INTERIM REPORT AND FINANCIAL STATEMENTS
RANDALL & QUILTER INVESTMENT HOLDINGS PLC
30 JUNE 2008

The Company's registration number is 3671097

R&Q

A member of the Randall Group

Financial Statements

For the six months ended 30 June 2008

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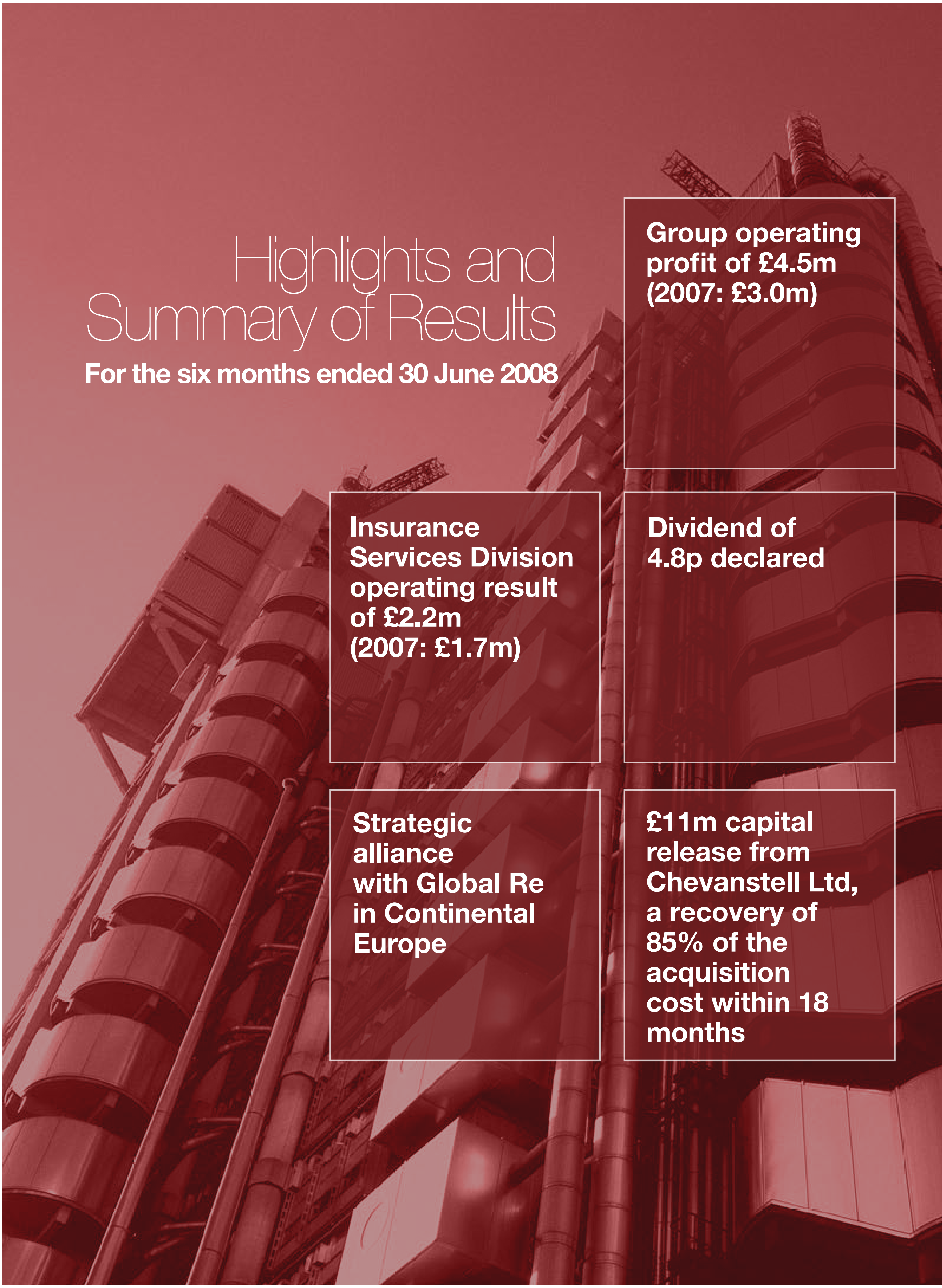

Highlights and Summary of Results

For the six months ended 30 June 2008

Group operating profit of £4.5m (2007: £3.0m)

Insurance Services Division operating result of £2.2m (2007: £1.7m)

Dividend of 4.8p declared

Strategic alliance with Global Re in Continental Europe

£11m capital release from Chevanstell Ltd, a recovery of 85% of the acquisition cost within 18 months

New £30m multicurrency revolving credit facility established for future acquisitions

Investment return of 1.86% (2007: 2.15%)

Group net assets increased to £76.5m (December 2007: £74.7m)

Undiscounted net asset value per share at 30 June 2008 of 136.8p (December 2007: 133.6p)

Jerry McArthur joined the Group as CEO of US and Bermuda operations on 1st September 2008

The first service division acquisition since flotation – KMS Group of companies

Financial Results

	6 months ended 30 June 2008	6 months ended 30 June 2007	6 months ended 31 Dec 2007
Group Results	**£'000**	**£'000**	**£'000**
Operating profit	4,541	3,025	8,720
Profit on ordinary activities before income taxes	4,420	2,214	7,025
Profit after tax	2,640	3,269	8,053
Total net assets	76,504	54,331	74,696

Chairman's Statement and Business Review

For the six months ended 30 June 2008

"I am pleased to report interim operating profits of £4.5 million (2007: £3.0 million) before tax and £2.6m (2007: £3.3m) after tax."

Chairman's Statement and Business Review (continued)

For the six months ended 30 June 2008

I am pleased to report interim operating profits of £4.5 million (2007: £3.0 million) before tax and £2.6m (2007: £3.3m) after tax.

The pre tax profit is in line with expectation but the charge for tax is higher than anticipated because in the period the Group has earned a high proportion of its profits in R&Q Re (US), where we are in part unable to obtain tax relief through brought forward losses.

As previously indicated, we are paying our maiden interim dividend as an AIM traded company of 4.8p per share. The dividend is payable on 17 October 2008 to shareholders on the register on 26 September 2008. We do not, at this stage, anticipate any further dividend will be payable in 2008.

Business Pipeline

Following our AIM listing last December, we have seen an increase in opportunities across all areas of our business. As regards the acquisition of solvent insurance companies in run-off, whilst we have seen evidence of increasing prices, we continue to explore a number of transactions where the returns still appear to justify the investment and the Group's particular skills can add value. We have achieved pleasing results in our Insurance Services Division (ISD), with a number of relatively small business wins, and in the Liquidity Management Division (LMD) where further new clients have been secured.

Revolving Credit Facility

As mentioned above, we are considering several acquisition opportunities. To complement the cash available within our business we have renegotiated our finance facility with The Royal Bank of Scotland. The Group now has in place a £30m multi currency revolving credit facility which currently remains undrawn.

Insurance Company Division (ICD)

The division has achieved a healthy operating profit in the half year of £3.8m (2007: £1.4m) despite the unexpected loss, which is being appealed, of a California court action where Transport Insurance Company is seeking recovery of substantial reinsurance debt (see further below under Transport Insurance Company).

This division acquires solvent insurance companies in run-off, typically at a discount to net asset value, manages the liabilities to increase surplus assets and extracts cash through dividends and shares buybacks (with regulatory approval). A good example this year was the release of £11m of surplus capital from Chevanstell Limited representing a recovery of 85% of the total acquisition costs within 18 months.

At 30 June 2008, the total net assets of the owned insurance companies was £62.3m (2007: £72.7m). This represents an increase of £0.6m after adjusting for the £11m capital release from Chevanstell.

The investment return is a key component of the ICD performance and the return for the six months ended 30 June 2008 was 1.86% generating £5.4m (2007: 2.15% generating £6.8m) despite turbulent investment market conditions. We have maintained our policy of holding the vast majority of our insurance company investments in liquid, high grade fixed income securities and cash. The value we have locked in over a relatively short investment period gives cause for optimism for the return we will achieve over the full year.

Chairman's Statement and Business Review (continued)

For the six months ended 30 June 2008

At 30 June 2008, the Group's cash and investments at market value totalled £266.9m:-

	30 June 2007	31 Dec 2007
	£m	£m
Government Bonds	96.5	113.7
Corporate Bonds	97.0	67.8
Asset backed/Mortgage obligations	4.0	4.0
Equities	1.8	2.2
Cash & Cash Equivalents	67.6	84.8
	266.9	272.5

In general, the Group-owned insurance companies continue to operate in accordance with their detailed run-off plans. The key issues within the insurance companies are as follows:

R&Q Re (US)

I am pleased to report a good result for the half year which benefited from completed commutations and a positive reassessment of reserves for bad and doubtful debt following an intensive programme to improve collections.

R&Q Reinsurance Company (UK)

As previously reported, this company is engaged in a dispute with Equitas involving more than 4,000 claims. The claims had been the subject of arbitration notices served by Equitas but more recently attention has been focussed on a more limited number of claims in respect of which Equitas has also commenced litigation in the high court. A trial date has now been fixed for June 2009. It remains the view of both the board of R&Q Re (UK) and its legal advisors that the majority of claims by value are not payable following prior Court of Appeal decisions and market practice. A favourable court ruling would mean a recovery of significant legal costs incurred by the company in respect of the dispute.

Transport Insurance Company

As reported in the 2007 accounts, this company is pursuing outstanding reinsurance recoveries of $12.9m in respect of the Aerojet claim from Seaton Insurance Company and TIG. The matter came to trial in May in California and against our strong legal advice, the case was unexpectedly lost. An appeal has been lodged but the full impact of the decision has been recognised in the Group's accounts to 30 June 2008. A reversal of the decision on appeal will provide a material benefit to future accounting periods.

Insurance Services Division (ISD)

The operating profit of ISD for the period is £2.2m (2007: £1.7m). A number of additional contracts for run-off related services (albeit relatively small in value) have been secured in the period together with assignments for third parties in respect of coverholder reviews and claims audit & inspection.

In my year end report, I announced the commencement of two new activities; reinsurance broker file replacement services and fee collection services, both trading under the RQBS banner. I am pleased to report that satisfactory progress has been achieved in both areas. In-house systems have been developed and the take-on of reinsurance files for Group-owned insurance companies is well under way. In addition, the first third party client has been contracted. As regards fee collection services, good relationships have been established in both the US and UK with contracts signed with a number of lawyers and loss adjusters for the 30 day recourse finance service and a number of contracts signed to collect legacy debt.

I am pleased to be able to confirm the acquisition of the KMS Group of Companies, a London based provider of insurance services, on 15 September 2008. This acquisition will bring further skills to our Group to bolster its ability to administer liquidated estates, to manage schemes of arrangement and will further strengthen the senior management team within the ISD.

I look forward to reporting further progress in all of these areas in subsequent reports.

Chairman's Statement and Business Review (continued)

For the six months ended 30 June 2008

Liquidity Management Division (LMD)

Further new clients have been secured in 2008 and two major contingency clients have renewed contracts to the end of 2008 and beyond including the addition of administration fees beyond the normal contingency fees to reward the performance to date. We are looking to increase purchases of reinsurance debt and the creditor positions for certain insolvent insurance estates. Offers have been made to creditors and are under their review. We continue to explore new initiatives and new revenue streams including opportunities overseas, particularly in the US.

Litigation

The long-running case alleging fraudulent misrepresentation and concealment (as these terms are defined in the US) against Cavell USA Inc, a wholly owned Group subsidiary, and me, personally, by Seaton Insurance Company and Stonewall Insurance Company continues. We have previously announced that the New York Court dismissed their claim, although Seaton and Stonewall have appealed. Meanwhile, we are seeking damages in the English High Court for their breach of a settlement agreement signed in February 2006.

Run-off Market Perspective

In my view investors in non-life insurance business will increasingly seek to dispose of discontinued portfolios in order to focus capital into their core business and this has been borne out by the level of disposal activity in 2008. Our new AIM traded status has meant that opportunities to tender either alone or in conjunction with partners have increased our pipeline for acquisitions. The current environment of decreasing premium rates and increased claims frequency will, I believe, increase the trend to date and provide significant further opportunities.

I have believed for some time that European insurers will acknowledge the adverse financial impact of holding discontinued business on their balance sheets and start to follow the trend of disposal that has been seen in the UK and US. In this connection we have recently announced the formation of a strategic partnership with Global Re, headquartered in Germany, for the purchase and management of non-life run-off insurers in mainland Europe. Under the agreement, Global Re, which does not itself purchase run-off operations, will actively seek out opportunities, assist RQIH in the acquisition process and manage the run-off companies involved.

Although the scope of opportunities continues to widen, I am determined to maintain a disciplined approach to the prices we will pay for such portfolios. This may mean that innovative approaches will be required to remain ahead of our competition.

It remains our objective to secure additional third party management contracts within ISD.

The increasing impact on debt financing caused by the global credit crunch creates an environment where insurance entities will be under ever more pressure to convert debt into cash. This will provide opportunities for our LMD, supported by Group credit lines.

Staffing

We continue to recruit quality people to our management team. John O'Neill joined as the Chief Operating Officer of our UK Insurance Services Division at the beginning of the year and Jerry McArthur has been appointed Chief Executive Officer of our US & Bermuda operations on 1 September 2008.

I am encouraged that we can attract such high calibre staff which is clearly crucial to the ongoing development of the business.

Outlook

The group is in good shape following our listing on AIM last December. Our net asset position is likely to increase if the US Dollar and Euro strengthening against Sterling is sustained. Trading results overall are in line with our expectations and we have a good pipeline of acquisition opportunities. Whilst there is evidence of increased competition for straightforward run-off portfolios, I remain optimistic about our prospects for continued growth. We have no external debt, money in the bank through retained earnings and the release of £11m from Chevanstell and a new £30m borrowing facility with RBS available for further acquisitions.

K E Randall
Chairman and Chief executive officer

17 September 2008

Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	Note	6 months 30 June 2008 £000	6 months 30 June 2007 £000	Year ended 31 Dec 2007 £000
Gross premiums written		424	422	1,460
Reinsurers' share of gross premiums		188	130	35
Earned premium net of reinsurance		612	552	1,495
Net investment income	4	5,418	6,753	15,941
Other income		4,530	3,475	9,629
		9,948	10,228	25,570
Total income	3	**10,560**	**10,780**	**27,065**
Gross claims paid		(25,112)	(24,605)	(61,722)
Reinsurers' share of gross claims paid		15,414	14,616	33,860
Claims paid, net of reinsurance		(9,698)	(9,989)	(27,862)
Movement in gross technical provision		28,756	22,081	71,282
Movement in reinsurers' share of technical provisions		(14,430)	(11,534)	(43,204)
Net change in provision for claims		14,326	10,547	28,078
Net insurance claims released		**4,628**	**558**	**216**
Operating expenses		**(10,647)**	**(8,313)**	**(18,561)**
Result of operating activities before impairment of intangible assets	3	**4,541**	**3,025**	**8,720**
Impairment of intangible assets		(67)	-	-
Result of operating activities		**4,474**	**3,025**	**8,720**
Finance costs		(54)	(811)	(1,695)
Profit on ordinary activities before income taxes		**4,420**	**2,214**	**7,025**
Income tax (charge)/credit	5	(1,780)	1,055	1,028
Profit for the period	3	**2,640**	**3,269**	**8,053**
Attributable to equity holders of the parent				
Attributable to Ordinary shareholders		2,640	3,257	7,996
Minority interests		-	12	57
		2,640	3,269	8,053

Earnings per ordinary share for the profit attributable to the ordinary shareholders of the Company:

	Note	6 months 30 June 2008	6 months 30 June 2007	Year ended 31 Dec 2007
Basic	7	4.7p	13.0p	29.5p
Diluted		4.6p	13.0p	28.0p

Condensed Consolidated Balance Sheet

As at 30 June 2008

	Note	30 June 2008 £000	30 June 2007 £000	31 Dec 2007 £000
Assets				
Intangible assets		12,215	11,742	12,215
Property, plant and equipment		273	244	205
Investment properties		1,209	996	1,108
Financial assets		213,090	226,617	218,719
Reinsurers’ share of insurance liabilities	6	226,230	271,697	239,681
Current tax assets		1	-	269
Deferred tax asset		5,159	4,415	5,320
Insurance and other receivables		36,094	32,062	37,053
Cash and cash equivalents		57,873	68,388	57,681
Total assets		552,144	616,161	572,251
Liabilities				
Insurance contract provisions	6	439,995	514,604	466,382
Financial liabilities		5,003	19,277	4,814
Deferred tax liabilities		3,382	4,451	4,343
Insurance and other payables	8	27,260	23,498	22,016
Total liabilities		475,640	561,830	497,555
Equity				
Share capital		1,118	-	1,118
Other Reserves	11	17,405	1,272	17,401
Retained earnings		57,981	53,044	56,177
Attributable to equity holders of the parent		76,504	54,316	74,696
Minority interests in subsidiary undertakings		-	15	-
Total equity		76,504	54,331	74,696
Total liabilities and equity		552,144	616,161	572,251

Approved by the Board on 17 September 2008.

K E Randall **A K Quilter**

Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	6 months 30 June 2008 £000	6 months 30 June 2007 £000	Year ended 31 Dec 2007 £000
Net cash used in operating activities	(399)	(21,972)	(33,618)
Purchase of property, plant and equipment	(160)	(77)	(132)
Net cash used in investing activities	(160)	(77)	(132)
Repayment of borrowings	-	-	(25,228)
Redemption of preference D shares	-	(580)	(580)
New borrowing arrangements	-	1,891	14,352
Equity dividends paid	-	-	(1,400)
Interest and other finance costs paid	(54)	(347)	(1,231)
Receipts from issue of shares	4	-	15,966
Net cash from financing activities	(50)	964	1,879
Net decrease in cash and cash equivalents	(609)	(21,085)	(31,871)
Cash and cash equivalents at beginning of period	57,681	90,857	90,857
Foreign exchange movement on cash and cash equivalents	801	(1,384)	(1,305)
Cash and cash equivalents at end of period	57,873	68,388	57,681

Condensed Consolidated Statement of Recognised Income and Expense

For the six months ended 30 June 2008

	6 months 30 June 2008 £000	6 months 30 June 2007 £000	Year ended 31 Dec 2007 £000
Recognised in the financial period:			
Exchange losses	(689)	(158)	(49)
Pension scheme actuarial losses	(206)	-	(447)
Deferred tax on pension scheme actuarial losses	59	-	134
Net expense recognised directly in equity	(836)	(158)	(362)
Profit for the period	2,640	3,269	8,053
Total recognised income for the period	1,804	3,111	7,691
Attributable to:			
Equity holders of the parent	1,804	3,099	7,634
Minority interests	-	12	57
Total recognised in the period	1,804	3,111	7,691

Notes to the interim financial statements

For the six months ended 30 June 2008

1. Basis of preparation

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

The consolidated interim financial information for the 2008 and 2007 half years is unaudited, but has been subject to review by the Company's auditors. The financial information has been prepared in accordance with the accounting policies adopted for the year ended 31 December 2007.

The comparative figures for the year ended 31 December 2007 are based upon the consolidated Group financial statements. These accounts have been reported on by the Company's auditors and have been delivered to the Registrar of Companies on 7 July 2008.

2. Significant accounting policies

The condensed financial statements have been prepared under the historical cost convention, except that financial assets are stated at their fair value.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2007.

Notes to the interim financial statements

For the six months ended 30 June 2008

3. Segmental information

The Group has three primary segments:

• Insurance companies in run-off

• Insurance services (including liquidity management)

• Other corporate activities

Primary segment information – Segment result for the six months ended 30 June 2008

	Insurance run-off £000	Insurance services £000	Other corporate £000	Consolidation adjustments £000	Total £000
Earned premium net of reinsurance	612	-	-	-	612
Net investment income	5,376	166	45	(169)	5,418
Other income	-	11,056	3	(6,529)	4,530
Total income	**5,988**	**11,222**	**48**	**(6,698)**	**10,560**
Claims paid, net of reinsurance	(9,698)	-	-	-	(9,698)
Net change in provision for claims	14,326	-	-	-	14,326
Net insurance claims released	**4,628**	**-**	**-**	**-**	**4,628**
Operating expenses	(6,777)	(9,067)	(1,501)	6,698	(10,647)
Operating result before impairment of intangible assets	**3,839**	**2,155**	**(1,453)**	**-**	**4,541**
Impairment of intangible assets	-	-	(67)	-	(67)
Result of operating activities	**3,839**	**2,155**	**(1,520)**	**-**	**4,474**
Finance costs	-	-	(54)	-	(54)
Management charges	-	(169)	169	-	-
Profit/(loss) on ordinary activities before income taxes	**3,839**	**1,986**	**(1,405)**	**-**	**4,420**
Income tax (charge)/credit	(1,066)	(797)	83	-	(1,780)
Profit/(loss) for the period	**2,773**	**1,189**	**(1,322)**	**-**	**2,640**
Segment assets	**538,481**	**14,763**	**41,243**	**(42,343)**	**552,144**
Segment liabilities	**477,122**	**9,160**	**12,256**	**(22,898)**	**475,640**

During the period the distributable reserves of the parent company increased by £8.6m as a result of the release of £11m from Chevanstell. As a result of the Group's consolidation this is not shown in the 'Other Corporate' column above.

The consolidation adjustments are largely due to fees payable by the insurance companies to the insurance service division in the period.

Notes to the interim financial statements

For the six months ended 30 June 2008

3. Segmental information (continued)

Primary segment information – Segment result for the six months ended 30 June 2007

	Insurance run-off £000	Insurance services £000	Other corporate £000	Consolidation adjustments £000	Total £000
Earned premium net of reinsurance	552	-	-	-	552
Net investment income	6,618	182	14	(61)	6,753
Other income	-	10,532	205	(7,262)	3,475
Total income	**7,170**	**10,714**	**219**	**(7,323)**	**10,780**
Claims paid, net of reinsurance	(9,989)	-	-	-	(9,989)
Net change in provision for claims	10,547	-	-	-	10,547
Net insurance claims released	**558**	**-**	**-**	**-**	**558**
Operating expenses	(6,334)	(9,005)	(297)	7,323	(8,313)
Result of operating activities	**1,394**	**1,709**	**(78)**	**-**	**3,025**
Finance costs	-		-		(811)
Management charges	-	(1,438)	1,438	-	-
Profit on ordinary activities before income taxes	**1,394**	**271**	**549**	**-**	**2,214**
Income tax (charge)/credit	(354)	1,409	-	-	1,055
Profit for the period	**1,040**	**1,680**	**549**	**-**	**3,269**
Segment assets	**615,963**	**13,678**	**27,180**	**(40,660)**	**616,161**
Segment liabilities	**545,837**	**8,793**	**22,762**	**(15,562)**	**561,830**

The consolidation adjustments are largely due to fees payable by the insurance companies to the insurance service division in the period.

Notes to the interim financial statements

For the six months ended 30 June 2008

3. Segmental information (continued)

Primary segment information – Segment result for the year ended 31 December 2007

	Insurance run-off £000	Insurance services £000	Other corporate £000	Consolidation adjustments £000	Total £000
Earned premium net of reinsurance	1,495	-	-	-	1,495
Net investment income	15,819	103	19	-	15,941
Other income	-	22,239	208	(12,818)	9,629
Total income	**17,314**	**22,342**	**227**	**(12,818)**	**27,065**
Claims paid, net of reinsurance	(27,862)	-	-	-	(27,862)
Net change in provision for claims	28,078	-	-	-	28,078
Net insurance claims released	**216**	**-**	**-**	**-**	**216**
Operating expenses	(12,629)	(17,154)	(1,596)	12,818	(18,561)
Result of operating activities	**4,901**	**5,188**	**(1,369)**	**-**	**8,720**
Finance costs	-	-	(1,695)	-	(1,695)
Management charges	-	(3,226)	3,226	-	-
Profit on ordinary activities before income taxes	**4,901**	**1,962**	**162**	**-**	**7,025**
Income tax (charge)/credit	(427)	1,474	(19)	-	1,028
Profit for the year	**4,474**	**3,436**	**143**	**-**	**8,053**
Segment assets	**569,416**	**9,261**	**35,144**	**(41,570)**	**572,251**
Segment liabilities	**493,702**	**3,642**	**12,583**	**(12,372)**	**497,555**

The consolidation adjustments are largely due to fees payable by the insurance companies to the insurance service division in the period.

Secondary segment information – geographical analysis

As at 30 June 2008

	UK £000	United States £000	Europe £000	Total £000
Gross assets	219,115	342,668	21,259	583,042
Intercompany eliminations	(29,118)	(1,780)	-	(30,898)
Segment assets	189,997	340,888	21,259	552,144
Gross liabilities	171,965	312,594	21,979	506,538
Intercompany eliminations	(26,372)	(2,476)	(2,050)	(30,898)
Segment liabilities	145,593	310,118	19,929	475,640
Segment income	5,182	5,019	359	10,560

3. Segmental information (continued)

Secondary segment information – geographical analysis

As at 30 June 2007

	UK £000	United States £000	Europe £000	Total £000
Gross assets	242,410	381,026	21,492	644,928
Intercompany eliminations	(26,889)	(1,878)	-	(28,767)
Segment assets	215,521	379,148	21,492	616,161
Gross liabilities	199,003	373,166	19,715	591,884
Intercompany eliminations	(24,129)	(5,027)	(898)	(30,054)
Segment liabilities	174,874	368,139	18,817	561,830
Segment income	5,972	4,349	459	10,780

Secondary segment information – geographical analysis

As at 31 December 2007

	UK £000	United States £000	Europe £000	Total £000
Gross assets	227,684	352,929	21,074	601,687
Intercompany eliminations	(27,499)	(1,937)	-	(29,436)
Segment assets	200,185	350,992	21,074	572,251
Gross liabilities	165,111	340,358	21,522	526,991
Intercompany eliminations	(26,058)	(2,541)	(837)	(29,436)
Segment liabilities	139,053	337,817	20,685	497,555
Segment income	15,971	11,039	55	27,065

Primary segment information – other information

As at 30 June 2008

	Insurance companies in run-off £000	Insurance services £000	Other corporate services £000	Eliminations £000	Total £000
Capital expenditure	13	147	-	-	160
Depreciation	6	77	-	-	83

3. Segmental information (continued)

Primary segment information – other information

As at 30 June 2007

	Insurance companies in run-off £000	Insurance services £000	Other corporate services £000	Eliminations £000	Total £000
Capital expenditure	-	77	-	-	77
Depreciation	33	97	-	-	130

As at 31 December 2007

	Insurance companies in run-off £000	Insurance services £000	Other corporate services £000	Eliminations £000	Total £000
Capital expenditure	1	131	-	-	132
Depreciation	35	183	-	-	218

4. Investment return

	6 months 30 Jun 2008 £000	6 months 30 Jun 2007 £000	Year ended 31 Dec 2007 £000
Cash and cash equivalents interest income	6,094	7,181	12,756
Realised gains/(losses) on investments	1,670	(788)	305
Unrealised (losses)/gains on investments	(2,146)	503	3,425
Investment management expenses	(200)	(143)	(545)
	5,418	6,753	15,941

5. Income tax

	6 months 30 Jun 2008 £000	6 months 30 Jun 2007 £000	Year ended 31 Dec 2007 £000
Current tax	(2,536)	(523)	(1,551)
Deferred tax	756	1,578	2,579
	(1,780)	1,055	1,028

The current tax charge largely results from profits in R&Q Re (US), where the Group is in part unable to obtain tax relief through brought forward losses.

6. Technical provisions

Gross	**6 months 30 Jun 2008 £000**	**6 months 30 Jun 2007 £000**	**Year ended 31 Dec 2007 £000**
Claims outstanding at 1 January	466,382	543,504	543,504
Claims paid	(25,112)	(24,650)	(61,722)
(Release)/strengthening of reserves	(3,644)	2,524	(9,560)
Net exchange differences	2,369	(6,774)	(5,840)
As at 30 June	439,995	514,604	466,382

Reinsurance	**6 months 30 Jun 2008 £000**	**6 months 30 Jun 2007 £000**	**Year ended 31 Dec 2007 £000**
Reinsurers share of claims outstanding at 1 January	239,681	286,673	286,673
Reinsurers share of gross claims paid	(15,414)	(14,616)	(33,860)
Strengthening/(release) of reserves	984	3,082	(9,344)
Net exchange differences	979	(3,442)	(3,788)
As at 30 June	226,230	271,697	239,681

Net	**6 months 30 Jun 2008 £000**	**6 months 30 Jun 2007 £000**	**Year ended 31 Dec 2007 £000**
Net claims outstanding at 1 January	226,701	256,831	256,831
Net claims paid	(9,698)	(10,034)	(27,862)
Release of reserves	(4,628)	(558)	(216)
Net exchange differences	1,390	(3,332)	(2,052)
As at 30 June	213,765	242,907	226,701

Significant uncertainty exists as to the likely outcome of any particular claim and the ultimate costs of completing the run off of the Group's insurance operations.

The reserves carried by the Group are calculated using a variety of actuarial techniques. The reserves are calculated and reviewed by the Group's internal actuarial team; in addition the Group periodically commissions independent external actuarial reviews. The use of external advisors provides management with additional comfort that the Groups internally produced statistics and trends are consistent with observable market information and other published data.

Notes to the interim financial statements

For the six months ended 30 June 2008

7. Earnings per share

	6 months 30 Jun 2008 £000	6 months 30 Jun 2007 £000	Year ended 31 Dec 2007 £000
Profit for the period attributable to Ordinary shareholders	2,640	3,257	7,996
	No. 000's	**No. 000's**	**No. 000's**
Weighted average number of Ordinary shares	55,909	25,000	27,113
Effect of dilutive share options	1,420	-	1,430
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	57,329	25,000	28,543
Basic earnings per share	4.7p	13.0p	29.5p
Diluted earning per share	4.6p	13.0p	28.0p

The reduction in EPS is largely the result of the increased share capital following the flotation in December 2007.

8. Insurance and other payables

	6 months 30 Jun 2008 £000	6 months 30 Jun 2007 £000	Year ended 31 Dec 2007 £000
Structured liabilities	294,000	297,000	294,000
Structured settlements	(294,000)	(297,000)	(294,000)
	-	-	-
Other creditors	27,260	23,498	22,016
	27,260	23,498	22,016

The carrying values disclosed above reasonably approximate their fair values at the balance sheet date.

The Group has purchased annuities from third party life insurance companies for the benefit of certain claimants. In the event that any of these life insurance companies were unable to meet their obligations to these annuitants, any remaining liability would fall upon the respective insurance company subsidiaries. The Directors believe that, having regard to the quality of the security of the life insurance companies, the possibility of a material liability arising in this way is very unlikely. The life companies will settle the liability directly with the claimants and no cash will flow through the group. Accordingly, these assets and liabilities have been offset to reflect the substance of the transactions and to ensure that the disclosure of the balances does not detract from the users' ability to understand the Group's future cash flows.

9. Borrowings

The bank facility provided by The Royal Bank of Scotland has been renegotiated. The group now has in place a £30m revolving multicurrency facility which has yet to be drawn upon.

10. Issued share capital

Issued share capital as at 30 June 2008 amounted to £1,118,260. This represents an increase of £210 from 31 December 2007.

Notes to the interim financial statements

For the six months ended 30 June 2008

11. Reserves

	6 months 30 Jun 2008 £000	6 months 30 Jun 2007 £000	Year ended 31 Dec 2007 £000
Shares to be issued	150	-	151
Share premium	17,255	1,022	17,250
Capital redemption reserve	-	250	-
Balance at period end	17,405	1,272	17,401

Shares to be issued	6 months 30 Jun 2008 £000	6 months 30 Jun 2007 £000	Year ended 31 Dec 2007 £000
Balance at 1 January	151	-	-
Share based payments	-	-	151
Issued shares	(1)	-	-
Balance at period end	150	-	151

Share premium	6 months 30 Jun 2008 £000	6 months 30 Jun 2007 £000	Year ended 31 Dec 2007 £000
Balance at 1 January	17,250	1,022	1,022
Issued shares	5	-	20,544
Bonus issue of shares	-	-	(250)
Expenses of share issue	-	-	(4,066)
Balance at period end	17,255	1,022	17,250

Capital redemption reserve	6 months 30 Jun 2008 £000	6 months 30 Jun 2007 £000	Year ended 31 Dec 2007 £000
Balance at 1 January	-	134	134
Redemption of Preference D Shares	-	116	116
Bonus issue of shares	-	-	(250)
Balance at period end	-	250	-

12. Contingencies and commitments

The Group is routinely involved in litigation related to settlement of insurance claims liabilities. However, none of such actual or proposed litigation that had not been provided for met the definition of a contingent liability. Consequently, the Group had no contingent liabilities at 30 June 2008.

Independent review report to Randall & Quilter Holdings plc

For the six months ended 30 June 2008

Introduction

We have been engaged by the Company to review the condensed set of Financial Statements in the financial report for the six months ended 30 June 2008 which comprise the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of recognised income and expense and related notes. We have read the other information contained in the six month financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

The six month 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 for Companies.

The annual Financial Statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the six month financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM Rules for Companies. We do not, in producing this report, accept or assume responsibility for any other purpose to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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.

Emphasis of matter - significant uncertainty in relation to technical provisions

As stated in note 6 significant uncertainty arises in the quantification of technical provisions because of the long tail nature of the business underwritten by the Group's insurance company subsidiaries in run-off. If further information becomes available to the Directors of those companies which gives rise to material additional liabilities, the going concern basis might no longer be appropriate for those companies and adjustments would need to be made to reduce the value of their assets to their realisable amount and to provide for any further liabilities which might arise. Our opinion is not qualified in this respect.

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 financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules for Companies.

Littlejohn

Littlejohn

Chartered Accountants
and Registered Auditors

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17 September 2008

R&Q

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