INTERIM RESULTS

for the six months ended 30 June 2014

PUBLISHED 23 SEPTEMBER 2014

Interim financial results

for the six months ended 30 June 2014

"We are pleased to report a strong set of maiden interim results as a listed company following our successful IPO in May, with continued growth in enquiries, revenue and profit. The results reflect an excellent trading performance, both in terms of the Group's enquiry generation and our panel law firm strategy, which has seen us focus on large, robust, efficient firms.

As a result of the Group's highly cash generative business model and robust balance sheet, we have declared an interim dividend of 5.0p per ordinary share.

The Group's market leading position and continued focus on the most attractive segments of a large and growing personal injury market means we are well positioned to benefit from opportunities to deliver further growth in revenue and profit. The momentum has continued to date in the second half and current trading is strong."

Russell Atkinson,

CEO, NAHL Group plc

NAHL GROUP PLC

Financial Highlights

- Revenue from continuing operations[1] increased by 6.0% to £22.1m (2013 H1: £20.8m)
- Underlying operating profit[2] increased by 25.8% to £6.1m (2013 H1: £4.8m)
- Underlying operating profit[2] margin increased by four percentage points to 27.4% (2013 H1: 23.1%)
- 94.4% cash flow conversion of underlying operating profit[2] from continuing operations[1] (2013 H1: 97.4%) - net cash flows from continuing operations[1] of £5.7m (2013 H1: £4.7m)
- Adjusted net debt of £2.0m at period end
- Basic earnings per share of 8.5p (10.9p from continuing operations[1])
- Interim dividend of 5.0p (2013 H1: nil)

Operational Highlights

- Successful IPO on AIM in May 2014, following placing of 17,500,000 Ordinary Shares at £2 per share raising £35 million
- Enquiries increased by 10.6% compared to H1 2013 with similar growth in the higher value non-RTA and medical negligence sectors
- Positive regulatory environment driving industry consolidation - 41% reduction in number of regulated claims management companies as at 31 March 2014

1 Continuing operations excludes the demerged PPI Claimline division and a legacy 'after the event' ("ATE") insurance product used prior to the enactment of The Legal Aid, Sentencing and Punishment of Offenders Act 2012 ("LASPO") on 1st April 2013.
2 Underlying operating profit excludes pre-LASPO ATE items, share-based payments and one-off items.

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Chairman's Statement

I am pleased to report the Group's first set of results since the Company's IPO on AIM on 29th May 2014. These results are for the six months ended 30th June 2014.

Summary of Financial Performance

NAHL has made good progress, with revenue from continuing operations of £22.1m, up 6.0% (2013 H1: £20.8m). This translates into an increase in underlying operating profit from continuing operations of 25.8%, up from £4.8m to £6.1m.

Underlying profit before tax from continuing operations, before share based payments and one-off items, is £5.9m, and £5.7m after share based payments and one-off items. Earnings from continuing operations per share are 10.9 pence. During the period we demerged PPI Claimline Limited, resulting in a loss from discontinued operations of £1.0m.

NAHL's business model is highly cash generative, with a 94.4% conversion of operating profit from continuing operations into cash. As a consequence, the balance sheet is robust and at the period end we had net cash of £6.9m. Our balance sheet also shows non-interest bearing liabilities of £8.9m relating to the legacy pre LASPO ATE product, which we expect will be substantially repaid in 2015, giving an effective adjusted net debt position of £2.0m at 30th June 2014. We expect this position to be net cash positive by 31st December 2014.

Interim Dividend

As announced at the time of listing, it is the Board's intention to adopt a progressive policy of paying dividends of approximately 66 per cent. of retained profits in each financial year reflecting the Group's high cash conversion ratio and strong balance sheet. We will pay our first interim dividend of 5.0 pence per share on 31st October 2014 to ordinary shareholders registered at the close of business on 3rd October 2014.

Business Review

The results reflect a strong trading performance, both in terms of our enquiry generation and our panel law firm strategy. Enquiry generation has performed ahead of our expectations reflecting our market leading position and the effectiveness of our digital strategy and we have benefitted from excellent online lead conversion. The Group has maintained its advertising effectiveness in order to generate this enquiry growth and to support its market leading position, with new advertisements rolled out on national TV in the first half of the year using the Group's Underdog character. This supports National Accident Helpline's position as the most trusted and recognised brand in the sector.

We have been well positioned to take advantage of market consolidation following the legislative changes implemented in 2013; this has seen a 41% reduction in the number of regulated claims management companies in the year to 31 March 2014. This, together with our sector leading brand awareness, has resulted in higher volumes being delivered to our panel law firms cost effectively.

The Group continues to focus on the high growth and value opportunities provided by the two segments of the market that are growing strongly: non-RTA and medical negligence. Approximately 75% per cent of enquiries generated by NAHL for its panel law firms are in these fast growing segments.

Group enquiries increased by 10.6% compared to H1 2013 with similar growth in the higher value categories, non-RTA and medical negligence, driven by increasing awareness of the rights and options available to consumers who have been impacted.

Revenue growth from enquiry generation (referred to as solicitor income) is up 5.9% on H1 2013. With LASPO enacted on 1st April 2013, the comparative period straddles two regulatory regimes and we estimate the underlying rate of growth in enquiries in the post LASPO environment to be materially higher than in the pre LASPO period.

Revenue from the sale of products (medicals, insurance and costs), which are related to the various services required by our panel law firms to run a case efficiently, was up 6.0% in the period and new products continue to perform in line with the Group's forecasts, including our ATE Benchmark product, which was launched in April 2013. Trials are ongoing in relation to a number of additional products under consideration, including an enhanced medical negligence screening service. Initial results have proved encouraging and we expect to provide a further update in due course.

Turning to our panel law firms, our strategy of focusing on large, robust, efficient firms continues and we are pleased with the way our enquiry growth has been managed by our panel firms.

Outlook

We enjoyed a strong first half and our results demonstrate the importance and value of our well recognised and trusted brand, and the strength and expertise of our marketing strategy. We have continued to generate increasing numbers of high quality enquiries for our panel law firms.

The Group remains highly cash generative, supported by a strong balance sheet and we are delighted to be paying our first interim dividend. Our performance in the second half to date continues to be strong, driven by continuing high levels of enquiries as well as an increasingly efficient marketing strategy. We expect a positive out-turn for the year.

RS Halbert

Chairman
22nd September 2014

Management Report

NAHL is a leading UK consumer marketing business focussed on the UK personal injury market, advertising through its core brand – National Accident Helpline. Since its establishment in 1993 the Group's core business model has been, and remains, based on enquiry origination through direct response marketing, connecting claimants, who have been injured in non-fault accidents, with the Group's panel law firms.

Through the strength and trust generated by the National Accident Helpline brand, and by the Group's Underdog character, NAHL is able to generate consistently high quality enquiries which are transferred to panel law firms. NAHL is paid by these law firms and not by the claimant. NAHL also receives income from providers of ancillary products which the panel law firms use to run their cases.

NAHL was admitted to AIM on 29th May 2014 and the interim financial results for the six months to 30th June 2014 are the Group's first set of results as a public company.

Financial Overview

Revenue

Revenue from continuing operations increased by 6.0% to £22.1m (2013 H1: £20.8m). In addition, in the first quarter of 2013, revenue of £9.4m was generated in relation to commissions received for an 'after the event' ("ATE") insurance product. This product was no longer available in the same form following the implementation of LASPO and has therefore been separately identified.

Profitability

Underlying operating profit increased by 25.8% to £6.1m (2013 H1: £4.8m). This is mainly due to a full six months impact of the Group's new pricing model for solicitor income introduced on 1st April 2013. Although the Group's income per enquiry has reduced from £490 to £470, reflecting better value enquiries delivered to our panel law firms, we have seen an overall 34.4% increase in solicitor income profitability to £4.2m (2013 H1: £3.2m). With our product income profitability also enjoying a 9.4% increase to £2.6m (2013 H1: £2.4m), a continued firm control over administrative and other expenses as well as continually monitoring and controlling the mix of enquiries passed to the panel law firms, our overall operating profit margin from continuing items has increased to 27.4% (2013 H1: 23.1%) and we expect to deliver further improvement as enquiry numbers increase.

Two exceptional one-off items, being the payment of an employee bonus of £652,000 and the crystallisation of a contingent asset of £480,000, both related to the Group's admission to AIM and will not continue going forward. Further details of these amounts are included in Note 4 to this financial statement.

Discontinued Operation

On 15th May 2014, the Group demerged its PPI Claimline division and its parent company Seebeck 62 Limited via a capital reduction of £1.5m. This resulted in a loss on disposal of £0.6m which, along with associated losses in the period to 15th May 2014 and associated reorganisation costs / fees of £0.4m, produced a loss from the discontinued operation of £1.0m (2013 H1: profit of £3.7m).

Earnings Per Share

Basic and diluted earnings per share for the period were 8.5p and 8.2p respectively in H1 2014, (2013 H1: 32.3p and 31.5p). Basic and diluted earnings per share for continuing operations for the period were 10.9p and 10.6p respectively in H1 2014, (2013 H1: 23.3p and 22.7p). The comparative figures for 2013 included income generated from a legacy pre-LASPO ATE product.

Dividend

The Board has declared an interim dividend of 5.0p per ordinary share (2013 H1: nil) which will be paid on 31st October 2014 to ordinary shareholders registered at the close of business on 3rd October 2014. The Board intends to pay two thirds of its retained earnings each year as a dividend. Of this, it is expected that approximately a third will be paid at the interim stage and two thirds at the final stage. The final payment is expected to be announced in March 2015 for payment in April 2015.

Cash and Balance Sheet

The Group had £2.0m of adjusted net debt at 30 June 2014 (2013 H1: £5.3m). This comprised the following:

Cash and Balance Sheet £m	30 June 2014	30 June 2013
Cash and cash equivalents	12.8	47.3
Other interest bearing loans and borrowings	(5.9)	(32.0)
Net cash	6.9	15.3
Other payables relating to pre-LASPO ATE product	(8.9)	(20.6)
Adjusted net debt	(2.0)	(5.3)

The Group was able to reduce net debt as a result of its continued good net cash flow performance from operating activities. For continuing products, the Group generated £5.7m of operating cash flow (2013 H1: £4.7m) which represents 94.4% of operating profit excluding pre-LASPO ATE, share based payments and one-off items (2013 H1: 97.4%). The Group continues to collect its solicitor income by direct debit in the month following invoice and therefore would expect this strong operating cash flow performance to continue. The Group would expect to continue to generate in excess of 90% of operating profit as operating cash flow.

Russell Atkinson
Chief Executive Officer

Steve Dolton
Chief Financial Officer

22 September 2014

Consolidated statement of comprehensive income

for the 6 months ended 30 June 2014

	Note	6 months to 30 June 2014 £000	6 months to 30 June 2013 £000	12 Months to 31 December 2013 £000
Continuing Operations				
Revenue (excluding pre-LASPO ATE)		**22,090**	20,849	39,717
Pre-LASPO ATE revenue[1]		**-**	9,406	9,406
Total revenue		**22,090**	30,255	49,123
Cost of sales		**(12,450)**	(12,593)	(23,090)
Gross profit		**9,640**	17,662	26,033
Administrative expenses		**(4,282)**	(3,468)	(6,819)
Operating profit (excluding pre-LASPO ATE, share based payments and one off items)		**6,057**	4,816	9,829
Share based payments	*8*	**(47)**	-	7
One off items	*4*	**(652)**	-	-
Pre-LASPO ATE operating profit		**-**	9,378	9,378
Total operating profit		**5,358**	14,194	19,214
Financial income	*5*	**540**	193	332
Financial expenses	*6*	**(167)**	(1,546)	(4,805)
Profit before tax		**5,731**	12,841	14,741
Taxation		**(1,252)**	(3,259)	(4,411)
Profit from continuing operations		**4,479**	9,582	10,330
Discontinued Operation				
(Loss) / Profit from discontinued operation, net of tax	*3*	**(1,005)**	3,693	(872)
Profit for the year and Total comprehensive income		**3,474**	13,275	9,458

All profits and losses and total comprehensive income are attributable to the owners of the Company.

1 Pre-LASPO ATE Revenue means commissions received from the use of an 'after the event' (ATE) insurance product by participating solicitor firms before the implementation of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 ('LASPO'). As a result of the LASPO regulatory changes, which were effective from 1 April 2013, this product was no longer available in the same form and has therefore been separately identified.

Consolidated statement of comprehensive income (cont.)

for the 6 months ended 30 June 2014

	Note	**6 months to 30 June 2014**	6 months to 30 June 2013 *(Adjusted)*	12 Months to 31 December 2013 *(Adjusted)*
Basic earnings per share (p)				
Total	9	**8.5**	32.3	23.0
Continuing operations	9	**10.9**	23.3	25.1
Diluted earnings per share (p)				
Total	9	**8.2**	31.5	22.4
Continuing operations	9	**10.6**	22.7	24.5

Discontinued earnings per share are shown in note 9. Comparatives for earnings per share have been adjusted as described in note 9.

Consolidated statement of financial position

At 30 June 2014

	30 June 2014 £000	30 June 2013 £000	31 Dec 2013 £000
Non-current assets			
Goodwill	**39,897**	46,042	39,897
Property, plant and equipment	**268**	580	371
Deferred tax assets	**61**	80	61
	40,226	46,702	40,329
Current assets			
Trade and other receivables	**4,754**	6,386	3,168
Cash and cash equivalents	**12,800**	47,319	14,249
Assets classified as held for sale[1]	**-**	-	3,138
	17,554	53,705	20,555
Total assets	**57,780**	100,407	60,884
Current liabilities			
Other interest-bearing loans and borrowings	**(5,901)**	(31,988)	(6,789)
Trade and other payables	**(8,829)**	(10,615)	(7,838)
Other payables relating to discontinued pre-LASPO ATE product	**(8,855)**	(20,612)	(12,086)
Tax payable	**(1,204)**	(3,147)	(3,107)
Liabilities classified as held for sale[1]	**-**	-	(843)
	(24,789)	(66,362)	(30,663)
Non-current liabilities			
Other interest-bearing loans and borrowings (note 7)	**-**	(70)	(70)
	-	(70)	(70)
Total liabilities	**(24,789)**	(66,432)	(30,733)
Net assets	**32,991**	33,975	30,151
Equity			
Share capital (note 7)	**103**	231	231
Share option reserve	**47**	-	-
Interest in own shares	**-**	(14)	(14)
Share premium	**49,533**	100	100
Merger reserve	**(50,000)**	-	-
Retained earnings	**33,308**	33,658	29,834
Total Equity	**32,991**	33,975	30,151

1 The consolidated statement of financial position at 30 June 2013 includes balances relating to Seebeck 62 Limited and its subsidiary undertakings. These are included as held for sale at 31 December 2013.

Consolidated statement of changes in equity
for the 6 months ended 30 June 2014

	Share capital £000	Share option reserve £000	Interest in own shares £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2014	231	-	(14)	100	-	29,834	30,151
Total comprehensive income for the period							
Profit	-	-	-	-	-	3,474	3,474
Total comprehensive income for the period	-	-	-	-	-	3,474	3,474
Transactions with owners, recorded directly in equity							
Issue of deferred share *(note 11)*	-	-	-	50,000	(50,000)	-	-
Disposal of assets held for sale *(note 11)*	-	-	-	(1,500)	-	-	(1,500)
Issue of new ordinary shares *(note 11)*	3	-	-	861	-	-	864
Share based payments	-	47	-	-	-	-	47
Other transactions with owners *(note 11)*	(131)	-	14	72	-	-	(45)
Balance at 30 June 2014	**103**	**47**	**-**	**49,533**	**(50,000)**	**33,308**	**32,991**
Balance at 1 January 2013	231	-	(14)	100	-	20,383	20,700
Total comprehensive income for the period							
Profit	-	-	-	-	-	13,275	13,275
Total comprehensive income for the period	-	-	-	-	-	13,275	13,275
Balance at 30 June 2013	231	-	(14)	100	-	33,658	33,975
Balance at 1 January 2013	231	-	(14)	100	-	20,383	20,700
Total comprehensive income for the period							
Profit	-	-	-	-	-	9,458	9,458
Total comprehensive income for the period	-	-	-	-	-	9,458	9,458
Transactions with owners, recorded directly in equity							
Share based payments	-	-	-	-	-	(7)	(7)
Balance at 30 December 2013	231	-	(14)	100	-	29,834	30,151

Consolidated cash flow statement

for the 6 months ended 30 June 2014

	Note	6 months to 30 June 2014 £000	6 months to 30 June 2013 £000	12 Months to 31 December 2013 £000
Cash flows from operating activities				
Continuing operations				
Profit for the period		**4,479**	9,582	10,330
Adjustments for:				
Depreciation		**115**	124	245
Financial income	*5*	**(540)**	(193)	(332)
Financial expenses	*6*	**167**	1,546	4,805
Share based payments	*8*	**47**	-	(7)
Taxation		**1,252**	3,259	4,411
		5,520	14,318	19,452
(Increase) in trade and other receivables		**(1,631)**	(3,455)	(1,818)
Increase/(decrease) in trade and other payables		**1,178**	541	(113)
(Decrease)/increase in other payables relating to discontinued pre-LASPO ATE product		**(3,231)**	5,349	(3,177)
Cash generation from operations	*2*	**1,836**	16,753	14,344
Interest paid		**(316)**	(1,959)	(3,050)
Tax paid		**(3,155)**	(1,226)	(3,133)
Net cash from operating activities – continuing operations		**(1,635)**	13,568	8,161
Net cash from operating activities – discontinued operations		**-**	1,431	711
Net cash from operating activities		**(1,635)**	14,999	8,872
Cash flows from investing activities				
Continuing operations				
Acquisition of property, plant and equipment		**(12)**	(128)	(177)
Interest received	*5*	**60**	193	332
Income from crystallisation of contingent asset	*5*	**480**	-	-
Net cash from investing activities – continuing operations		**528**	65	155
Net cash used in investing activities – discontinued operations		**(404)**	(3,630)	(3,629)
Net cash from /(used in) investing activities		**124**	(3,565)	(3,474)
Cash flows from financing activities				
Continuing operations				
New share issue (net of fees)		**864**	-	-
Repayment of borrowings		**(996)**	(1,482)	(28,322)
Net cash used in financing activities – continuing operations		**(132)**	(1,482)	(28,322)
Net cash from financing activities – discontinued operations		**-**	2,902	2,902
Net cash (used in) /from financing activities		**(132)**	1,420	(25,420)
Net (decrease)/increase in cash and cash equivalents		**(1,643)**	12,854	(20,022)
Opening cash and cash equivalents		**14,443**	34,465	34,465
Cash and cash equivalents at period end		**12,800**	47,319	14,443

Notes to the condensed set of financial statements

1 General information

The half-year results for the current and comparative period to 30 June are unaudited. The comparative results for 31 December are taken from the Placing and Admission to Trading on AIM document for which there is an accountants report. The information for the year ended 31 December 2013 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Consumer Champion Group Limited group statutory accounts for 31 December 2013 have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. Consumer Champion Group Limited's statutory accounts for the year ended 31 December 2013 are available from the Company's registered office at 1430 Montagu Court, Kettering, Northamptonshire, NN15 6XR. The document relating to the Placing and Admission to Trading on AIM is available from the Group's website at www.nahlgroupplc.co.uk.

Having made due enquiries the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed set of financial statements.

The condensed set of financial statements was approved by the Board of directors on 22 September 2014.

Basis of Preparation

Statement of compliance

The condensed set of financial statements for the six months ended 30 June 2014 has been prepared in accordance with IAS 34 Interim financial reporting as adopted by the EU and the AIM Rules of UK companies. It does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of Consumer Champion Group Limited for the year ended 31 December 2013 and the Placing and Admission to Trading on AIM document.

On the 14th May 2014, NAHL Group Limited acquired the shares of Consumer Champion Group Limited on a share for share for share basis resulting in no change in the ultimate ownership of the company. As a result of this the company has adopted the principles of reverse acquisition accounting in preparing these interim results.

Judgements and estimates

The preparation of the condensed set of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed set of financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were of the same type as those that applied to the Placing and Admission to Trading on AIM Document.

Significant accounting policies

The accounting policies in these interim financial statements are the same as those applied in the Placing and Admission to Trading on AIM Document.

2 Operating segments

	Solicitor income £000	Products £000	Pre-LASPO ATE £000	Other segments £000	One off items £000	Total - continuing £000	PPI Claimline (discont'd) £000	Total £000
6 months ended 30 June 2014								
Revenue	19,425	2,665	-	-	-	22,090	1,506	23,596
Depreciation and amortisation	(115)	-	-	-	-	(115)	(31)	(146)
Operating profit	4,234	2,639	-	(863)	(652)	5,358	(222)	5,136
Financial income						540	-	540
Financial expenses						(167)	-	(167)
Profit before tax						5,731	(222)	5,509
Trade receivables	4,049	77	-	-	-	4,126	647	4,773
Segment liabilities	(6,510)	(718)	(8,855)	(1,601)	-	(17,684)	(1,296)	(18,980)
Capital expenditure	12	-	-	-	-	12	-	12
6 months ended 30 June 2013								
Revenue	18,336	2,513	9,406	-	-	30,255	7,095	37,350
Depreciation and amortisation	(124)	-	-	-	-	(124)	(40)	(164)
Operating profit	3,153	2,413	9,378	(750)	-	14,194	1,072	15,266
Financial income						193	-	193
Financial expenses						(1,546)	(1)	(1,547)
Profit before tax						12,841	1,071	13,912
Trade receivables	3,223	569	-	-	-	3,792	1,606	5,398
Segment liabilities	(5,008)	(74)	(20,612)	(3,598)	-	(29,292)	(1,935)	(31,227)
Capital expenditure	128	-	-	-	-	128	-	128
12 months ended 31 December 2013								
Revenue	34,423	5,294	9,406	-	-	49,123	12,245	61,368
Depreciation and amortisation	(245)	-	-	-	-	(245)	(4,969)	(5,214)
Operating profit	5,588	5,256	9,378	(1,008)	-	19,214	(3,494)	15,720
Financial income						332	2,903	3,235
Financial expenses						(4,805)	(88)	(4,893)
Profit before tax						14,741	(679)	14,062
Trade receivables	2,373	508	-	-	-	2,881	1,130	4,011
Segment liabilities	(3,976)	(312)	(12,086)	(3,550)	-	(19,924)	(843)	(20,767)
Capital expenditure	177	-	-	-	-	177	-	177

2 Operating segments (continued)

Geographic information

All revenue and assets of the Group are based in the UK.

Operating segments

The segments used in reporting by the Chief Operating Decision Maker (CODM), being the Board, and considered relevant to the business are segmented on a product basis. These segments are:

Solicitor income – Revenue from the provision of enquiries to the panel law firms, based on a cost plus margin model, (based on fixed fee for the period to 31 March 2013).

Products – Commissions received from providers for the sale of additional products by them to the panel law firms.

Pre-LASPO ATE – Commissions received from the insurance provider for the use of 'after the event' policies by panel law firms. From 1 April 2013, this product was no longer available as a result of LASPO regulatory changes. Included in the balance sheet is a liability that has been separately identified due to its material value. This balance is commissions received in advance that are due to be paid back to the insurance provider. No interest is due on this liability.

Other segments – Costs that are incurred in managing group activities or not specifically related to a product and including share based payments.

One-off items – Costs for the payment of employee bonuses relating to admission of the company to AIM.

PPI Claimline (discontinued) – Provision of claims management services focused on recovery of mis-sold payment protection insurance. This business was demerged via a capital reduction on 15th May 2014

Cash flows from operating activities – Continuing operations

A reconciliation of operating profit to cash generation from operations for Continuing operations has been presented below separately identifying net cash flows relating to Continuing products (comprising cash flows associated with Solicitor Income, Products and Other segments), the Pre-LASPO ATE product segment and cash flows within Continuing operations that related to the PPI Claimline division, which is now discontinued. For the period ended 30 June 2014, one off items have also been separately identified.

Reconciliation of operating profit to Cash generation from operations – Continued operations

6 months ended 30 June 2014	Continuing Products £000	Pre-LASPO ATE £000	Sub-total £000	One off items £000	Total £000
Operating profit	6,010	-	6,010	(652)	5,358
One-off items	-	-	-	652	652
Share based payments	47	-	47	-	47
Adjusted operating profit	6,057	-	6,057	-	6,057
Depreciation	115	-	115	-	115
(Increase) in trade/other receivables	(1,631)	-	(1,631)	-	(1,631)
Increase in trade/other payables	1,178	-	1,178	-	1,178
(Decrease) in liabilities relating to pre-LASPO ATE product	-	(3,231)	(3,231)	-	(3,231)
One off items paid	-	-	-	(652)	(652)
Cash generation from operations	**5,719**	**(3,231)**	**2,488**	**(652)**	**1,836**

2 Operating segments (continued)

6 months ended 30 June 2013	Continuing Products £000	Pre-LASPO ATE £000	Sub-total £000	PPI Claimline related £000	Total £000
Operating profit	4,816	9,378	14,194	-	14,194
Depreciation	124	-	124	-	124
(Increase) in trade/other receivables	(790)	-	(790)	(2,665)	(3,455)
Increase in trade/other payables	541	-	541	-	541
Increase in liabilities relating to pre-LASPO ATE product	-	5,349	5,349	-	5,349
Cash generation from operations	**4,691**	**14,727**	**19,418**	**(2,665)**	**16,753**

12 months ended 31 December 2013	Continuing Products £000	Pre-LASPO ATE £000	Sub-total £000	PPI Claimline related £000	Total £000
Operating profit	9,836	9,378	19,214	-	19,214
Share based payments	(7)	-	(7)	-	(7)
Adjusted operating profit	9,829	9,378	19,207	-	19,207
Depreciation	245	-	245	-	245
Decrease/(increase) in trade/other receivables	487	-	487	(2,305)	(1,818)
(Decrease) in trade/other payables	(113)	-	(113)	-	(113)
(Decrease) in liabilities relating to pre-LASPO ATE product	-	(3,177)	(3,177)	-	(3,177)
Cash generation from operations	**10,448**	**6,201**	**16,649**	**(2,305)**	**14,344**

3 Discontinued operations

The PPI Claimline division was acquired on 10 February 2011 and was classified as a disposal group for sale in the Placing and Admission to Trading on AIM Document as the company had committed to selling this division and expected to conclude a sale within the next six months. The related assets and liabilities were classified as held for sale in the year ended 31 December 2013, and therefore the statement of comprehensive income was restated for discontinued operations for all three years presented.

On the 15th May 2014, the division was demerged via a capital reduction of £1,500,000 resulting in a loss on disposal of £563,000. This disposal did not change the ultimate control of the company.

	6 months to 30 June 2014 £000	6 months to 30 June 2013 £000	12 Months to 31 December 2013 £000
Proceeds			
Capital reduction	**1,500**	-	-
Disposal			
Net assets at 31 December 2013	**2,295**	-	-
Loss in the period	**(232)**	-	-
	2,063	-	-
Loss on disposal	**563**	-	-
Other losses attributable to discontinued operations			
Loss / (profit) in the period	**232**	(3,693)	872
Reorganisation costs	**98**	-	-
Fees relating to disposal	**112**	-	-
	442	(3,693)	872
Total loss / (profit) from discontinued operations	**1,005**	(3,693)	872

4 One off item

As a result of the admission to AIM process, income was realised on the crystallisation of an asset that was contingent on an exit event. This contingent asset arose as a result of the award of shares to employees by the Employee Benefit Trust ('EBT') under the EMI scheme creating loans repayable on exit. This income totalled £480,000. Under the trust rules this cash and any previously recognised cash in the EBT is required to be used for the benefit of employees. As a result, companywide bonuses were paid in recognition of the successful completion of the IPO. The costs of these bonuses have been included in the condensed consolidated statement of comprehensive income as one-off items totalling £652,000. The £480,000 income received for the contingent asset has been detailed in note 5.

5 Financial income

	6 months to 30 June 2014 £000	6 months to 30 June 2013 £000	12 Months to 31 December 2013 £000
Bank interest income	**60**	193	332
Income from crystallisation of contingent asset (note 4)	**480**	-	-
Total financial income	**540**	193	332

6 Financial expenses

	6 months to 30 June 2014 £000	6 months to 30 June 2013 £000	12 Months to 31 December 2013 £000
On bank loans	**(13)**	213	415
On loan notes	**7**	1,011	1,705
Dividends on preference shares	**134**	-	6
Unwinding of loan note discounting	**38**	33	64
Loss on settlement of loan notes	**-**	286	2,609
Bank charges	**1**	3	6
Total financial expenses	**167**	1,546	4,805

7 Share capital

	30 June 2014	30 June 2013	31 December 2013
Number of shares			
41,150,000 'A' ordinary shares of £0.0025 each	**41,150,000**	-	-
125,000 'A' ordinary shares of £0.50 each *(cancelled)*	**-**	125,000	125,000
75,000 'B' ordinary shares of £0.50 each *(cancelled)*	**-**	75,000	75,000
67,533 'C' ordinary shares of £1 each *(cancelled)*	**-**	67,533	67,533
37,092 'D' ordinary shares of £1 each *(cancelled)*	**-**	37,092	37,092
25,663 'E' ordinary shares of £1 each *(cancelled)*	**-**	25,663	25,663
40,957 'F' ordinary shares of £0.01 each *(cancelled)*	**-**	40,957	40,957
	41,150,000	371,245	371,245
69,000 'A' preference shares of £1 each *(cancelled)*	**-**	69,000	69,000
1,000 'B' preference shares of £1 each *(cancelled)*	**-**	1,000	1,000
	41,150,000	441,245	441,245
	£000	**£000**	**£000**
Allotted, called up and fully paid			
41,150,000 'A' ordinary shares of £0.0025 each	**103**	-	-
125,000 'A' ordinary shares of £0.50 each *(cancelled)*	**-**	63	63
75,000 'B' ordinary shares of £0.50 each *(cancelled)*	**-**	38	38
67,533 'C' ordinary shares of £1 each *(cancelled)*	**-**	68	68
37,092 'D' ordinary shares of £1 each *(cancelled)*	**-**	37	37
25,663 'E' ordinary shares of £1 each *(cancelled)*	**-**	25	25
40,957 'F' ordinary shares of £0.01 each *(cancelled)*	**-**	-	-
69,000 'A' preference shares of £1 each *(cancelled)*	**-**	69	69
1,000 'B' preference shares of £1 each *(cancelled)*	**-**	1	1
	103	301	301
Shares classified as liabilities	**-**	70	70
Shares classified in equity	**103**	231	231
	103	301	301

8 Share based payments

The Group operates 3 employee share plans:

SAYE plan

The SAYE plan is available to all employees. Options may be satisfied by newly issued Ordinary Shares, Ordinary Shares purchased in the market by an employees' trust or by the transfer of Ordinary Shares held in treasury.

EMI Scheme

The EMI Plan provides for the grant, to selected employees of the Group, of rights to acquire (whether by subscription or market purchase) Ordinary Shares in the Company (''Options''). Options may be granted as tax-favoured enterprise management incentive options (''EMI Options'') or non-tax favoured Options.

LTIP

The LTIP will enable selected employees (including executive Directors) to be granted awards in respect of Ordinary Shares. Awards may be granted in the form of nil or nominal cost options to acquire Ordinary Shares; or contingent rights to receive Ordinary Shares. Awards may be satisfied by newly issued Ordinary Shares, Ordinary Shares purchased in the market by an employees' trust or by the transfer of Ordinary Shares held in treasury.

During the 6 months to 30th June 2014, £47,000 has been recognised in the income statement in relation to these schemes. This represents the charge for the period from 29 May 2014 to 30 June 2014 (2013: nil). During 2013 an EMI scheme was in place. This resulted in a £7,000 income which was recognised in the income statement.

9 Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders of £3,474,000 (6 months to June 2013: £13,275,000, 12 months to December 2013: £9,458,000) and a weighted average number of ordinary share outstanding of 41,150,000. As a result of the transactions relating to Company's IPO on 29th May 2014, the total issued ordinary shares have changed materially. The directors have presented adjusted comparative periods to provide an EPS that gives users a useful comparison for basic and diluted EPS.

Profit attributable to ordinary shareholders (basic)

£000	6 months to 30 June 2014	6 months to 30 June 2013	12 Months to 31 December 2013
Profit for the year attributable to the shareholders – continuing	**4,479**	9,582	10,330
Loss for the year attributable to the shareholders – discontinued	**(1,005)**	3,693	(872)
Profit for the year attributable to the shareholders – Total	**3,474**	13,275	9,458

Weighted average number of ordinary shares (basic)

Number	6 months to 30 June 2014	6 months to 30 June 2013 *(Adjusted)*	12 Months to 31 December 2013 *(Adjusted)*
Issued ordinary shares at start of period	**41,150,000**	41,150,000	41,150,000
Weighted average number of ordinary shares at end of period	**41,150,000**	41,150,000	41,150,000

9 Basic earnings per share (continued)

Basic earnings per share (p)

	6 months to 30 June 2014	6 months to 30 June 2013 *(Adjusted)*	12 Months to 31 December 2013 *(Adjusted)*
Total	**8.5**	32.3	23.0
Continuing operations	**10.9**	23.3	25.1
Discontinued operations	**(2.4)**	9.0	(2.1)

Diluted earnings per share (p)

The company has in place share based payment schemes to reward employees. At the 30th June 2014, both the LTIP and SAYE schemes are at a value that would reasonably result in the options being exercised. The total number of options available for these schemes is 1,070,452 and therefore will be included in the diluted earnings per share calculation. There are no other diluting items.

	6 months to 30 June 2014	6 months to 30 June 2013 *(Adjusted)*	12 Months to 31 December 2013 *(Adjusted)*
Total	**8.2**	31.5	22.4
Continuing operations	**10.6**	22.7	24.5
Discontinued operations	**(2.4)**	8.8	(2.1)

10 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2013. At 1 January 2014 and 30 June 2014 the Group held all financial instruments at Level 3 (as defined in IFRS 7 Financial instruments: disclosures) and there have been no transfers of assets or liabilities between levels of the fair value hierarchy.

11 Transactions with owners, recorded directly in equity

On the 29th May 2014, NAHL Group plc was admitted to trading on the AIM market. The steps required to complete this admission have been included within the condensed consolidated statement of changes in equity and have been further explained below:

Issue of deferred share

A deferred share was issued at a premium resulting in the transfer of £50,000,000 from the merger reserve to share premium. NAHL Group plc declared a bonus issue to of a single deferred share of £0.0001 (a "Deferred Share") with a share premium £50,000,000. This transaction resulted in £50,000,000 of the merger reserve being transferred to the share premium account split pro rata between the different classes of shares.

Disposal of assets held for sale

The market value of the group of companies, headed by Seebeck 62 Limited, classified as held for sale was calculated as being £1,500,000 by the directors of the company. On the 15th May 2014, Seebeck 62 Limited was then demerged via a capital reduction of this value to the share premium account. A same day registration of the reduction of capital at Companies House has been made. Further details of the demerger can be seen in note 3.

Issue of new ordinary shares

On the 29th of May 2014, 1,150,000 new ordinary shares with a par value of £0.0025 were issued. These raised an additional £2,300,000 funds for the company. The fees relating to this transaction totalled £1,436,000. These costs have been charged as a reduction to share premium resulting in a net increase to share premium of £861,000 and share capital of £3,000.

Other transactions with owners

Included within other transactions with owners are the following transactions resulting in a net impact of £45,000:

- Share capital has been reduced by £131,000. This is the result of £172,000 reduction in the par value of existing shares and the bonus issue of F shares increasing share capital by £41,000. The bonus issue occurred prior to merger where Consumer Champion Group Limited declared a 99 for 1 F share bonus issue to all shareholders using distributable reserves. There was then an F share 1 for 100 consolidation.
- Acquisition accounting for the purchase also resulted in the removal of interest in own shares of £14,000.
- Share premium has been increased to allow the £172,000 reduction in the par value of shares set off by the removal of £100,000 existing share premium as part of the acquisition accounting.

12 Related parties

Transactions with key management personnel

The Group has related party relationships with its directors and other key management. There has been no material change in the nature of the related party transactions described in note 23 of the Placing and Admission to Trading on AIM document.

All loan balances with related parties have now been repaid. Loans related to the Employee Benefit Trust ('EBT') totalled £186,000 at 31 December 2013. Loans provided to directors for the purchase of shares totalled £27,000 at 31 December 2013.

13 Net debt

Net cash included cash and cash equivalents, secured bank loans, loan notes and preference shares.

	30 June 2014 £000	30 June 2013 £000	31 December 2013 £000
Cash and cash equivalents	**12,800**	47,319	14,249
Other interest bearing loans and loan notes – current liabilities	**(5,901)**	(31,988)	(6,789)
Preference shares – non current liabilities	**-**	(70)	(70)
Net cash	**6,899**	15,261	7,390

Set out below is a reconciliation of movements in net cash during the period.

	30 June 2014 £000	30 June 2013 £000	31 December 2013 £000
Net (increase)/decrease in cash and cash equivalents	**(1,643)**	12,854	(20,022)
Cash relating to discontinued operations	**194**	-	(196)
Cash and cash equivalents net inflow from increase in debt and debt financing	**996**	1,482	29,038
Movement in net borrowings resulting from cash flows	**(453)**	14,336	8,820
Other non cash changes	**(38)**	(319)	(2,674)
Movement in cash in period	**(491)**	14,017	6,146
Net cash at beginning of period	**7,390**	1,244	1,244
Net cash at end of period	**6,899**	15,261	7,390

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