
	Total shares issued	**7,894,253**		**8,650**	**8**	**8,642**

As at 31 December 2015 the issued share capital of the Company comprised the following:

	Ordinary shares of 0.1p each		B shares of 0.1p each	
	Number	£'000	Number	£'000
In issue at 30 June 2015	285,390,229	286	10,410,910	10
Issued for deferred consideration	2,889,874	3	-	-
Issued for acquisitions	3,048,220	3	-	-
Exercise of executive share options	1,956,159	2	-	-
In issue at 31 December 2015 fully paid	**293,284,482**	**294**	**10,410,910**	**10**

Deferred share consideration was created per note 24 in the June 2015 financial statements on the acquisition of New Law. The remainder at 30 June 2015 was transferred to the share premium account and has been subsequently issued. No further deferred share consideration is to be issued regarding the New Law acquisition.

18 Acquisition of FMG

FMG was acquired on 27 October 2015 for £22.5 million in aggregate on a debt-free basis and assuming a normalised level of working capital. Loan notes of £23.5m were also settled at completion. The total consideration for the acquisition of all the shares and other vendor interests in FMG was therefore £46.0 million and comprised a number of elements, satisfied by the payment at completion of approximately £41.0 million in cash and also the issue of 3,048,220 new ordinary Redde shares with a total value of £5.0 million in respect of the FMG shares and loan notes. Included in the above cash payment was a cash payment of £2.5 million in respect of additional working capital balances on completion.

	Fair Value £'000
Tangible fixed assets	3,019
Intangible assets - Customer relationships	21,900
Intangible assets - Software	1,000
Deferred tax asset	173
Trade and other receivables	9,866
Cash and cash equivalents	4,470
Trade and other payables	(16,797)
Loan notes	(23,505)
Finance leases	(129)
Deferred tax liability	(4,580)
Net assets acquired	**(4,583)**
Consideration:	
Cash paid on completion	17,455
Consideration paid in shares	5,000
Net consideration	**22,455**
Goodwill arising from the acquisition	**27,038**

The fair values of the assets and liabilities are stated as at 31 October 2015 being the nearest practical date to completion and are considered to be provisional given the time that FMG has been part of the Group and is expected to be presented as final as part of the Group's 2016 annual financial statements. Goodwill has arisen on the acquisition due to the value of the assembled workforce, the value associated with any new software which is yet to be developed and the value associated with new customer contracts and relationships to be generated in the future that are not capable of being individually identified and/or separately recognised under the terms of IFRS 3(R). The value of customer relationships and acquired software that have been recognised will be amortised over 10 and 5 years respectively.

19 Cash flow information

	Audited 30 June 2015 £'000	Acquisition £'000	Cash flow £'000	Other non-cash changes £'000	Decrease/ (increase) in net debt £'000	Unaudited 31 December 2015 £'000
Analysis and reconciliation of net debt						
Net cash and cash equivalents	**68,626**	**4,470**	**(41,502)**	**-**	**(37,032)**	**31,594**
Debt due within one year	**-**	**-**	**-**	**-**	**-**	**-**
Debt due after more than one year	**-**	**(23,505)**	**23,505**	**-**	**-**	**-**
	-	**(23,505)**	**23,505**	**-**	**-**	**-**
Finance leases	**(28,951)**	**(129)**	**6,814**	**(18,443)**	**(11,758)**	**(40,709)**
	(28,951)	**(23,634)**	**30,319**	**(18,443)**	**(11,758)**	**(40,709)**
Net cash / (debt)	**39,675**	**(19,164)**	**(11,183)**	**(18,443)**	**(48,790)**	**(9,115)**

	Audited 30 June 2014 £'000	Acquisition £'000	Cash flow £'000	Other non-cash changes £'000	Decrease/ (increase) in net debt £'000	Unaudited 31 December 2014 £'000
Analysis and reconciliation of net debt						
Net cash and cash equivalents	58,338	-	4,925	-	4,925	63,263
Debt due within one year	(350)	-	-	-	-	(350)
Debt due after more than one year	-	-	-	-	-	-
	(350)	-	-	-	-	(350)
Finance leases	(16,431)	-	4,308	(12,652)	(8,344)	(24,775)
	(16,781)	-	4,308	(12,652)	(8,344)	(25,125)
Net cash/(debt)	41,557	-	9,233	(12,652)	(3,419)	38,138

	2015 £'000	2014 £'000
(Decrease)/increase in cash and cash equivalents in the period	**(41,502)**	4,925
Cash inflow from decrease in borrowings and lease financing	**30,319**	4,308
Change in net cash / debt resulting from cash flows	**(11,183)**	9,233
New finance leases	**(18,443)**	(12,652)
Debt on acquisitions	**(19,164)**	-
Movement in net cash / debt in the period	**(48,790)**	(3,419)
Net cash at start of the period	**39,675**	41,557
Net (debt) / cash at end of the period	**(9,115)**	38,138

20 Approval of Interim Financial Statements

The Interim Financial Statements were approved by the Board of Directors on 24 February 2016.

21 Principal Risks and Uncertainties

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 more fully in the Directors' Report in the Annual Report and Accounts. Set out here 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.

Economic conditions

The Group's operating and financial performance is affected by the economic conditions in the United Kingdom. Adverse changes in economic conditions in the United Kingdom and globally and the volatility of international markets could result in changes to driving patterns, car usage and ownership and this may result in lower miles driven and lower numbers of accidents and therefore reduced business volumes. Any such adverse effects on the Group's business might affect its relationships and/or terms of business with, and ultimately even the loss of, some key business partners. Economic uncertainty might also affect its key business partners and referrers and/or generally have an adverse impact on the insurance or other industries in which the Group's key trading partners operate. This in turn could lead to more onerous terms of business or the inability of the Group's debtors to pay monies due. Economic uncertainty may also have an adverse effect on the banking industry generally which may affect the Group's ability to obtain or maintain finance on suitable terms when needed.

Competition

Barriers to entry into the general credit hire and credit repair markets at a local level are low. Although barriers to establishing a national or specialist business in this sector are higher, there is no certainty that these barriers will remain or will deter new entrants or existing competitors. In addition, there is the potential for local operators to overcome these barriers and establish national networks by forming alliances. Furthermore, competition could be intensified due to the activity of the Group's competitors or if insurance companies, brokers and/or providers of services to motorists or other consumer groups entered the market, either alone or in collaboration with existing providers. Increased competitive pressures such as these could result in a fall in the Group's revenues, margins and/or market share which could cause an adverse impact on its business, financial condition and operating results.

Customer and referrer relationships

Business is referred to the Group from a number of sources including insurance companies, insurance brokers, dealerships and body shops. The Group has agreements in place with many of these referrers which govern the flow of credit hire cases and the terms and commissions on which such cases are introduced. These agreements are subject to periodic review, and once out of initial term can be terminated with short notice periods of typically 3 to 6 months. In the past, commission rates for new credit hire business have risen sharply increasing the costs of acquiring such new business. Commission increases could adversely affect the Group's business and operating results. A significant proportion of the Group's business is referred from insurance companies. If insurance companies were to withhold business from the Group or credit hire providers generally or increase their credit hire referral commissions, whether alone or on a concerted basis, the operating results, business and prospects of the Group could be adversely impacted. Based upon profit contribution analysis, the Group may decide that renewal terms for certain existing contracts are uneconomic for the Group and consequently gross revenues may decline.

Insurance industry protocols

The Group was a subscriber to the voluntary agreement developed by accident management companies and the ABI known as the General Terms of Agreement (GTA) but withdrew from this agreement with effect from 15 August 2015. This decision was taken due to the considerable number of bi-lateral protocol arrangements that the Group has with insurers and the residual element of business still conducted under the GTA was considered to be less significant.

There is no guarantee that non-protocol insurers will continue to conduct their business with the Group on terms (including payment terms) similar to those pertaining to the GTA and they may also seek alternative strategies to dealing with claims submitted.

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 residual risk that regulators will find that the Group has not complied fully with all such regulations. Failure by the Group to comply with regulations may adversely affect its reputation (which could in turn lead to fewer referrals), may result in the imposition of fines or an obligation to pay compensation or may prevent the Group from carrying on a part of its business and could have a materially adverse effect on the Group's business, financial condition and operating results.

Legal

In the past, legal challenges have been brought on various grounds (mainly by insurance companies) seeking weaknesses in the legality of credit hire agreements and the hire rates and the periods of hire that can be recovered by credit hire companies. A number of historical legal cases relating to the provision of credit hire and related services have provided a precedent framework which has remained broadly stable for several years. The majority of the Group's claims are now initially pursued under the terms of bilateral protocols with individual insurers and the Group believes that it operates its business within the parameters laid down by the reported decisions of the courts such that its credit hire and repair arrangements are enforceable. However fresh challenges to the legality of credit hire and repair arrangements or the rates payable continue to be brought.

The government continues to look at the overall costs of litigation. It may bring in legislation or amend or create new rules of court which further reduce the costs recoverable in certain types of actions and/or changing the criteria for litigation to fall within the small claims track (where legal costs (except the most basic) are not generally recoverable) which might have an impact on the profit costs of the Group's legal businesses and/or increase the cost of recovering credit charges.

Recovery of receivables

The business of credit hire involves the provision of goods and services on credit. The Group generally receives payment for the goods and services it has provided after a claim has been pursued against the party at fault (and the relevant third party insurer). This can mean that the Group can endure a long period before payment is received. Whilst significant progress has been made recently in obtaining prompt settlement of claims there is a risk that the Group will not be able to improve or maintain the pace of settlement of claims. In addition, third party insurers may seek to delay payments further in an attempt to achieve more favourable settlement terms for outstanding claims or, ultimately, to force the Group and other credit-hire providers out of the market. If the Group is unable to maintain existing settlement periods, if there are further delays in the receipt of payments or if settlement terms with insurers worsen, its business, financial condition and operating results could be adversely impacted.

Fleet costs and residual values

The cost to the Group of holding vehicles for hire is dependent upon a number of factors, including the availability of vehicle finance, the purchase price of those vehicles, the level of discounts available from dealers and manufacturers, financing costs (represented by LIBOR and applicable margins) and the expected 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.

Operational risks and systems

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, or infrastructure 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.

Liquidity and Financial

The Group manages its existing cash balances and operational cash flow surpluses to provide working capital headroom but also has committed but unutilised working capital facilities available to it if required. The Group is also dependent upon the continued availability of both committed and uncommitted fleet finance facilities to finance replacement vehicle purchases. In addition the principal financial risks and uncertainties include capital risk, interest rate risk and credit risk.

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 Operational and Financial Review above. The financial resources available to the Group are also discussed in detail in the Operational and Financial Review above. The forward risks faced by the Group are also discussed in the section on principal risks and uncertainties above.

The directors have assessed the future funding requirement of the Group and the Company, and have compared them to the sources and levels of committed working capital resources available to it including cash balances. The assessment included a review of current financial projections to June 2017, and a review of the financial resources available by way of cash balances, committed and uncommitted facilities and any applicable covenants. Recognising the inherent uncertainty surrounding financial projections and any possible variations with regard to the demand for the Group's services and the cash collection profiles from insurers, the directors considered 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.

Martin Ward
Chief Executive Officer

Stephen Oakley
Chief Financial Officer

Independent Review Report to Redde plc

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2015 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the AIM Rules.

Robert Fitzpatrick
For and on behalf of KPMG LLP

Chartered Accountants
100 Temple Street, Bristol, BS1 6AG, United Kingdom
24 February 2016

Shareholder information, financial calendar and advisors

Company enquiries

General shareholder enquiries about the Company and requests for copies of the Group's literature, Annual Report or Interim Statements should be directed to the Company Secretary at the Company's head office at:

Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Tel: 0845 078 4000

Directors

Avril Palmer-Baunack - Non Executive Chairman
Martin Ward - Chief Executive Officer
Stephen Oakley - Chief Financial Officer
John Davies - Non Executive
Mark McCafferty - Non Executive

Internet

Visit the Company's website at www.redde.com for:

- Current share Price
- Latest news
- Additional information about the Company
- Latest Annual and Interim Reports

Shareholding enquiries

Queries about personal shareholdings (e.g. lost certificates, dividend payments or change of personal details) should be directed to the Company's registrars, Capita IRG plc, whose details are set out in the Advisors section opposite.

Registered office

Redde plc
Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Company number

03120010

Financial calendar

2016
25 February – Interim results announcement
24 March – Interim dividend for 2016
September – Final results announcement
October – Annual General Meeting
November – Final dividend for 2016

Advisors

Auditors
KPMG LLP
100 Temple Street
Bristol BS1 6AG

Solicitors
Berwin Leighton Paisner LLP
Adelaide House
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London EC4R 9HA

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