Interim Report

For the 6 Months Ended

31 December 2016

Introduction

Financial and Operational headlines

Financial headlines

- Turnover £227.1m (2015: £165.2m) - Increase of 37.5%
- Adjusted* EBIT of £19.8m (2015: £17.1m) - Increase of 15.5%
- Adjusted* profit before tax of £19.7m (2015: £17.3m) - Increase of 13.8%
- Statutory profit before tax of £17.5m (2015: £16.0m) - increase of 9.1%
- Net operating cash flow to EBITDA 89% (2015: 91%)
- Debtor days 90 days (2015: 95 days)
- Total cash balances £33.6m (2015: £31.6m)
- Fleet and lease debt £47.1m (2015: £40.7m) - funding expanded fleet
- Net debt of £13.5m (2015: £9.1m)
- Adjusted* basic EPS 5.24 pence (2015: 4.89 pence) - Increase of 7.2%
- Statutory basic EPS 4.58 pence (2015: 4.49 pence) - Increase of 2.0%
- Interim dividend 5.00 pence (2015: 4.50 pence) - Increase of 11.1%

Operational headlines

- 13.9% like for like growth in number of credit hire cases
- Total number of hire days increased by 13.5%
- 69.9% increase in number of all repair cases
- Period end fleet increased to 8,690 (2015: 7,263) - increase of 19.6% to meet increasing demand
- Revenue generating fleet utilisation maintained above 80% during fleet build programme
- Increase in number of contracts and range of services
- Sales, marketing, operational and IT infrastructure investment increased

* Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjusted items") described in Note 5.

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 2016 of £19.7 million compared to £17.3 million in the corresponding period last year; an increase of 13.8%.

Results

Revenues were £227.1m (2015: £165.2m), an increase of £61.9m (37.5%). Revenues include an amount of £49.2m in respect of the fleet management activities of the FMG group of companies ("FMG") which was acquired on 27 October 2015 and whose activities now include the Group's fleet management activities previously carried out by Total Accident Management. Combined sales of these merged businesses for the corresponding period last year was £17.8m. Sales growth in our main accident management businesses was 20.7% reflecting a 13.9% Like-For-Like ("LFL") growth in the number of credit hires and a 29.1% increase in the total number of repairs undertaken against the corresponding period last year.

The adjusted earnings before interest and taxation ("EBIT") for the period were £19.8m (2015: £17.1m) which includes an amount of £3.1m in respect of the fleet management activities of FMG as described above (2015: £1.0m).

There was a net interest charge in the period of £0.1m (2015: adjusted credit of £0.2m).

Adjusted profit before tax for the period was therefore £19.7m, an increase of 13.8% over the £17.3m achieved in the corresponding period last year.

The charge in respect of amortisation of intangible assets acquired by virtue of the purchase of FMG was £1.2m, (2015: £0.4m). In addition there was a pre-tax exceptional net charge of £1.0m (2015: £0.9m) in the period reflecting a £1.0m cost (2015: £0.2m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes. Last year's exceptional costs included a charge of £0.1m in respect of the unwind of discount charges on certain provisions and acquisition costs of £0.6m charged as an expense as required by IFRS3.

After the amortisation of intangible assets and exceptional items above, statutory profit before tax was £17.5m (2015: £16.0m) an increase of 9.1%. There was a net tax charge of £3.9m (2015: £3.0m). The statutory profit after tax is £13.6m (2015: £13.0m).

Earnings Per Share

Statutory basic EPS is 4.58p (2015: 4.49p). Statutory diluted EPS is 4.51p (2015: 4.31p).

The adjusted EPS is 5.24p (2015: 4.89p). The adjusted diluted EPS is 5.15p (2015: 4.70p).

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

Dividends

The Board is pleased to declare an interim dividend of 5.00 pence per share payable on 30 March 2017 to those shareholders on the register on 10 March 2017 (2015: 4.50 pence). The ex-dividend date is 09 March 2017.

Outlook

The momentum of trade continues to gather pace and there are a number of new initiatives in the pipeline that broaden our reach and diversify income streams. The Group has an existing, clear strategy to pursue growth, deliver good profitability and to create a sustainable business capable of withstanding future changes in the sector and macro economic environment. The management has well defined plans to achieve its objectives which combines organic growth with potential, future acquisition opportunities.

The second half of the year has started well with volumes maintaining the rate of growth seen in the first half and the Group remains well positioned to continue its profitable development.

Our people

We have been growing and investing in our people over the last few years and introducing new talent into the businesses. The enthusiasm, energy and commitment of our people makes Redde a great place to work which shows in the customer feedback we receive. We were particularly pleased to see that our significant investment in people was also recognised with FMG being named this month in the annual Sunday Times 100 Best Companies to Work For awards and also that our contact centre in Peterlee was again shortlisted for awards for the North East Contact Centre of the Year (over 250 seats) category and the People Development Heroes category in which runner up status was achieved. So well done and thank you to all of our colleagues.

Avril Palmer-Baunack
Chairman
27 February 2017

Operational and Financial Review

Operational review

During the period the Group has further developed its existing, successful GPS strategy (Growth, Profitability and Sustainability) by including more focus on innovation and integration. We refer to this enhanced strategy as GPSii. In accordance with this strategy the period has seen considerable activity in our efforts which more fully integrate our operations and commercial offerings, with a range of new initiatives. As a consequence the period has seen more investment in our telephony systems, IT systems and infrastructure to provide both insurance customers and Partners seamless access to the services that the Group provides and this will continue in future months.

These initiatives as well as developments in our on-line portals have enhanced the Group's image as a leading partner of choice within our industry. Additionally, the improvements that have been delivered in operational efficiency, the Group’s use of telematics and partner/customer-accessible, web-based portals have been instrumental in enhancing customers’ experiences and have facilitated renewing existing, and securing new, business opportunities with Partners who share our vision for the customer journey.

Several projects to secure synergies from various overlapping aspects of the Group's operations were initiated during the period so that the Group now benefits from group-wide Human Resources and IT structures and approaches to systems. Other areas of the business are being reviewed in order to optimise efficiency and net contribution.

In accordance with the Group's GPSii strategy the Group continues to focus on sustainability by considering the potential future shape of the market and how to adapt and develop its services to meet its Partners’ changing requirements without losing sight of the growing near-term demand for its services. Increased investment has been made in staff and infrastructure to meet this growing demand, the benefits of which will flow through in future periods. The Group intends to continue to build its market penetration, presence and cross fertilisation within its distribution channels as well as seeking new relationships based on emerging technologies.

Accident Management and Legal Services

During the period our historical accident management and fleet operations were successfully re-branded under the name of Auxillis and in support of this, and as a result of our ability to offer enhanced technology backed services, additional investment was made in our supporting sales and marketing teams. These initiatives have already stimulated increased interest in the Group's services resulting in an encouraging developing pipeline of new opportunities.

During the period negotiations on a number of contract renewals were successfully completed. New customer contracts were also secured which resulted in some start up costs being incurred ahead of revenue. As a result of these business wins the mix of vehicles on the fleet changed as well as an expected lowering of hire length. The combination of these events influenced changes in the resultant margins but produced a better overall result for the Group.

Further progress was made in the period in agreeing further bilateral protocol arrangements with a number of insurers and this has contributed to the further reduction in debtor days seen against last year. Consequently over 80% of the Auxillis claims volumes are now subject to such arrangements.

Recognition of the Group for providing outstanding customer service was again evident this year at the prestigious North East Contact Centre Awards where, building upon last year’s Customer Experience Champion Award, the Group was again shortlisted in awards for the Contact Centre of the Year (over 250 seats) category and was runner-up in the People Development Heroes category.

The period saw significant investment in updated technology to support the Group's telephony and Wide Area Network to facilitate further integration of services within the Group and also with insurers and customers. Further progress was also made in the implementation of on-line access for customers and Partners by way of portals.

NewLaw has continued to build its range of legal services and has also pursued the additional opportunities available to it. In support of this during the period it has made investment and strengthened its teams in its employment law practice and also in its private client practice dealing with wills, probate and trusts. In addition NewLaw has seen further growth in those areas of its practice dealing with employers’ liability and medical negligence and has increased its professional staff in these areas. By their very nature such cases will take longer to settle than PI claims arising from road traffic accidents which now represent a reducing proportion of NewLaw's business. Applications to set up further ABS structures with additional Partners are expected to come to fruition in the latter part of 2017.

Principia Law, our other legal services business, became a wholly owned subsidiary on 30 June 2016; it has continued to perform well and has made an increased contribution to the Group whilst also continuing to provide the Group with expertise in relation to credit hire recoveries, particularly those cases requiring more specialist attention.

Fleet and Incident Management

The previous financial year saw the Group expand into new but complementary markets with the acquisition in October 2015 of FMG, which added related but diversified revenue streams. This acquisition also provided the potential to grow and develop more vehicle incident and accident management services to both business and insurance customers supporting the Group's position as a leader in vehicle mobility, rapid roadside recovery, repair, legal and other support services. This vision has gained further traction in the period and proposals to potential new customers and existing customers are now being made to include a number of the enlarged Group's services where appropriate and this concept is being well received.

The Group's fleet management activities formerly carried out under the Total Accident Management brand have now been fully absorbed within FMG.

Advances and investment in FMG's Ingenium technology platform has led to the launch of Ingenium II, an externally-facing, web-based, incident management solution which allows customers to select specific "self-serve" modules from FMG's services. The number of innovative and enhanced capabilities Ingenium II has provided in the management of incidents and fleets both for, and by, our customers has been recognised by FMG winning the Fleetworld Industry Award for Innovation in Fleet Management.

During the period further investments in technology and infrastructure were made to meet expanding demand for our services. Our significant investment in people was also recognised with FMG being named in the annual Sunday Times 100 Best Companies to Work For awards.

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 event of a downturn, balance the total number and the mix of the fleet in response to changes in mix of the insurer car parc and at the same time to maximise fleet, without incurring ownership costs, in short, peak periods.

The period saw a 13.5% increase in total number of hire days driven by a 13.9% increase in credit hire case volumes. The number of vehicles held at 31 December increased to 8,690 vehicles as a result of the need to meet increases in existing and future demand as a result of additional contracts. This compares to 7,263 at 31 December 2015 and 7,238 at 30 June 2016. As a consequence whilst fleet utilisation was maintained above our 80% target, fleet utilisation as a result of the advanced fleet build necessarily reduced to 80.5% which compared to 82.5% for the same period last year. The average age of the fleet was maintained at between 9 and 12 months across a broad spread of manufacturers and models.

Financial review

Certain items have been reported and disclosed as exceptional or adjusted items 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 and adjusted items in the opinion of the directors more properly reflect the comparable operating performance of the business and for ease of reference are all referred to as 'adjusted'.

For the six months ended 31 December 2016, the Group recorded an adjusted EBIT of £19.8m (2015: £17.1m), an adjusted profit before tax of £19.7m (2015: £17.3m) and a statutory profit before tax of £17.5m (2015: £16.0m).

A summary of the Group's key performance indicators as used in the business is set out in the table below.

	6 months ended 31 December 2016	6 months ended 31 December 2015	12 months ended 30 June 2016
Financial KPIs			
Revenue (£'000)	**227,145**	165,182	379,244
Gross profit (£'000)	**55,967**	45,955	98,276
Gross margin	**24.6%**	27.8%	25.9%
Adjusted operating profit* (£'000)	**19,053**	16,475	33,219
Adjusted profit before taxation* (£'000)	**19,676**	17,284	34,627
Adjusted EBIT* (£'000)	**19,753**	17,098	34,500
Adjusted EBIT* margin	**8.7%**	10.4%	9.1%
Adjusted operating* margin	**8.4%**	10.0%	8.8%
EBITDA (£'000)	**24,934**	20,495	43,013
Operating cash flow/EBITDA	**89.4%**	90.9%	97.8%
Statutory debtor days	**90**	95	94

* Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjusted items") described in Note 5.

Revenues

Revenues were £227.1m (2015: £165.2m), an increase of £61.9m (37.5%). Revenues include an amount of £49.2m in respect of the fleet management activities of FMG which was acquired on 27 October 2015 and whose activities now include the Group's fleet management activities previously carried out by Total Accident Management. Combined sales of these merged businesses for the corresponding periods last year was £17.8m.

Sales growth in our main accident management businesses was 20.7% reflecting a 13.9% LFL growth in the number of credit hires and a 69.9% increase in the total number of repairs undertaken against the corresponding period last year including a 14.8% increase in the number of credit repairs. Excluding FMG the increase in the total number of repairs was 29.1%.

Gross profit, adjusted operating profit and adjusted EBIT

Gross profit was £10.0m higher than the corresponding period last year and gross margin was 24.6% (2015: 27.8%) reflecting the increase in the volume of repairs which attract lower margins than hires and also the full period effect of the inclusion of FMG. Excluding the FMG combined fleet management businesses, gross margin was 25.4% (2015: 28.4%).

EBITDA was £24.9m (2015: £20.5m).

The adjusted EBIT for the period was £19.8m (2015: £17.1m) which includes an amount of £3.1m in respect of the fleet management activities of FMG as described above (2015: £1.0m). Adjusted operating margin was 8.4% (2015: 10.0%) with operating margin in our accident management businesses being 9.0% (2015: 9.7%). Adjusted EBIT margin was 8.7% (2015: 10.4%). These reductions reflect the full period effect of the acquisition of FMG last year as well as increased levels of repairs at lower margins and also investment in infrastructure to facilitate future growth.

Adjusted EBIT is reconciled to the Income Statement as follows:

	Unaudited 6 months ended 31 December 2016 £m	Unaudited 6 months ended 31 December 2015 £m	Audited 12 months ended 30 June 2016 £m
Adjusted EBIT	**19.8**	17.1	34.5
Adjustments			
Acquisition costs and abortive acquisition costs	**-**	(0.6)	(1.0)
Share based payments	**(1.0)**	(0.2)	(0.7)
Amortisation of acquired intangible assets	**(1.2)**	(0.4)	(1.6)
Statutory EBIT	**17.6**	15.9	31.2

Net finance charge / (income)

There was a net interest charge in the period of £0.1m (2015: adjusted credit of £0.2m).

Adjusted profit before tax

Adjusted profit before tax for the period was £19.7m, an increase of 13.8% over the £17.3m achieved in the corresponding period last year.

Amortisation of intangibles, share based payments and exceptional items

A pre-tax charge of £1.2m 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 (2015: £0.4m). There was also a pre-tax exceptional net charge of £1.0m (2015: £0.9m) in the period reflecting a £1.0m cost (2015: £0.2m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes.

Last year's exceptional costs related to a charge of £0.1m in respect of the unwind of discount charges on certain provisions and acquisition costs of £0.6m charged as an expense as required by IFRS2.

Statutory profit before and after taxation

After the amortisation of intangibles, share based payments and exceptional items, the statutory profit before tax was £17.5m (2015: £16.0m) an increase of 9.1%. There was a net tax charge of £3.9m (2015: £3.0m). The statutory profit after tax is £13.6m (2015: £13.0m).

Earnings per share

Statutory basic EPS is 4.58p (2015: 4.49p). Statutory diluted EPS is 4.51p (2015: 4.31p).

The adjusted EPS is 5.24p (2015: 4.89p). The adjusted diluted EPS is 5.15p (2015: 4.70p).

The adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjusted items") described in Note 5.

Dividends

The Board has declared an interim dividend of 5.00 pence per share payable on 30 March 2017 to those shareholders on the register on 10 March 2017 (2015: 4.50 pence). The ex-dividend date is 09 March 2017.

Balance sheet

Statutory debtor days now stand at 90 days (2015: 95 days) and compare to 94 days at 30 June 2016. Revenue generated debtors at 31 December 2016 were £108.7m and compare to £105.8m at 30 June 2016 and £96.9m at 31 December 2015.

Creditors increased to £120.8m compared to £116.2m at 30 June 2016 and £102.1m at 31 December 2015.

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 continued to be available at attractive rates during the period, resulted in an increase of £7.8m in the net value of vehicles held as fixed assets under finance leases compared to 30 June 2016.

Net assets at 31 December 2016 were £159.9.m (2015: £160.7m).

Net debt, cash and financing

Cash balances were £33.6m at 31 December 2016 and compare to cash balances of £34.7m at 30 June 2016 and £31.6m at 31 December 2015.

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. As a consequence Fleet finance and lease debt was £47.1m at 31 December 2016 an increase of £7.2m compared to £39.9m at 30 June 2016.

Net debt at 31 December 2016 was £13.5m and compares to net debt of £9.1m at 31 December 2015 and net debt of £5.2m at 30 June 2016.

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

	Unaudited 6 months ended 31 December 2016 £m	Unaudited 6 months ended 31 December 2015 £m	Audited 12 months ended 30 June 2016 £m
Fleet finance leases	**(47.0)**	(40.5)	(39.9)
Other leases	**(0.1)**	(0.2)	-
Total lease debt	**(47.1)**	(40.7)	(39.9)
Cash balances	**33.6**	31.6	34.7
Net debt	**(13.5)**	(9.1)	(5.2)

Principal risks and uncertainties

Principal risks and uncertainties are detailed in Note 22 to this report.

Martin Ward
Chief Executive Officer
27 February 2017

Stephen Oakley
Chief Financial Officer
27 February 2017

Condensed Consolidated Income Statement
For the six months ended 31 December 2016

Unaudited	Note	6 months ended 31 December 2016 Adjusted* £'000	6 months ended 31 December 2016 Adjusted* items £'000	6 months ended 31 December 2016 £'000	6 months ended 31 December 2015 Adjusted* £'000	6 months ended 31 December 2015 Adjusted* items £'000	6 months ended 31 December 2015 £'000
Revenue	3	**227,145**	**-**	**227,145**	165,182	-	165,182
Cost of sales		**(171,178)**	**-**	**(171,178)**	(119,227)	-	(119,227)
Gross profit		**55,967**	**-**	**55,967**	45,955	-	45,955
Administrative expenses	5	**(36,914)**	**(2,190)**	**(39,104)**	(29,480)	(1,187)	(30,667)
Operating profit		**19,053**	**(2,190)**	**16,863**	16,475	(1,187)	15,288
Share of results of associates		**700**	**-**	**700**	623	-	623
EBIT		**19,753**	**(2,190)**	**17,563**	17,098	(1,187)	15,911
Net finance (charge) / income	6	**(77)**	**-**	**(77)**	186	(66)	120
Profit before taxation		**19,676**	**(2,190)**	**17,486**	17,284	(1,253)	16,031
Taxation	7	**(4,126)**	**239**	**(3,887)**	(3,129)	80	(3,049)
Profit for the period		**15,550**	**(1,951)**	**13,599**	14,155	(1,173)	12,982
Profit for the period attributable to:							
Equity holders of the Company		**15,550**	**(1,951)**	**13,599**	14,105	(1,173)	12,932
Non Controlling Interests		**-**	**-**	**-**	50	-	50
Profit for the period		**15,550**	**(1,951)**	**13,599**	14,155	(1,173)	12,982
Earnings per share (p)							
Basic	8	**5.24**	**(0.66)**	**4.58**	4.89	(0.40)	4.49
Diluted	8	**5.15**	**(0.64)**	**4.51**	4.70	(0.39)	4.31

* Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjusted items") described in Note 5.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2016

Unaudited	6 months to 31 December 2016 £'000	6 months to 31 December 2015 £'000
Profit for the period	**13,599**	12,982
Other comprehensive income	**-**	-
Total comprehensive income for the period, attributable to:		
Equity holders of the Company	**13,599**	12,932
Non Controlling Interests	**-**	50
Total comprehensive income for the period	**13,599**	12,982

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 December 2016

Six months ended 31 December 2016	**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 2016		**304**	**73,769**	**-**	**86,213**	**160,286**	**-**	**160,286**
Profit for the period		**-**	**-**	**-**	**13,599**	**13,599**	**-**	**13,599**
Total comprehensive income for the period		**-**	**-**	**-**	**13,599**	**13,599**	**-**	**13,599**
Issue of Ordinary Shares	**17**	**-**	**9**	**-**	**-**	**9**	**-**	**9**
Credit to equity for equity settled share-based payments		**-**	**-**	**-**	**995**	**995**	**-**	**995**
Dividends paid		**-**	**-**	**-**	**(14,960)**	**(14,960)**	**-**	**(14,960)**
Balance at 31 December 2016		**304**	**73,778**	**-**	**85,847**	**159,929**	**-**	**159,929**

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		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

Condensed Consolidated Statement of Financial Position
As at 31 December 2016

	Note	**Unaudited 31 December 2016 £'000**	Unaudited 31 December 2015 £'000	Audited 30 June 2016 £'000
Non-current assets				
Goodwill	**10**	**85,990**	86,269	85,990
Intangible assets	**11**	**20,112**	22,502	21,307
Property, plant and equipment (including vehicles)	**12**	**55,483**	46,636	47,605
Interests in associates	**13**	**1,105**	466	796
Deferred tax asset		**3,867**	8,858	5,871
		166,557	164,731	161,569
Current assets				
Trade and other receivables	**14**	**133,486**	114,813	126,872
Cash and cash equivalents		**33,559**	31,594	34,647
		167,045	146,407	161,519
Total assets		**333,602**	311,138	323,088
Current liabilities				
Trade and other payables	**15**	**(120,760)**	(102,116)	(116,218)
Obligations under finance leases	**16**	**(25,401)**	(20,475)	(21,242)
Provisions		**(603)**	(1,862)	(1,242)
		(146,764)	(124,453)	(138,702)
Net current assets		**20,281**	21,954	22,817
Non-current liabilities				
Obligations under finance leases	**16**	**(21,679)**	(20,234)	(18,631)
Deferred tax liability		**(5,230)**	(5,708)	(5,469)
		(26,909)	(25,942)	(24,100)
Total liabilities		**(173,673)**	(150,395)	(162,802)
Net assets		**159,929**	160,743	160,286
Equity				
Share capital	**17**	**304**	304	304
Share premium account		**73,778**	73,745	73,769
Retained earnings		**85,847**	86,651	86,213
Equity attributable to owners of the Company		**159,929**	160,700	160,286
Non-controlling interests		**-**	43	-
Total equity		**159,929**	160,743	160,286

Company Registration Number: 03120010

Condensed Consolidated Statement of Cash Flows
For the six months ended 31 December 2016

	Note	**Unaudited 6 months ended 31 December 2016** £'000	£'000	Unaudited 6 months ended 31 December 2015 £'000	£'000
Cash flows from operating activities					
Profit for the period		**13,599**		12,982	
Tax charge	7	**3,887**		3,049	
Share of results of associates	13	**(700)**		(623)	
Net finance costs / (income)	6	**77**		(186)	
Fleet finance lease interest	6	**725**		664	
Depreciation		**5,169**		3,850	
Amortisation of intangible assets	11	**1,195**		398	
(Profit) / loss on sale of tangible fixed assets		**(13)**		210	
Share-based payment charges	5	**995**		151	
EBITDA		**24,934**		20,495	
Increase in receivables		**(3,615)**		(20,677)	
Increase in payables		**2,879**		19,937	
Decrease in provisions		**(639)**		(645)	
Cash generated from operating activities			**23,559**		19,110
Bank interest received	6	**62**		194	
Fleet finance lease interest	6	**(725)**		(664)	
Interest element of non-fleet finance lease rentals	6	**(8)**		(8)	
			(671)		(478)
Taxation paid			**(588)**		-
Net cash from operating activities			**22,300**		18,632
Cash flows from investing activities					
Acquisitions of business combinations net of cash acquired		**-**		(13,108)	
Distributions from associates		**391**		389	
Deposits in escrow		**(3,000)**		-	
Purchase of property, plant and equipment		**(1,686)**			
Proceeds from sale of property, plant and equipment		**8,028**		2,856	
Net cash inflow / (outflow) from investing activities			**3,733**		(10,509)
Cash flows from financing activities					
Proceeds from issues of share capital		**9**		211	
Dividends paid	9	**(14,960)**		(15,047)	
Repayment of borrowings		**-**		(23,505)	
Finance lease principal repayments		**(12,170)**		(6,814)	
Net cash outflow from financing activities			**(27,121)**		(45,155)
Net decrease in cash and cash equivalents			**(1,088)**		(37,032)
Cash and cash equivalents at the beginning of the period			**34,647**		68,626
Cash and cash equivalents at the end of the period			**33,559**		31,594
Cash and cash equivalents consisted of:					
Cash at bank and in hand			**33,559**		31,594

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 2016 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 auditor 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 2018. 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 2016.

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 2016 £'000	Unaudited 6 months ended 31 December 2015 £'000
Revenue	**227,145**	165,182

As described in Note 15 to the consolidated financial statements for the year ended 30 June 2016, the estimation of the expected adjustment arising on 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 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 where they have similar economic characteristics and where the nature of services and their customer base is similar.

5 Amortisation of intangibles, share based payments and exceptional items

Management is required to exercise its judgement in the classification of certain items as exceptional and outside of the Group's underlying results. The determination of whether an item should be separately disclosed as an exceptional item or other adjustments requires judgement on its nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance.

Throughout this report reference is therefore made to adjusted results and measures. The directors believe that the selected adjusted measures allow management and other stakeholders to better compare the performance of the Group between the current and prior period, without the effects of one-off or non-operational items.

In exercising this judgement, the directors have taken appropriate regard of IAS 1 "Presentation of financial statements" as well as guidance issued by the European Securities and Markets Authority on the reporting of non-adjusted results. Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjusted items") as shown below. A reconciliation of GAAP to non-GAAP underlying measures is also outlined in the Financial Review and the Condensed Consolidated Income Statement.

	Unaudited 6 months ended 31 December 2016 £'000	Unaudited 6 months ended 31 December 2015 £'000
Administration costs - Amortisation of acquired intangible assets:		
a) Amortisation of acquired intangible assets	**1,195**	398
b) Share based payments	**995**	151
Total amortisation of acquired intangible assets and share based payments	**2,190**	549
Exceptional items comprise the following:		
c) Acquisition costs	**-**	638
Impact on operating profit for the period	**-**	638
d) Finance costs - unwind of discount on provisions and deferred consideration	**-**	66
Total exceptional items	**-**	704
Total adjustments to profits	**2,190**	1,253
Tax effect of the above	**(239)**	(80)
Impact on profit after tax for the period	**1,951**	1,173

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 and these assets are being amortised over 10 and 5 years respectively. The charge for the period amounts to £1.2m (Note 11), and the tax effect was a credit of £0.2m.

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 £1.0m for the period (2015: £0.2m).

c) Acquisition costs

The charge for the prior year is in accordance with the requirements of IFRS3 *Business Combinations* and relate to legal and professional fees incurred during the acquisition of the FMG group of companies, and amounts to £0.6m.

d) Finance costs

The carrying amount of provisions against properties are included in the balance sheet net of the appropriate discount reflecting the cost of relevant capital or funding. The prior period charge of £0.1m represented the unwinding of provisions against properties.

6 Finance income and finance costs

	Unaudited 6 months ended 31 December 2016 £'000	Unaudited 6 months ended 31 December 2015 £'000
a) Finance income		
Interest receivable	**62**	194
b) Finance costs		
Interest on obligations under finance leases	**(733)**	(672)
Bank facility fees and costs charged in the period	**(131)**	-
	(864)	(672)
Transfer of interest on obligations under finance leases and fleet facilities to cost of sales	**725**	664
Total finance costs payable before exceptional costs	**(139)**	(8)
Finance income less net finance costs	**(77)**	186
c) Exceptional finance costs		
Unwind of discount on provisions and deferred consideration	**-**	(66)
Total net finance (expense) / income	**(77)**	120

7 Tax charge

The tax charge comprises the following:

	Unaudited 6 months ended 31 December 2016 £'000	Unaudited 6 months ended 31 December 2015 £'000
Current tax charge	**(2,123)**	(771)
Deferred tax charge	**(1,764)**	(2,278)
Total tax charge	**(3,887)**	(3,049)

The effective rate of the tax charge of 22.2% (2015: 19%) for the period is higher than the effective standard rate of UK corporation tax charge of 19.75% (2015: 20%) due to the impact of non-deductible charges and the impact of future reductions in the UK tax rate on recognised deferred tax assets.

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 2016 Number**	Unaudited 6 months ended 31 December 2015 Number
Weighted average number of ordinary shares for the purposes of earnings per share	**296,880,858**	288,225,298
Effect of 2013 share options scheme shares in issue	**28,992**	276,761
Effect of B shares in issue	**-**	10,410,279
Effect of 2016 share options scheme shares in issue	**3,618,725**	-
Effect of 2014 SAYE share option scheme shares in issue	**917,265**	1,066,228
Effect of 2015 SAYE share option scheme shares in issue	**372,438**	301,390
Effect of 2016 SAYE share option scheme shares in issue	**37,331**	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**301,855,609**	300,279,956

There were 303,959,703 ordinary shares of 0.1p each in issue as at 31 December 2016 (Note 17).

9 Dividends

The Board has announced an interim dividend for the year to 30 June 2017 of 5.00 pence per ordinary share and amounting to £15.2m payable on Thursday 30 March 2017 to those shareholders on the register at the close of business on Friday 10 March 2017. The shares will be ex-dividend on Thursday 09 March 2017. Ordinary share dividends paid in the period to 31 December 2016 can be summarised as follows:

	Unaudited 6 months ended 31 December 2016 £'000	Unaudited 6 months ended 31 December 2015 £'000
Special dividend in respect of Autofocus of 1.00 pence paid 30 July 2016	**-**	2,854
Final dividend for 2015 of 4.25 pence paid 5 November 2015	**-**	12,193
Final dividend for 2016 of 5.15 pence paid 3 November 2016	**14,960**	-
Total dividends paid in the period	**14,960**	15,047

10 Goodwill

	£'000
Cost	
At 01 July 2015,	113,549
Additions on acquisitions of business combinations (Note 20)	27,038
At 31 December 2015	140,587
Fair value adjustments (Note 20)	(279)
At 01 July 2016 and 31 December 2016	140,308
Accumulated impairment losses	
At 01 July 2015, 31 December 2015, 01 July 2016 and 31 December 2016	(54,318)
Net book value	
At 01 July 2016 and 31 December 2016	**85,990**
At 31 December 2015	86,269

The Directors reviewed the carrying value of Goodwill on 30 June 2016 and the key elements of this review are contained in Note 11 to the Annual Report and Accounts for the year to 30 June 2016. No indications of possible additional impairment have been identified as at 31 December 2016.There is therefore no movement in goodwill impairment in the six months ended 31 December 2016 (2015: £nil). The allocation of Goodwill to the Group's CGU's is as follows:

	31 December 2016 £'000	31 December 2015 £'000	30 June 2016 £'000
Auxillis	18,950	18,950	18,950
NewLaw	40,281	40,281	40,281
FMG	26,759	27,038	26,759
	85,990	86,269	85,990

11 Intangible fixed assets

	Customer relationships £'000	Computer software £'000	Total £'000
Cost			
At 01 July 2016	21,900	1,000	22,900
At 31 December 2016	21,900	1,000	22,900
Amortisation			
At 01 July 2016	(1,460)	(133)	(1,593)
Charge for period	(1,095)	(100)	(1,195)
At 31 December 2016	(2,555)	(233)	(2,788)
Net book value			
At 31 December 2016	**19,345**	**767**	**20,112**
At 30 June 2016	**20,440**	**867**	**21,307**
At 31 December 2015	**21,535**	**967**	**22,502**

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 2016	2,725	784	49,488	12,097	65,094
Additions		-	19,713	1,349	21,062
Disposals		-	(10,015)	-	(10,015)
At 31 December 2016	**2,725**	**784**	**59,186**	**13,446**	**76,141**
Accumulated depreciation and impairment					
At 01 July 2016	(115)	(475)	(6,888)	(10,011)	(17,489)
Charge for the period	(31)	(28)	(4,591)	(519)	(5,169)
Disposals	-	-	2,000	-	2,000
At 31 December 2016	**(146)**	**(503)**	**(9,479)**	**(10,530)**	**(20,658)**
Carrying amounts					
At 31 December 2016	**2,579**	**281**	**49,707**	**2,916**	**55,483**
Leased assets included above:					
At 31 December 2016	**–**	**–**	**49,255**	**169**	**49,424**

	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	473	19,176
Disposals	-	-	(5,023)	-	(5,023)
On acquisitions of business combinations	2,287	-	-	732	3,019
At 31 December 2015	**2,725**	**813**	**49,450**	**15,300**	**68,288**
Accumulated depreciation and impairment					
At 01 July 2015		(445)	(5,963)	(12,955)	(19,434)
Charge for the period	(13)	(32)	(3,446)	(359)	(3,850)
Disposals	–	-	1,632	–	1,632
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**

13 Interests in associates

The Group's interest in associates comprises of minority participations in four 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 2016 £'000	Unaudited 6 months ended 31 December 2015 £'000
Carrying amount of interests in associates	**1,105**	466
Group's share of:		
Profit from continuing operations	**700**	623
Other comprehensive income	-	-
Total share of profits	**700**	623

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 2016 were 90 days (31 December 2015: 95 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 2016 £'000	31 December 2015 £'000	30 June 2016 £'000
Net trade receivables	**105,844**	93,049	102,904
Other receivables	**50**	71	119
Accrued income	**2,768**	3,805	2,790
Total receivables for debtor day calculation purposes	**108,662**	96,925	105,813
Disbursements recoverable in legal businesses	**13,709**	11,406	13,423
Amount due from associates	**50**	13	21
Assets held for sale	**-**	10	-
Prepayments	**11,065**	6,459	7,615
	133,486	114,813	126,872

15 Trade and other payables

	31 December 2016 £'000	31 December 2015 £'000	30 June 2016 £'000
Trade payables	**63,251**	50,826	60,707
Corporation tax payable	**1,830**	996	296
Other taxation and social security	**4,491**	4,035	7,023
Accruals and deferred income	**38,877**	34,505	35,210
Disbursements payable in legal business	**9,519**	8,174	9,685
Other creditors	**2,792**	3,580	3,297
	120,760	102,116	116,218

16 Finance leases and other debt

During the period the Group entered into new finance leases with a principal value of £19.4m and made principal repayments of existing finance leases of £12.2m. Finance leases outstanding at 31 December 2016 amounted to £47.1m and compares to £39.9m at 30 June 2016 and £40.7m at 31 December 2015. 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.

17 Share capital and share premium account

As at 31 December 2016 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 2016	293,536,715	294	10,410,910	10
Conversion of B shares	10,410,910	10	(10,410,910)	(10)
Exercise of SAYE options	12,078	-	-	-
In issue at 31 December 2016 fully paid	**303,959,703**	**304**	**-**	**-**

During the period the "B Share Hurdle" (as described in Note 23 of the consolidated financial statements for the year ended June 2016) was met, resulting in the conversion of the B Shares into Ordinary Shares on 3 November 2016.

18 Related party transactions

The Group has for many years disposed of some of its surplus vehicles in the normal course of business through British Car Auctions ("BCA"). The Group has also for many years repaired vehicles on behalf of BCA through its repair network. BCA has since 2 April 2015 been part of the BCA Marketplace plc group of companies ("BCAM"), formerly Haversham Holdings plc. BCAM is listed on the London Stock Exchange and the Group's Chairman, Avril Palmer-Baunack, is also its executive chairman. Accordingly BCAM is regarded as a related party from that date.

Fees and commissions in the amount of £6,059 (2015: £4,138) were charged by BCAM during the period ended 31 December 2016 in respect of the disposal of such vehicles of which £nil (2015: £nil) was outstanding at the period end.

During the period costs of £14,428 (2015: £13,200) were charged by BCAM in respect of building rent, of which £7,920 (2015: £nil) was outstanding at the period end.

During the period costs of £44,063 (2015: £27,764) were charged by BCAM in respect of vehicle transport, of which £1,127 (2015: £16,836) was outstanding at the period end.

In addition during the period the Group performed repairs to vehicles on behalf of BCAM in the normal course of business and an amount of £331,164 (2015: £243,064) was charged to BCAM of which £159,540 (2015: £75,884) was outstanding at the period end.

19 Cash flow information

	Audited 30 June 2016 £'000	Acquisition £'000	Cash flow £'000	Other non-cash changes £'000	Decrease/ (increase) in net debt £'000	Unaudited 31 December 2016 £'000
Analysis and reconciliation of net debt						
Net cash and cash equivalents	**34,647**	**-**	**(1,088)**	**-**	**(1,088)**	**33,559**
Debt due within one year	**-**	**-**	**-**	**-**	**-**	**-**
Debt due after more than one year	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**
Finance leases	**(39,873)**	**-**	**12,170**	**(19,377)**	**(7,207)**	**(47,080)**
	(39,873)	**-**	**12,170**	**(19,377)**	**(7,207)**	**(47,080)**
Net cash / (debt)	**(5,226)**	**-**	**11,082**	**(19,377)**	**(8,295)**	**(13,521)**

	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)

	2016 £'000	2015 £'000
Decrease in cash and cash equivalents in the period	**(1,088)**	(41,502)
Cash inflow from decrease in borrowings and lease financing	**12,170**	30,319
Change in net cash / debt resulting from cash flows	**11,082**	(11,183)
New finance leases	**(19.377)**	(18,443)
Debt on acquisitions	**-**	(19,164)
Movement in net cash / debt in the period	**(8,295)**	(48,790)
Net (debt) / cash at start of the period	**(5,226)**	39,675
Net debt at end of the period	**(13,521)**	(9,115)

20 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.

	Provisional Fair Value 31 Dec 2015 £'000	Final Fair Value 30 June 2016 £'000
Tangible fixed assets	3,019	2,925
Intangible assets - Customer relationships	21,900	21,900
Intangible assets - Software	1,000	1,000
Deferred tax asset	173	182
Trade and other receivables	9,866	9,818
Cash and cash equivalents	4,470	4,470
Trade and other payables	(16,797)	(16,385)
Loan notes	(23,505)	(23,505)
Finance leases	(129)	(129)
Deferred tax liability	(4,580)	(4,580)
Net assets acquired	**(4,583)**	**(4,304)**
Consideration:		
Cash paid on completion	17,455	17,455
Consideration paid in shares	5,000	5,000
Net consideration	**22,455**	**22,455**
Goodwill arising from the acquisition	**27,038**	**26,759**

The fair values of the assets and liabilities are stated as at 31 October 2015 being the nearest practical date to completion and at 31 December 2015 were considered to be provisional given the time that FMG has been part of the Group but have since been finalised. The net change in these provisional fair values and consequent goodwill was £279,000.

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.

21 Approval of Interim Financial Statements

The Interim Financial Statements were approved by the Board of Directors on 27 February 2017.

22 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. The consequences of BREXIT might result in changes in economic conditions which might be either adverse or positive. 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.

In economic downturns, the core element of the Group's business tends to be insulated as the services are provided at no direct cost to the user on deferred credit terms. Therefore, the take up of services can increase as consumers become more cost conscious and avoid paying excess on claims through their own insurance policies instead preferring to take up the Group's no excess services.

The Group continually monitors government statistics as well as other external data as part of its ongoing financial and operational budgeting and forecasting processes. In addition regular communications take place with the Group's major insurance partners in order to monitor consumer insurance trends so that the Group may plan its response to any potential changes. The Group also communicates with its existing and potential lenders regularly in order to maintain close relationships.

The Group's debtors are generally owed by insurance companies who are well regulated and capitalised. Capital solvency requirements are fairly rigorous for insurance companies with results published. Therefore, the Group believes it has adequate mitigation from credit risk default in an economic downturn.

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.

The Group monitors its competitive position closely with a view to ensuring that it is able to provide its customers with the best overall solution to their requirements taking into account commercial considerations. This is underpinned by a commitment to high quality service of its customers' needs together with regular monitoring and feedback of actual performance against customers' expectations. The monitoring includes performance against agreed service levels with customers and regular meetings are held with referrer customers to discuss performance and requirements.

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.

The Group seeks and develops long term relationships with partners and secures these relationships with appropriate, long-term formal contracts. Where possible contracts are structured in such a way as to match income with corresponding costs and regular reviews take place of contribution from contracts in order to ensure that where such contributions become uneconomic a dialogue is opened with the counterparty in an attempt resolve this.

Insurance industry protocols

The Group ceased to be a subscriber to the voluntary protocol developed by accident management companies and the ABI known as the General Terms of Agreement (GTA) with effect from 15 August 2015. This decision was taken due to the considerable number of bilateral protocol arrangements that the Group has with insurers. 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 previously in force and they may also seek alternative strategies to dealing with claims submitted.

The Group takes an active part in discussions within the industry and since the Group's withdrawal from the GTA the Group has been entering into an increased number of bilateral protocol arrangements with insurers.

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.

The Group maintains a legal function and a regulatory risk and compliance function to monitor the management of these risks and compliance with relevant laws and regulations. Reputable external advisors are retained where necessary. Internal policies and practices are reviewed regularly to take account of any changes in obligations. Training and induction programmes ensure that staff receive appropriate training and briefings on the relevant policies and laws.

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.

The government continues to look at the overall costs of litigation and currently, through the Ministry of Justice, is engaged in a consultation process regarding possible future changes in legislation and amending or creating new rules which might have the effect of reducing the amounts of damages claimable in relation to personal injury and also 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).These proposed changes would have an impact on the profit costs of the Group's legal businesses and/or increase the cost of recovering credit charges. The Group is mitigating against these possible changes in its personal injury legal practice by participating in this consultation by (for some time) diversifying towards a greater volume of significant injury cases which would not be affected to the same extent by these proposed changes. Some of the proposals require legislation changes which would take some time to enact which would provide scope to evolve the business model in this area.

The Group maintains a legal function and also monitors relevant legal developments and the development and outcome of test cases through its membership of the Credit Hire Organisation. The Group's contracts and documentation are reviewed and amended where appropriate to take into account legal developments and case law. The Group's legal department and the Group's legal businesses monitor such matters and the Group will endeavour to adapt its business model to deal with such changes if and when they are introduced.

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 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.

The Group manages this risk by ensuring that services are only provided to customers after a full risk assessment process and agreement to an appropriate contract.

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 and their market availability, 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.

The Group's fleet management system enables the business to manage the fleet effectively and 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 and note 24 to the consolidated financial statements details the steps that are taken in managing LIBOR risk.

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 incidents for management, claims and vehicle hires and repairs. There could be a failure, weakness in, or security breach of, the Group's systems, processes or business continuity arrangements.

The Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled. Preventative controls and back-up and recovery procedures are in place for key systems and all buildings. Changes to Group systems are considered as part of a wider group business change management process and implemented in phases where possible. The Group has business recovery and business continuity plans in all of its operations.

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 also has 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.

Further details of these risks and their management are contained in note 24 to the consolidated financial statements.

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 2018, and a review of the financial resources available by way of cash balances and finance facilities. Recognising the inherent uncertainty 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 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 2016 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 2016 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
66 Queen Square, Bristol, BS1 4BE, United Kingdom
27 February 2017

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

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

2017
February – Interim results announcement
March – Interim dividend for 2017
September – Final results announcement
October – Annual General Meeting
November – Final dividend for 2017

Advisors

Auditor
KPMG LLP
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Solicitors
Berwin Leighton Paisner LLP
Adelaide House
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