



14 November 2012

SPEEDY HIRE Plc
("Speedy" or "the Group")
Interim report for the six months to 30 September 2012
Consistent Strategy Delivering Results

Financial Highlights

- Underlying revenue increased by 6.4% to £169.1m (2011: £158.9m*)
- Underlying EBITDA⁺ increased by 15.1% to £33.6m (2011: £29.2m*)
- 37.5% increase in adjusted⁺ profit before tax to £6.6m (2011: £4.8m)
- Profit before tax has increased by £7.0m to £4.7m (2011: £2.3m loss)
- Earnings per share⁺ increased by 23.6% to 1.10 pence (2011: 0.89 pence)
- £9.9m increase in net book value of hire fleet - new investment delivering profitable revenue growth
- Return on capital employed increased to 7.0% (2011: 6.4%)
- Net debt to EBITDA⁺ (trailing 12 months) remains at 1.2x (31 March 2012: 1.2x)
- Interim dividend increased by 10% to 0.22 pence per share (2011: 0.20 pence per share)

*excludes the accommodation operation which was disposed of in April 2011

⁺ before amortisation and exceptional costs

Trading and Operational Highlights

- UK business performing well despite challenging market conditions
- Improvement in trading continues to be driven by ongoing focus on core customers and markets and on judicious capital investment to support these opportunities
- Speedy market share remains strong with the Group increasingly well positioned and growing revenue in the infrastructure markets of water, waste, energy and transport
- Ongoing evolution of customer base and improved quality, security and transparency of earnings
- International division profitable, with major strategic wins supporting future growth - significant opportunities for Speedy in these markets
- Continuing focus on costs and operational efficiencies driving improvement in margins and ROCE
- Property network consolidation ongoing and an additional 4 Superstores opened

Commenting on the results, Ishbel Macpherson, Chairman, said:

"We are pleased with the progress made in the first half of the year which clearly illustrates that our consistent strategy is delivering results.

Against a backdrop of challenging market conditions Speedy has further increased revenue and improved operating margins and returns; continued to implement efficiency initiatives and reduce costs across the business; whilst still investing to support key customers and areas of growth in both the UK and International divisions.

The Board's focus remains on generating high quality, secure and transparent earnings across the Group, from markets where capital investment is more certain. The balance sheet remains strong and we are improving the overall return on capital employed. The Board therefore remains confident of Speedy meeting its expectations for the financial year."

For further information:

Speedy Hire Plc

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Note – Forward looking statements

The information in this release is based on management information.

This report includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date of this report.

Notes to Editors:

Founded in 1977, Speedy is the leading UK provider of equipment rental and support services to a wide range of clients across the construction, infrastructure, industrial, manufacturing and facilities management sectors - as well as to local trades and industry.

Operating from 268 fixed sites - together with a number of on-site facilities at client locations throughout the UK, Ireland and from an international hub based in the Middle East - the Group supplies a range of services including:

- *the provision of small tools and equipment*
- *surveying and measurement instrumentation*
- *lifting and materials handling equipment*
- *low level access equipment*
- *compressed air*
- *lighting equipment*
- *temporary power generation*
- *mechanical pumps*
- *temporary site communications*

The Group also provides associated services through the provision of training, asset management and testing, repair, inspection and maintenance (TRIM).

Speedy is accredited nationally to ISO9001 and OHSAS18001 accreditations. In addition we have ISO14001 (210 depots) and nationally hold HAE SAFE Hire accreditation, as well as Achilles Link-up, UVDB, Building Confidence and F-Pal. Further accreditations include Constructionline, SAFEcontractor, CHAS, LEEA and BITC Gold Award for CR Index 2012.

Business review

Overview

The Group has had an encouraging first half. Despite challenging market conditions, both the UK and International Divisions have performed well.

The consistent strategy implemented by the Board over the last three years is clearly delivering results. The first six months of the year has seen a 37.5% increase in profit before tax (before amortisation and exceptional items) to £6.6m (2011: £4.8m).

Return on capital employed has improved by 9.4%, net debt to EBITDA has remained stable at 1.2x and the interim dividend is being increased by 10% to 0.22p per share.

Speedy's market share remains strong, with the Group increasingly well positioned and growing revenue in its key infrastructure markets of water, waste, energy and transport together with increasing activity in the industrial and events markets. The ongoing evolution of the customer base continues to improve the quality, security and transparency of earnings across the Group. Recovery continues in the UK business and our International division is now operating profitably with a number of good growth opportunities going forward.

The improved performance in the UK and internationally has resulted in an encouraging year on year growth in the Group's underlying revenue of 6.4% (excluding the accommodation operation disposed of in April 2011). This growth, combined with the benefits that are being generated by our focus on costs and operational efficiencies, has seen operating profit before amortisation and exceptional items increase by 23.8%.

UK & Ireland Asset Services

During the 6 months to 30 September 2012, the UK & Ireland business generated underlying growth in revenue of 4.2%, whilst still investing to support our clients in the key markets of water, waste, energy and transport where we continue to see demand for our services. Many of the major construction companies where Speedy already has deep and established relationships, and where the Group has focused its strategic attention for a number of years, operate across all of these markets.

The current market, whilst challenging, continues to provide opportunities for the Group to increase its exposure to a number of specific new sectors. For example, in the industrial sector Speedy has strengthened and developed its relationships with many of the UK's leading industrial companies and their contractors, which has resulted in Speedy being involved in a number of shut-downs and outage programmes during the period.

International Asset Services

Our International division continues to make good progress. In less than three years, we have established Speedy's presence in the oil & gas and key infrastructure markets in the Middle East by building upon relationships and knowledge established in the UK.

Year on year revenues have increased by 77% to £8.5m (2011: 4.8m). During the period the division also began to make a positive contribution to the Group, generating an operating profit of £0.3m, compared to an operating loss of £0.8m in H1 2011.

Speedy has now established a strong platform from which to expand and grow both its revenue and profits in the region, not only through its existing UK relationships, but also through targeting new clients in oil and gas and related industries. Sustainable revenues from major projects, such as the previously announced ZADCO project worth up to US\$50m over 5 years are expected to underpin continued growth for the division going forward, with the emphasis remaining on targeting secured, high quality transparent revenues from key clients in selected markets.

Debt facilities

During the period, Speedy successfully extended the Group's £220m banking facilities by seven months. The facility now runs to August 2015 with no prior scheduled repayments.

Outlook

Continued implementation of the Group's strategy and a range of self-help measures have seen Speedy make good progress during the first half.

The focus remains on generating high quality, secure and transparent earnings across the Group, by targeting clients and markets where investment is more certain. The balance sheet remains strong and we are improving the overall return on capital employed. The Board remains confident of Speedy meeting its expectations for the financial year.

Financial review

Results

Underlying revenue for the period (excluding the revenue from the accommodation operation disposed of in April 2011) increased by 6.4% to £169.1m (2011: £158.9m). Total turnover for the period was £169.1m (2011: £161.8m).

Gross margin decreased slightly to 65.8% (2011: 66.6%) resulting in a gross profit of £111.2m (2011: £107.7m).

Group operating profit before amortisation improved by 23.8% to £10.4m (2011: £8.4m before exceptional items). Profit before taxation and amortisation reflects this improvement increasing to £6.6m (2011: £4.8m before exceptional items). After taxation and amortisation, the Group made profit of £4.1m compared to a loss of £0.8m during the same period in 2011. Adjusted earnings per share before amortisation were up 23.6% to 1.10 pence (2011: 0.89 pence before exceptional items) with the basic earnings per share after amortisation at 0.81 pence (2011: loss 0.16 pence).

Segmental analysis

The Group's segmental reporting is segmented as UK & Ireland Asset Services and International Asset Services. The figures in the tables below are presented before corporate costs.

UK & Ireland Asset Services	6 months ended 30 September 2012 £m	6 months ended 30 September 2011* £m
Revenue	160.6	157.0
Revenue (excluding the disposed accommodation operation)	160.6	154.1
EBITDA	34.2	32.2
EBITA	13.8	12.9

* before exceptional items

Revenue in UK & Ireland Asset Services totalled £160.6m (of which £2.7m relates to the Ireland operations). Underlying revenue growth of 4.2% reflects the success in targeting the key growing market sectors of water, waste, energy and transport.

International Asset Services	6 months ended 30 September 2012 £m	6 months ended 30 September 2011 £m
Revenue	8.5	4.8
EBITDA	2.4	0.6
EBITA	0.3	(0.8)

Revenue in International Asset Services increased by 77% to £8.5m and is largely derived from the United Arab Emirates, Oman, and Egypt. The division has continued the trend of improving profitability with an operating profit of £0.3m demonstrating a significant improvement over the operating loss of £0.8m for the six month period to September 2011 and maintaining momentum over the operating profit of £0.1m for the six month period to March 2012.

Interest and taxation

Interest expense in the period amounted to £3.8m (2011: £3.6m before exceptional items). The interest expense in the period includes a charge of £0.7m for the amortisation of the facility arrangement fees.

The tax charge for the period (£0.6m) is an effective tax rate of 12.8% (2011: -10.7%). This has been calculated by reference to the projected charge for the full year ending 31 March 2013 of 25.1%, combined with the impact of the reduction in corporation tax rates on the Group's deferred tax liabilities.

Dividend

The Board has declared an interim dividend of 0.22p per share, a total cash cost of approximately £1.1m. This represents a 10% increase on the interim dividend paid in respect of the prior financial year. The FY13 interim dividend will be paid on 25 January 2013 to shareholders on the register on 4 January 2013.

Capex and disposals

Gross capex during the period amounted to £41.3m (2011: £30.5m), of which £36.0m (2011: £28.0m) related to investment in equipment for hire and the balance, principally to investments in IT and property improvements.

Compared to the prior period, investment in hire equipment has increased in order to support the growth in revenue in the UK and International divisions, with capital invested in purchasing assets, running ahead of rental income derived thereafter.

With asset disposal proceeds of £9.1m in the period (2011: £6.9m), Group net capex totalled £32.2m (2011: £23.6m). Asset disposals generated a gain of £1.3m (2011: £1.4m) against their carrying value.

Cash flow and net debt

Cash from operations before changes in hire fleet amounted to £27.9m (2011: £29.8m). Free cash flow (i.e. before dividends and financing activities) amounted to an outflow of £5.0m (2011: inflow £37.4m, including £33.4m proceeds for the disposal of the accommodation operation and working capital release following disposal of the accommodation operation).

Net debt increased in the period to £82.6m at 30 September 2012 (31 March 2012: £76.3m) with net debt to EBITDA (trailing 12 months, excluding exceptional items) remaining constant at 1.2x (1.2x at 31 March 2012) and gearing increasing slightly to 35.4% (31 March 2011: 33.2%).

Headroom within the Group's committed £220m bank facility amounted to £66.8m at 30 September 2012 (2011: £63.2m). The duration of this facility was extended by seven months during the period such that the facility now expires in August 2015.

Balance sheet

Net assets at 30 September 2012 totalled £233.2m (31 March 2012: £229.5m), equivalent to 45p per share. Net debt/net tangible fixed assets is 0.33x at 30 September 2012 (31 March 2012: 0.32x) and continues to underline the strong asset backing within the business.

Net capex in the period was £9.0m (2011: £2.2m) above the Group's depreciation charge. Net property, plant & equipment of £250.8m at 30 September 2012 is therefore higher than at the beginning of the year (£241.0m). Equipment for hire represents approximately 88% (2011: 85%) of net property, plant & equipment (of which £29.9m (2011: £14.2m) relates to International Asset Services).

Gross trade debtors totalled £91.4m at 30 September 2012 (31 March 2011: £86.0m). Bad debt and credit note provisions totalled £5.7m at 30 September 2012 (£5.4m at 31 March 2012), equivalent to 6.2% of the debtor book (6.3% at 31 March 2012). Cash collection remains strong.

Principal risks and uncertainties

The Group faces a number of risks and uncertainties which could have a material impact upon its long-term performance. These risks are both internal and external. The Board has an established set of processes which assists in the identification, evaluation and management of these risks.

The principal risks and uncertainties facing the Group at 31 March 2012 were set out on pages 22 to 24 of the 2012 Annual Report (a copy of which is available from the Group's website at www.speedyhire.plc.uk). These risks remain valid as regards their potential to impact the Group during the second half of the current financial year and no new significant risks have been identified during the current period.

Interim condensed consolidated income statement

		Six months ended 30 September 2012	Six months ended 30 September 2011		
	<i>Note</i>	£m	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	3	169.1	161.8	-	161.8
Cost of sales		(57.9)	(54.1)	-	(54.1)
Gross profit		111.2	107.7	-	107.7
Distribution costs		(20.0)	(18.0)	-	(18.0)
Administrative expenses		(82.7)	(83.3)	(2.9)	(86.2)
Analysis of operating profit					
Operating profit before amortisation and exceptional items		10.4	8.4	-	8.4
Amortisation		(1.9)	(2.0)	-	(2.0)
Exceptional restructuring costs	4	-	-	(2.9)	(2.9)
Operating profit/(loss)		8.5	6.4	(2.9)	3.5
Financial expense	5	(3.8)	(3.6)	(2.2)	(5.8)
Profit/(loss) before taxation		4.7	2.8	(5.1)	(2.3)
Taxation	4,6	(0.6)	0.3	1.2	1.5
Profit/(loss) for the financial period		4.1	3.1	(3.9)	(0.8)
Attributable to:					
Equity holders of the Company		4.1			(0.8)
		Pence			Pence
Earnings/(loss) per share					
- Basic	7	0.81			(0.16)
- Diluted	7	0.79			(0.16)
Non-GAAP performance measures					
EBITDA before exceptional costs	9	33.6	29.8		
Profit before tax, amortisation and exceptional costs	9	6.6	4.8		
Adjusted earnings per share (pence)	7	1.10	0.89		

Interim condensed consolidated income statement (continued)

		Year ended 31 March 2012		
	Note	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	3	329.3	-	329.3
Cost of sales		(108.4)	-	(108.4)
Gross profit		220.9	-	220.9
Distribution costs		(36.3)	-	(36.3)
Administrative expenses		(169.1)	(2.9)	(172.0)
Analysis of operating profit				
Operating profit before amortisation and exceptional items		19.6	-	19.6
Amortisation		(4.1)	-	(4.1)
Exceptional restructuring costs	4	-	(2.9)	(2.9)
Operating profit/(loss)		15.5	(2.9)	12.6
Financial expense	5	(7.2)	(2.2)	(9.4)
Profit/(loss) before taxation		8.3	(5.1)	3.2
Taxation	4,6	(2.6)	1.1	(1.5)
Profit/(loss) for the financial period		5.7	(4.0)	1.7
Attributable to:				
Equity holders of the Company				1.7
				Pence
Earnings per share				
- Basic	7			0.33
- Diluted	7			0.33
Non-GAAP performance measures				
EBITDA before exceptional costs	9	63.2		
Profit before tax, amortisation and exceptional costs	9	12.4		
Adjusted earnings per share (pence)	7	1.72		

Interim condensed consolidated statement of comprehensive income

	Six months ended 30 September 2012 £m	Six months ended 30 September 2011 £m	Year ended 31 March 2012 £m
Profit/(loss) for the financial period	4.1	(0.8)	1.7
Other comprehensive income/(loss):			
- Effective portion of change in fair value of cash flow hedges	(0.2)	(0.1)	(0.1)
- Tax on items taken directly to equity	-	-	0.1
- Exchange difference on retranslation of foreign operations	0.7	(0.3)	(0.4)
Other comprehensive income/(loss), net of tax	0.5	(0.4)	(0.4)
Total comprehensive income/(loss) for the financial period	4.6	(1.2)	1.3
Attributable to equity holders of the Company	4.6	(1.2)	1.3

Interim condensed consolidated balance sheet

	Note	30 September 2012 £m	30 September 2011 £m	31 March 2012 £m
ASSETS				
Non-current assets				
Intangible assets		56.3	58.2	58.0
Property, plant & equipment				
Hire equipment	10	220.2	191.5	210.3
Non-hire equipment	10	30.6	32.3	30.7
		<u>307.1</u>	<u>282.0</u>	<u>299.0</u>
Current assets				
Inventories		13.3	11.2	12.8
Trade and other receivables		94.9	96.2	87.7
Income tax		-	1.9	-
Cash		0.2	3.2	0.2
		<u>108.4</u>	<u>112.5</u>	<u>100.7</u>
Total assets		<u>415.5</u>	<u>394.5</u>	<u>399.7</u>
LIABILITIES				
Current liabilities				
Borrowings	12	(0.9)	-	(0.2)
Other financial liabilities	11	(0.9)	(0.7)	(0.7)
Trade and other payables		(84.6)	(73.3)	(77.6)
Provisions		(1.7)	(1.4)	(2.3)
Income tax		(1.7)	-	(0.3)
		<u>(89.8)</u>	<u>(75.4)</u>	<u>(81.1)</u>
Non-current liabilities				
Borrowings	12	(81.9)	(80.2)	(76.3)
Provisions		(0.9)	(1.3)	(2.2)
Deferred tax liabilities		(9.7)	(9.8)	(10.6)
		<u>(92.5)</u>	<u>(91.3)</u>	<u>(89.1)</u>
Total liabilities		<u>(182.3)</u>	<u>(166.7)</u>	<u>(170.2)</u>
Net assets		<u>233.2</u>	<u>227.8</u>	<u>229.5</u>
EQUITY				
Share capital		25.9	25.9	25.9
Share premium		190.2	190.2	190.2
Merger reserve		1.0	1.0	1.0
Hedging reserve		(1.2)	(1.0)	(1.0)
Translation reserve		0.4	(0.2)	(0.3)
Retained earnings		16.9	11.9	13.7
Total equity attributable to equity holders of the Company		<u>233.2</u>	<u>227.8</u>	<u>229.5</u>

Interim condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2011	25.9	190.2	1.0	(0.9)	0.1	13.1	229.4
Total comprehensive loss	-	-	-	(0.1)	(0.3)	(0.8)	(1.2)
Transactions with owners:							
Dividends	-	-	-	-	-	(1.0)	(1.0)
Equity settled share-based payments	-	-	-	-	-	0.6	0.6
At 30 September 2011	25.9	190.2	1.0	(1.0)	(0.2)	11.9	227.8
Total comprehensive (loss)/income	-	-	-	-	(0.1)	2.6	2.5
Transactions with owners:							
Dividends	-	-	-	-	-	(1.1)	(1.1)
Equity settled share-based payments	-	-	-	-	-	0.3	0.3
At 31 March 2012	25.9	190.2	1.0	(1.0)	(0.3)	13.7	229.5
Total comprehensive (loss)/income	-	-	-	(0.2)	0.7	4.1	4.6
Transactions with owners:							
Dividends	-	-	-	-	-	(1.3)	(1.3)
Equity settled share-based payments	-	-	-	-	-	0.4	0.4
At 30 September 2012	25.9	190.2	1.0	(1.2)	0.4	16.9	233.2

Interim condensed consolidated statement of cash flow

	<i>Note</i>	Six months ended 30 September 2012 £m	Six months ended 30 September 2011 £m	Year ended 31 March 2012 £m
Cash generated from operations before changes in hire fleet	13	27.9	29.8	69.7
Purchase of hire equipment		(32.4)	(26.7)	(64.2)
Proceeds from sale of hire equipment		9.1	6.9	19.4
Cash generated from operations		4.6	10.0	24.9
Interest paid		(3.8)	(3.5)	(7.2)
Tax paid		(0.1)	-	-
Net cash flow from operating activities		0.7	6.5	17.7
Cash flow from investing activities				
Proceeds from disposal of accommodation hire assets, net		-	33.4	33.4
Purchase of other property, plant & equipment		(5.3)	(2.5)	(6.6)
Acquisition of business		(0.4)	-	(5.2)
Net cash flow (to)/from investing activities		(5.7)	30.9	21.6
Net cash flow before financing activities		(5.0)	37.4	39.3
Cash flow for financing activities				
Repayment of bank loans		-	(33.9)	(33.9)
Repayment of previous cash flow based loan facility		-	(89.8)	(89.8)
Proceeds from asset based revolving credit facility		5.6	91.2	91.2
Repayment of asset-based revolving credit facility		-	-	(4.0)
Dividends paid		(1.3)	(1.0)	(2.1)
Net cash flow from financing activities		4.3	(33.5)	(38.6)
(Decrease)/increase in cash		(0.7)	3.9	0.7
Overdraft at the start of the financial period		-	(0.7)	(0.7)
(Overdraft)/cash at the end of the financial period		(0.7)	3.2	-
Analysis of cash				
Cash		0.2	3.2	0.2
Bank overdraft		(0.9)	-	(0.2)
		(0.7)	3.2	-

Notes to the financial statements

1 Basis of preparation

Speedy Hire Plc ('the Company') is a company incorporated and domiciled in the United Kingdom. The interim financial statements of the Company as at and for the six months ended 30 September 2012 comprise the Company and its subsidiaries (together referred to as 'the Group').

The financial statements of the Group for the year ended 31 March 2012 are available from the Company's registered office, or from the website: www.speedyhire.plc.uk.

The Group meets its day to day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared cash flow projections for the period to March 2014 which show that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the Facilities. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("EU") and the Disclosure Transparency Rules (DTR) of the UK FSA. As required by the latter, the interim financial statements have been prepared applying the accounting policies and presentation that were applied in the Company's published consolidated financial statements for the year ended 31 March 2012 except as described below. They do not include all the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 March 2012.

The comparative figures for the financial year ended 31 March 2012 are not the Company's statutory accounts for that financial year. Those accounts which were prepared under IFRS as adopted by the EU (adopted IFRS) have been reported on by the Company's auditors and delivered to the Registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim report was approved by the Board of Directors on 13 November 2012.

1 Basis of preparation (continued)

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2012.

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board became effective during the period, but have no material effect on the Group's financial statements:

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)
- Deferred Tax: Recovery of Underlying Assets (Amendments to IFRS 12)

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

Seasonality

In addition to economic factors, revenues are subject to a small element of seasonal fluctuation largely driven by certain UK public holidays and their impact on the billing cycle, resulting in marginally fewer trading days in the second half of the year. In this financial year the Easter break fell into the first half of the year, plus there was an additional bank Holiday in the first quarter, helping to balance the trading impact of the Christmas break in the second half.

Whilst construction activity tends to increase in the summer months, the equipment range helps to mitigate the impact, specifically with heating, lighting and power generation products being more heavily required in the winter months. Overall, the Directors do not feel that these factors have a material effect on the performance of the Group when comparing first half results to those achieved in the second half.

2 Changes in estimates

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

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2012.

3 Segmental analysis

The segmental disclosure presented in the financial statements reflects the format of reports reviewed by the Chief Operating Decision-Maker (CODM). UK & Ireland Asset Services deliver asset management, with tailored services and a continued commitment to relationship management. International Asset Services deliver major overseas projects and facilities management contracts by providing a managed site support service.

UK & Ireland Asset Services are managed separately at below CODM level but have been aggregated into one operating segment as they have similar economic characteristics including the nature of the products and services, the type or class of customer for their products and services and the methods used to distribute their products or provide their services. The Group previously reported on the International and Training & Advisory Services segment. However, as part of a reorganisation of the business in the second half of the prior year and the closure of Advisory Services, Training Services is fully integrated into UK Asset Services. Consequently, the two reportable segments identified by the Group are UK & Ireland Asset Services and International Asset Services.

For the six months ended 30 September 2012

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Segmental revenue	161.5	12.3	-	173.8
Intra-group revenue	(0.9)	(3.8)	-	(4.7)
Revenue	160.6	8.5	-	169.1
Segment result:				
EBITDA	34.2	2.4	(3.0)	33.6
Amortisation	(1.9)	-	-	(1.9)
Depreciation	(20.4)	(2.1)	(0.7)	(23.2)
Operating profit/(loss)	11.9	0.3	(3.7)	8.5
Financial expense				(3.8)
Profit before tax				4.7
Taxation				(0.6)
Profit for the financial period				4.1
Intangible assets	56.3	-	-	56.3
Hire equipment	190.3	29.9	-	220.2
Non-hire equipment	30.4	0.2	-	30.6
Current assets	95.0	9.3	3.9	108.2
Cash	-	-	0.2	0.2
Total assets	372.0	39.4	4.1	415.5
Liabilities	(73.8)	(5.8)	(8.5)	(88.1)
Bank overdraft	-	-	(0.9)	(0.9)
Borrowings	-	-	(81.9)	(81.9)
Taxation liabilities	-	-	(11.4)	(11.4)
Total liabilities	(73.8)	(5.8)	(102.7)	(182.3)
Capital expenditure	33.7	7.6	-	41.3

3 Segmental analysis (continued)

For the six months ended 30 September 2011

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Segmental revenue	158.0	5.5	-	163.5
Intra-group revenue	(1.0)	(0.7)	-	(1.7)
Revenue	157.0	4.8	-	161.8
Segment result:				
EBITDA before exceptional restructuring costs	32.2	0.6	(3.0)	29.8
Amortisation	(2.0)	-	-	(2.0)
Depreciation	(19.3)	(1.4)	(0.7)	(21.4)
Exceptional restructuring costs	(2.9)	-	-	(2.9)
Operating profit/(loss)	8.0	(0.8)	(3.7)	3.5
Financial expense				(3.6)
Exceptional financial expense				(2.2)
Loss before tax				(2.3)
Taxation				1.5
Loss for the financial period				(0.8)
Intangible assets	58.2	-	-	58.2
Hire equipment	177.3	14.2	-	191.5
Non-hire equipment	32.0	0.3	-	32.3
Current assets	98.3	4.1	5.0	107.4
Taxation assets	-	-	1.9	1.9
Cash	-	-	3.2	3.2
Total assets	365.8	18.6	10.1	394.5
Liabilities	(67.6)	(2.3)	(6.8)	(76.7)
Borrowings	-	-	(80.2)	(80.2)
Taxation liabilities	-	-	(9.8)	(9.8)
Total liabilities	(67.6)	(2.3)	(96.8)	(166.7)
Capital expenditure	25.8	2.4	2.3	30.5

3 Segmental analysis (continued)

For the year ended 31 March 2012

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Segmental revenue	320.0	18.0	-	338.0
Intra-group revenue	(1.8)	(6.9)	-	(8.7)
Revenue	318.2	11.1	-	329.3
Segment result:				
EBITDA before exceptional restructuring costs	66.3	2.5	(5.6)	63.2
Amortisation	(4.1)	-	-	(4.1)
Depreciation	(38.5)	(3.2)	(1.9)	(43.6)
Exceptional restructuring costs	(2.9)	-	-	(2.9)
Operating profit/(loss)	20.8	(0.7)	(7.5)	12.6
Financial expense				(7.2)
Exceptional financial expense				(2.2)
Profit before tax				3.2
Taxation				(1.5)
Profit for the financial period				1.7
Intangible assets	58.0	-	-	58.0
Hire equipment	185.8	24.5	-	210.3
Non-hire equipment	30.5	0.2	-	30.7
Current assets	90.4	5.5	4.6	100.5
Cash	-	-	0.2	0.2
Total assets	364.7	30.2	4.8	399.7
Liabilities	(66.1)	(8.7)	(8.1)	(82.9)
Bank overdraft	-	-	(0.2)	(0.2)
Borrowings	-	-	(76.3)	(76.3)
Taxation liabilities	-	-	(10.8)	(10.8)
Total liabilities	(66.1)	(8.7)	(95.4)	(170.2)
Capital expenditure	60.8	10.0	-	70.8

3 Segmental analysis (continued)

Intra-group transactions are undertaken on an arm's length basis.

Corporate costs comprise certain central activities and costs, which are not directly related to the activities of the operating segments.

The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the Support Services function and are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Six months ended 30 September 2012		Six months ended 30 September 2011		Year ended 31 March 2012	
	Revenue	Non-current assets	Revenue	Non-current assets	Revenue	Non-current assets
	£m	£m	£m	£m	£m	£m
UK	157.9	271.3	154.0	262.0	312.4	268.6
Ireland	2.7	5.7	3.0	5.5	5.8	5.7
Other countries	8.5	30.1	4.8	14.5	11.1	24.7
	169.1	307.1	161.8	282.0	329.3	299.0

Major customer

No one customer represents more than 10% of revenue, reported profit or combined assets of all reporting segments.

4 Exceptional items

For the six months ended 30 September 2012

There were no exceptional items of expense in the six months ended 30 September 2012.

For the six months ended 30 September 2011

On 30 April 2011, the Group completed its disposal of the accommodation hire assets from UK Asset Services and incurred a number of non-recurring items of expense (£2.9m).

In July 2011, the Group entered into a new asset based revolving credit facility, replacing the previous cash flow based loan facility. Management assessed the impact of this change in facility in line with the guidance contained within IAS 39 and concluded that it represented a significant modification. As a result, unamortised fees and transaction costs in relation to the previous cash flow based loan facility were written off and treated as exceptional finance costs in the period (£2.2m).

The resulting tax credit in relation to exceptional items amounted to £1.1m, all of which related to current tax.

For the year ended 31 March 2012

All exceptional items for the year ended 31 March 2012 were incurred in the first half of the financial year and are outlined above.

5 Financial expense

	30 September 2012 £m	30 September 2011 £m	31 March 2012 £m
Interest on bank loans and overdrafts	(1.8)	(1.8)	(5.2)
Hedge interest payable	(0.2)	(0.4)	(0.7)
Amortisation of issue costs	(0.7)	(0.4)	(1.0)
Other finance costs	(1.1)	(1.0)	(0.3)
Exceptional amortisation of bank fees in connection with refinancing the previous cash flow based loan facility (note 4)	-	(1.7)	(1.7)
Exceptional amortisation of bank fees in connection with amendments to the previous cash flow based loan facility (note 4)	-	(0.5)	(0.5)
	<u>(3.8)</u>	<u>(5.8)</u>	<u>(9.4)</u>

6 Taxation

The corporation tax charge for the six months ended 30 September 2012 is based on an effective rate of taxation of 12.8% (2011: -10.7% before exceptional items). This has been calculated by reference to the projected charge for the full year ending 31 March 2013, applying the applicable UK corporation tax rate of 24%. Deferred tax is provided using the tax rate enacted at the balance sheet date, 30 September 2012, of 23%.

7 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the earnings attributable to equity holders of the Company of £4.1m (2011: loss £0.8m) and the weighted average number of 5 pence ordinary shares in issue and is calculated as follows:

	30 September 2012	30 September 2011	31 March 2012
Profit/(loss) (£m)			
Profit/(loss) for the period after tax – basic earnings/(loss)	4.1	(0.8)	1.7
Intangible amortisation charge (after tax)	1.4	1.5	3.1
Exceptional items (after tax)	-	3.9	4.0
Adjusted earnings (after tax)	5.5	4.6	8.8
Weighted average number of shares in issue (million)			
At the beginning of the period	506.9	506.9	506.9
Change in weighted average number of ordinary shares	-	-	-
At the end of the period – basic number of shares	506.9	506.9	506.9
Share options	0.5	-	0.3
Employee share schemes	5.1	-	4.5
At the end of the period – diluted number of shares	512.5	506.9	511.7
Earnings/(loss) per share (pence)			
Basic earnings/(loss) per share	0.81	(0.16)	0.33
Amortisation	0.29	0.29	0.60
Exceptional costs	-	0.76	0.79
Adjusted earnings per share	1.10	0.89	1.72
Basic earnings/(loss) per share	0.81	(0.16)	0.33
Share options	(0.01)	-	-
Employee share schemes	(0.01)	-	-
Diluted earnings/(loss) per share	0.79	(0.16)	0.33
Adjusted earnings per share	1.10	0.89	1.72
Share options	(0.01)	-	-
Employee share schemes	(0.01)	-	(0.01)
Adjusted diluted earnings per share	1.08	0.89	1.71

Total number of shares outstanding at 30 September 2012 amounted to 517,252,204 (2011: 517,231,685).

8 Dividends

The aggregate amount of dividend comprises:

	30 September 2012 £m	30 September 2011 £m	31 March 2012 £m
2012 final dividend (0.26 pence on 517.2m ordinary shares)	1.3	-	-
2012 interim dividend (0.20 pence on 517.2m ordinary shares)	-	-	1.1
2011 final dividend (0.20 pence on 517.2m ordinary shares)	-	1.0	1.0
	1.3	1.0	2.1

Subsequent to the end of the period, and not included in the results for the period, the Directors have declared an interim dividend of 0.22 pence (2012 interim dividend: 0.20 pence) per share, to be paid on 25 January 2013 to shareholders on the register on 4 January 2013.

9 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the financial statements in assessing the Group's performance. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group.

	30 September 2012 £m	30 September 2011 £m	31 March 2012 £m
Operating profit	8.5	3.5	12.6
Add back: amortisation	1.9	2.0	4.1
Add back: exceptional items	-	2.9	2.9
Operating profit before amortisation and exceptional costs	10.4	8.4	19.6
Add back: depreciation	23.2	21.4	43.6
EBITDA before exceptional costs	33.6	29.8	63.2
Profit/(loss) before tax	4.7	(2.3)	3.2
Add back: amortisation	1.9	2.0	4.1
Add back: exceptional items	-	2.9	2.9
Add back: exceptional finance costs	-	2.2	2.2
Profit before tax, amortisation and exceptional costs	6.6	4.8	12.4

10 Property, plant & equipment

	Land & buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2011	28.0	363.3	57.8	449.1
Foreign exchange	0.1	0.5	-	0.6
Additions	1.0	28.0	1.5	30.5
Disposals	-	(23.4)	-	(23.4)
Transfers to inventory	-	(2.9)	-	(2.9)
At 30 September 2011	29.1	365.5	59.3	453.9
Foreign exchange	(0.1)	-	-	(0.1)
Additions	2.3	41.9	1.8	46.0
Acquisitions	-	8.8	-	8.8
Disposals	(1.5)	(22.0)	(0.1)	(23.6)
Transfers to inventory	-	(10.6)	-	(10.6)
At 31 March 2012	29.8	383.6	61.0	474.4
Foreign exchange	(0.1)	(0.6)	-	(0.7)
Additions	2.7	36.0	2.6	41.3
Acquisitions	-	0.2	-	0.2
Disposals	(0.3)	(21.8)	(0.6)	(22.7)
Transfers to inventory	-	(10.4)	-	(10.4)
At 30 September 2012	32.1	387.0	63.0	482.1
Depreciation				
At 1 April 2011	16.6	177.6	35.0	229.2
Foreign exchange	-	0.3	-	0.3
Charged in period	1.4	16.9	3.1	21.4
Disposals	-	(19.2)	-	(19.2)
Transfers to inventory	-	(1.6)	-	(1.6)
At 30 September 2011	18.0	174.0	38.1	230.1
Charged in period	1.2	17.3	3.7	22.2
Acquisitions	-	5.5	-	5.5
Disposals	(0.8)	(15.4)	(0.1)	(16.3)
Transfers to inventory	-	(8.1)	-	(8.1)
At 31 March 2012	18.4	173.3	41.7	233.4
Foreign exchange	-	(0.3)	-	(0.3)
Charged in period	1.3	18.2	3.7	23.2
Disposals	(0.2)	(16.2)	(0.4)	(16.8)
Transfers to inventory	-	(8.2)	-	(8.2)
At 30 September 2012	19.5	166.8	45.0	231.3
Net book value				
At 30 September 2012	12.6	220.2	18.0	250.8
At 31 March 2012	11.4	210.3	19.3	241.0
At 30 September 2011	11.1	191.5	21.2	223.8

11 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, retained profits and borrowings. The main risks arising from the Group's financial instruments are credit, interest rate, foreign currency and liquidity risk. The Board reviews and agrees the policies for managing each of these risks on an annual basis. A full description of the Group's approach to managing these risks is set out in the 2012 Annual Report on pages 22 to 24.

The notional contract amounts and the related fair value of the Group's derivative financial instruments can be analysed as follows:

	30 September 2012		30 September 2011		31 March 2012	
	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m
Designated as cash flow hedges						
Fixed interest rate swaps	(0.9)	70.0	(0.7)	37.5	(0.7)	62.5
Interest rate caps	-	-	-	2.5	-	2.5
	(0.9)	70.0	(0.7)	40.0	(0.7)	65.0

The weighted average interest rate of the fixed interest rate swaps is 1.575% (2011: 1.505%) and the instruments are for a weighted average period of 17 months (2011: 19 months). The maximum contractual period is 110 months.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements. Typically, the Group uses short-term forecasting to ensure that it has sufficient cash on demand to meet operational expenses and to service financing obligations for a period of 12 weeks. Longer-term forecasts are performed on a regular basis to assess compliance with bank covenants on existing facilities, ensuring that activities can be managed within reason to ensure covenant breaches are avoided.

The Group monitors available facilities against forward requirements on a regular basis and where necessary, obtains additional sources of financing to provide the Group with the appropriate level of headroom against the required borrowing. The Group has obtained additional bank and equity funding in recent years as the business has grown, and maintains close contact with its syndicate of banks.

Details of the Group's loan facilities are detailed in note 12.

12 Borrowings

	30 September 2012 £m	30 September 2011 £m	31 March 2012 £m
Current borrowings			
Bank overdraft	0.9	-	0.2
	0.9	-	0.2
Non-current borrowings			
<i>Maturing between one and two years</i>			
Asset backed facilities	-	-	-
<i>Maturing between two and five years</i>			
Asset backed facilities	81.9	80.2	76.3
Total non-current borrowings	81.9	80.2	76.3
Total borrowings	82.8	80.2	76.5
Less: cash	(0.2)	(3.2)	(0.2)
Net debt	82.6	77.0	76.3

The Facility is secured by a fixed and floating charge over all the assets of the Group and the overdraft and asset based revolving credit facility are rated pari passu.

In June 2011, the Group entered into a £220m asset based revolving credit facility which was repayable in January 2015. During September 2012, agreement was reached with our banking partners to extend the term of this facility by seven months to August 2015, with no prior scheduled repayment requirements. The Facility is sub divided into:

- (i) A secured overdraft facility, provided by Barclays Bank Plc which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.
- (ii) An asset based revolving credit facility of up to £215m. The availability of this facility is dependent upon the Group's hire equipment and trade receivables and at 30 September 2012, the total availability was £155.1m (2011: £148.2m). At 30 September 2012, headroom under the facility was £66.8m (2011: £63.2m).

Interest is calculated by reference to the London Inter Bank Offer Rate applicable to the period drawn, plus a margin of 225 to 400 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 2.85% (2011: 3.25%).

The effective interest rate applicable to cash deposits during the period was 0.70% (2011: 0.70%).

13 Note to the cash flow statement

	30 September 2012 £m	30 September 2011 £m	31 March 2012 £m
Cash flow from operating activities			
Profit/(loss) before tax	4.7	(2.3)	3.2
Financial expense	3.8	3.6	7.2
Exceptional financial expense	-	2.2	2.2
Amortisation	1.9	2.0	4.1
Depreciation	23.2	21.4	43.6
Profit on disposal of hire equipment	(1.3)	(1.4)	(4.8)
Loss on disposal of other property, plant & equipment	0.3	-	0.7
Increase in inventories	(0.5)	(1.0)	(2.6)
(Increase)/decrease in trade and other receivables	(7.2)	1.5	10.0
Increase in trade and other payables	4.5	5.2	5.3
Movement in provisions	(1.9)	(2.0)	(0.2)
Equity-settled share-based payments	0.4	0.6	1.0
	<u>27.9</u>	<u>29.8</u>	<u>69.7</u>

14 Contingent liabilities

The Group has given warranties (including taxation warranties and indemnities) to the purchasers of six businesses disposed of over the last 12 years. These warranties and indemnities expire at various dates up to 12 years from the date of disposal.

In the normal course of business, the Company and certain subsidiaries have given performance bonds issued on behalf of Group companies and parental guarantees have been given in support of the contractual obligations of Group companies on both a joint and a several basis.

15 Commitments

The Group had contracted capital commitments amounting to £3.7m (2011: £3.6m) at the end of the financial period for which no provision has been made.

16 Related party disclosures

There has been no significant change to nature and size of related party transactions, including the remuneration provided to the key management, from that disclosed in the 2012 Annual Report.

Directors' Responsibilities

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

L Krige
13 November 2012

Independent Review Report by KPMG Audit Plc to Speedy Hire 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 30 September 2012 which comprises the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated balance sheet, the interim condensed consolidated cash flow statement, the interim condensed consolidated statement of changes in equity 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 to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). 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 DTR of the UK FSA.

As disclosed in note 1, 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 30 September 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Nicola Quayle
for and on behalf of KPMG Audit Plc
Chartered Accountants
St James' Square, Manchester, M2 6DS