



16 November 2011

SPEEDY HIRE Plc

("Speedy" or "the Group")

Interim report for the six months to 30 September 2011 – Self help delivering results

Financial Highlights

- *Underlying revenue* increased by 2.1% to £158.9m (2010: £155.6m) (Unadjusted revenue of £161.8m down 8.7% (2010: £177.3m))*
- *Underlying EBITDA* increased by 29.2% to £29.2m (2010: £22.6m) (Unadjusted EBITDA of £29.8m up 19.7% (2010: £24.9m))*
- *£14.7m improvement in underlying profit before tax[†] from a loss of £9.9m (2010) to a profit of £4.8m (Unadjusted loss before tax of £2.3m (2010: £13.8m loss))*
- *Cash generated from operations** of £29.8m (2010: £17.5m)*
- *New asset based revolving credit facility secured in July 2011 allows reinvestment in the fleet*
- *Net debt decreased by a further 32% to £77.0m (31 March 2011: £113.9m)*
- *Net debt to EBITDA (trailing 12 months, excluding exceptional items) has reduced to 1.1x (1.8x at 31 March 2011)*
- *Interim dividend maintained at 0.2 pence per share (2010: 0.2 pence per share)*

**excluding accommodation and expired Network Rail contract ** before net hire fleet capex*

†before amortisation and exceptional costs

Trading and Operational Highlights

- *The business has moved back into profit and Speedy market share remains strong*
- *Improvement in trading continues to be driven by the ongoing focus on core customers and markets*
- *Focus on cash and costs enables continued capital expenditure to support efficient operations*
- *Well positioned and growing revenue in the core regulated infrastructure markets of water, waste, energy and transport*
- *Property network consolidation ongoing with an additional 3 Superstores opened*
- *Overall performance remains in line with management expectations*

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

"We are pleased to report the continuation of our recovery in these challenging times. Our strategy of aligning ourselves with stronger customers and market segments, focusing on our core activities and driving improved efficiency is ongoing. As a result, the Board is confident of the Group meeting its expectations for the financial year."

For further information:

Speedy Hire Plc

Steve Corcoran, Chief Executive
Lynn Krige, Group Finance Director
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Hudson Sandler

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There will be an analysts' meeting and conference call at 9.30am today. The presentation slides to accompany the conference call will be available at www.speedyhire.plc.uk from 9.30am this morning. For conference call and replay facility details please contact Sarah Hughes, Hudson Sandler on 020 7796 4133 or shughes@hudsonsandler.com.

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 over 300 fixed sites - together with a number of on-site facilities at client locations throughout the UK, Ireland and 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*
- *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).

Business review

Overview

The Group has had an encouraging start to the new financial year with overall performance in line with expectations. Our continued focus on cash, costs and capital expenditure, combined with the proceeds from the disposal of the accommodation operation, has resulted in a £40.1m improvement in free cash flow and produced a £14.7m improvement in profit before tax (before exceptional items and amortisation) to £4.8m (2010: £9.9m loss). We are using our strong cash generation and new asset based revolving credit facility to reinvest judiciously in the fleet and increase capital expenditure relative to depreciation.

Speedy's market share remains strong, with the business well positioned in its core and regulated infrastructure markets of water, waste, energy and transport. The improvement in trading performance continues to be driven by the recovery in our UK & Ireland business, which has seen a 2.1% increase in underlying revenues year on year (excluding accommodation and the expired Network Rail contract), principally as a result of an improving yield, up 7%. Utilisation in the UK business has also continued to improve. Encouragingly, having successfully concluded the disposal of the loss making accommodation operation for net proceeds of £33.4m in April 2011, all UK hire operations are now profitable.

Our commitment to IT and property has also continued. IT investment has improved asset visibility enabling improved utilisation and more focused capital expenditure. Our previously announced plans to evolve our existing estate to a more efficient three tiered Multi Service Centre, Superstore and Local Express concept have also progressed. An additional 3 Superstores have been opened during the period, increasing the number of Superstores to 12. Both of these initiatives are ongoing and should further underpin a continuing improvement trend in operating margin and return on capital employed.

UK & Ireland Asset Services

During the 6 months to 30 September 2011, UK & Ireland Asset Services sales and commercial activity was focused on developing opportunities in the regulated markets of water, waste, energy and transport where we continue to see growing demand for our services. Growth is coming from a mixture of existing framework agreements with companies such as Welsh Water and Thames Water; a number of contract extensions including those with United Utilities and South East Water; and new business such as the contract with Enserve. Many of the existing major construction customers operate across all of these markets and additional revenue growth is targeted from them.

In the industrial sector, the business has continued to strengthen and develop relationships with many of the UK's leading clients and contractors and has been involved in a number of petrochemical shutdown programmes, including those for Exxon, Murco and Ineos.

Whilst activity at the Olympic site has peaked, the performance of the business remains strong. In anticipation of progressive reduction in demand from the site, the operational team has started to see the benefit of its shift in focus to London Crossrail, where once again, existing agreements with the UK's leading contractors, such as Carillion and BAM Group, position us well on this major project with some early successes already delivered.

International and Advisory Services

Our International Asset Services and Training & Advisory Services operations have had a mixed performance. International Asset Services has made steady progress with revenues increasing by 29.7% and operating losses have reduced as critical mass is built. Within Training & Advisory Services, Training has made progress with a number of national contracts secured. However, the performance of Advisory Services has been disappointing and, following the strategic review announced on 12 October 2011, the division has been closed. Training will continue and will, for future periods, form part of UK & Ireland Asset Services.

Board changes

The Board would like to welcome Dr Chris Masters who joined the Board on 13 July 2011 as a Non-Executive Director, and Lynn Krige who joined on 1 October 2011, as Group Finance Director. Chris brings to the Board a wealth of experience in equipment rental and international business, having previously been Executive Chairman

of Aggreko Plc. Lynn has complemented the executive team with her strong industry knowledge and experience in cost and process efficiency.

Outlook

Speedy continues to make steady progress despite the challenging market conditions and uncertain economic outlook. The Group draws confidence from the strength of the order books of its major clients, especially those aligned to the regulated industries and private sector investment markets of water, waste, energy and transport. Investment in property and IT provides opportunities to deliver further improvement and drive margin growth as well as providing increasing asset transparency and improved capital efficiency. Our focus going forward is on driving the continued recovery of the UK business through delivery of further operational efficiency. The Board remains confident of the Group meeting its expectations for the financial year.

Financial review

Results

Underlying revenue for the period (excluding the revenue from the disposed accommodation operation and expired Network Rail contract) increased by 2.1% to £158.9m (2010: £155.6m). Total turnover for the period was £161.8m (2010: £177.3m).

Gross margin increased to 66.6% (2010: 57.9%) resulting in a gross profit of £107.7m (2010: £102.6m). The gross margin improved due to the focus on the quality of revenue combined with efficiencies in direct costs and the disposal of the lower gross margin accommodation operation.

The Group's principal operating cost items are property, people, depreciation, vehicles and fuel. These totalled £95.5m in the period (2010: £112.8m).

Group operating profit before amortisation and exceptional items improved significantly to £8.4m compared to a loss of £4.6m during the same period in 2010. Profit before taxation, amortisation and exceptional items reflected this turnaround increasing to £4.8m (2010: loss £9.9m). After taxation, amortisation and exceptional items the Group made a small loss of £0.8m although this was also much improved from the 2010 first half loss of £12.2m. Adjusted earnings per share before amortisation and exceptional items was 0.89 pence (2010: loss 1.87 pence) with the basic loss per share after amortisation and exceptional items at 0.16 pence (2010: loss 2.42 pence).

Segmental analysis

The Group's segmental reporting is segmented as UK & Ireland Asset Services and International & Advisory Services (combining International Asset Services and Training & Advisory Services).

The figures in the tables below are presented before corporate costs. These costs amounted to £3.7m (before exceptional costs) (2010: £4.3m), the decrease results principally from a reduction in share option charges and other central costs.

UK & Ireland Asset Services	6 months ended 30 September 2011 £m	6 months ended 30 September 2010 £m
Revenue	156.2	172.8
Revenue (excluding accommodation and the expired Network Rail contract)	153.3	151.1
EBITDA (pre-exceptional)	33.0	28.8
EBITA (pre-exceptional)	13.7	1.5

Revenue in UK & Ireland Asset Services totalled £156.2m (of which £3.0m relates to the Ireland operations). Tools, lifting, survey and power products have performed well, with the overall result being positively impacted by the disposal of the loss making accommodation operation.

International & Advisory Services	6 months ended 30 September 2011 £m	6 months ended 30 September 2010 £m
Revenue	5.6	4.5
EBITDA (pre-exceptional)	(0.2)	(0.7)
EBITA (pre-exceptional)	(1.6)	(1.8)

Revenue in International & Advisory Services increased by 24.4% to £5.6m. £4.8m of the turnover for the period relates to the International Asset Services division (2010: £3.7m) and derives principally from hire activity in Abu Dhabi and Dubai. Training & Advisory Services reported turnover of £0.8m in the period (2010: £0.8m), largely derived from training services. The EBITDA splits £0.6m International Asset Services and £(0.8)m Training & Advisory Services. The depreciation charge relates entirely to International Asset Services.

Interest and taxation

Interest expense (before exceptional items) in the period amounted to £3.6m (2010: £5.3m). In July 2011, the Group entered into a £220m asset based revolving credit facility. The margin payable under the facility is 225-400 basis points depending on leverage and on the components of the borrowing base. £5.0m of bank and advisor fees are being amortised over the life of the facility.

The pre-exceptional tax credit for the period (£0.3m) is an effective tax rate of -10.7% (2010: 10.1%). This has been calculated by reference to the projected credit for the full year ending 31 March 2012. A tax credit amounting to £1.2m has also been recognised in respect of the first half exceptional items.

Exceptional items

Exceptional items totalled £5.1m before taxation (2010: £1.1m). On 30 April 2011, the Group completed the disposal of the accommodation hire assets and incurred a number of non-recurring expense items of £2.9m. Within finance expense, £2.2m relates to the exceptional amortisation of bank fees in connection with refinancing the previous cash flow based debt facility in June 2010. In the prior period, £0.6m related to restructuring and cost

saving initiatives and £0.5m related to amortisation of bank and advisor fees incurred in connection with the bank facility amendment process in June 2010.

The cash cost before taxation of these exceptional items in the period amounted to £0.8m.

Dividend

The Board remains committed to the payment of dividends when prudent to do so and has declared an interim dividend of 0.2p per share, a total cash cost of approximately £1m. This is unchanged from the interim and final dividends paid in respect of the prior financial year. The FY12 interim dividend will be paid on 27 January 2012 to shareholders on the register on 6 January 2012.

Capex and disposals

Gross capex during the period amounted to £30.5m (2010: £19.7m), of which £28.0m (2010: £18.3m) related to investment in equipment for hire and the balance, principally to investments in IT and property improvements. Compared to the prior year period, investment in hire equipment has increased reflecting the low levels of spend in the comparative period. Investment in hire fleet for the International business totalled £2.4m (2010: £1.1m). With disposal proceeds of £6.9m in the period (2010: £6.5m), Group net capex totalled £23.6m (2010: £13.2m). Asset disposals generated a gain of £1.4m (2010: £1.0m) against their carrying value.

Cash flow and net debt

Cash from operations before changes in hire fleet amounted to £29.8m (2010: £17.5m). Free cash flow (i.e. before dividends and financing activities) amounted to £37.4m (2010: outflow (£2.7m)). The principal reasons for the period on period increase were £33.4m net proceeds received on the disposal of accommodation hire assets, £13.4m cash inflow from a working capital reduction, together with a £4.9m increase in EBITDA, reduced by a £8.0m increase in payments relating to net capital expenditure.

As a consequence of the above, net debt decreased by 32% from £113.9m at 31 March 2011 to £77.0m at 30 September 2011 and net debt to EBITDA (trailing 12 months, excluding exceptional items) has reduced to 1.1x (1.8x at 31 March 2011). Gearing has also reduced further to 33.8% (49.7% at 31 March 2011).

Headroom within the Group's committed £220m bank facility amounted to £63.2m at 30 September 2011.

Balance sheet

Net assets at 30 September 2011 totalled £227.8m (31 March 2011: £229.4m), equivalent to 44p per share.

Net capex in the period was £2.2m above the Group's depreciation charge and net property, plant & equipment of £223.8m at 30 September 2011 is therefore £3.9m higher than at the beginning of the year. Equipment for hire continues to represent approximately 85% of net property, plant & equipment (of which £14.2m relates to the International Asset Services).

Net debt/net tangible fixed assets is 0.34x at 30 September 2011 (31 March 2011: 0.52x) and continues to underline the strong asset backing within the business.

Gross trade debtors totalled £93.0m at 30 September 2011 (31 March 2011: £97.8m). Bad debt and credit note provisions totalled £6.7m at 30 September 2011 (£7.2m at 31 March 2011), equivalent to 7.2% of the debtor book (7.4% at 31 March 2011). 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 2011 were set out on page 26 of the 2011 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

	Note	Six months ended 30 September 2011			Six months ended 30 September 2010		
		Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	3	161.8	-	161.8	177.3	-	177.3
Cost of sales		(54.1)	-	(54.1)	(74.7)	-	(74.7)
Gross profit		107.7	-	107.7	102.6	-	102.6
Distribution costs		(18.0)	-	(18.0)	(18.7)	-	(18.7)
Administrative expenses		(83.3)	(2.9)	(86.2)	(91.3)	(0.6)	(91.9)
Analysis of operating profit/(loss)							
Operating profit/(loss) before amortisation and exceptional items		8.4	-	8.4	(4.6)	-	(4.6)
Amortisation		(2.0)	-	(2.0)	(2.8)	-	(2.8)
Exceptional restructuring costs	4	-	(2.9)	(2.9)	-	(0.6)	(0.6)
Operating profit/(loss)		6.4	(2.9)	3.5	(7.4)	(0.6)	(8.0)
Financial expense	5	(3.6)	(2.2)	(5.8)	(5.3)	(0.5)	(5.8)
Profit/(loss) before taxation		2.8	(5.1)	(2.3)	(12.7)	(1.1)	(13.8)
Taxation	4,6	0.3	1.2	1.5	1.3	0.3	1.6
Profit/(loss) for the financial period		3.1	(3.9)	(0.8)	(11.4)	(0.8)	(12.2)
Attributable to:							
Equity holders of the Company				(0.8)			(12.2)
Loss per share							
- Basic	7			(0.16)			(2.42)
- Diluted	7			(0.16)			(2.42)
Non-GAAP performance measures							
EBITDA before exceptional costs	9	29.8			24.9		
Profit/(loss) before tax, amortisation and exceptional costs	9	4.8			(9.9)		

Interim condensed consolidated income statement (continued)

		Year ended 31 March 2011		
	Note	Before exceptional items £m	Exceptional items £m	Total £m
Revenue	3	354.2	-	354.2
Cost of sales		(136.9)	-	(136.9)
Gross profit		217.3	-	217.3
Distribution costs		(35.2)	-	(35.2)
Administrative expenses		(179.3)	(19.3)	(198.6)
Analysis of operating profit/(loss)				
Operating profit before amortisation and exceptional items		8.3	-	8.3
Amortisation		(5.5)	-	(5.5)
Exceptional restructuring costs	4	-	(5.5)	(5.5)
Exceptional write down of accommodation assets	4	-	(13.8)	(13.8)
Operating profit/(loss)		2.8	(19.3)	(16.5)
Financial expense	5	(9.0)	(1.5)	(10.5)
Loss before taxation		(6.2)	(20.8)	(27.0)
Taxation	4,6	2.1	5.6	7.7
Loss for the financial year		(4.1)	(15.2)	(19.3)
Attributable to:				
Equity holders of the Company				(19.3)
				Pence
Loss per share				
- Basic	7			(3.81)
- Diluted	7			(3.81)
Non-GAAP performance measures				
EBITDA before exceptional costs	9	63.4		
Loss before tax, amortisation and exceptional costs	9	(0.7)		

Interim condensed consolidated statement of comprehensive income

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Loss for the financial period	(0.8)	(12.2)	(19.3)
Other comprehensive (loss)/income:			
Effective portion of change in fair value of cash flow hedges	(0.1)	1.8	2.5
Tax on items taken directly to equity	-	-	0.2
Exchange difference on retranslation of foreign operations	(0.3)	0.2	0.6
	<hr/>	<hr/>	<hr/>
Other comprehensive (loss)/income, net of tax	(0.4)	2.0	3.3
	<hr/>	<hr/>	<hr/>
Total comprehensive (loss)/income for the financial period	(1.2)	(10.2)	(16.0)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Attributable to equity holders of the Company	(1.2)	(10.2)	(16.0)
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Interim condensed consolidated balance sheet

	<i>Note</i>	30 September 2011 £m	30 September 2010 £m	31 March 2011 £m
ASSETS				
Non-current assets				
Intangible assets		58.2	62.9	60.2
Property, plant & equipment				
Hire equipment	<i>10</i>	191.5	234.8	185.7
Non-hire equipment	<i>10</i>	32.3	35.5	34.2
		282.0	333.2	280.1
Current assets				
Inventories		11.2	11.2	10.2
Trade and other receivables		96.2	103.4	97.7
Income tax		1.9	0.4	-
Assets classified as held for sale	<i>11</i>	-	-	33.4
Cash		3.2	8.0	0.2
		112.5	123.0	141.5
Total assets		394.5	456.2	421.6
LIABILITIES				
Current liabilities				
Borrowings	<i>13</i>	-	(0.2)	(1.1)
Other financial liabilities	<i>12</i>	(0.7)	(1.3)	(0.6)
Trade and other payables		(73.3)	(67.1)	(63.3)
Provisions		(1.4)	(2.9)	(3.5)
Income tax		-	-	(0.3)
		(75.4)	(71.5)	(68.8)
Non-current liabilities				
Borrowings	<i>13</i>	(80.2)	(130.8)	(113.0)
Provisions		(1.3)	(1.4)	(1.2)
Deferred tax liabilities		(9.8)	(16.2)	(9.2)
		(91.3)	(148.4)	(123.4)
Total liabilities		(166.7)	(219.9)	(192.2)
Net assets		227.8	236.3	229.4
EQUITY				
Share capital		25.9	25.9	25.9
Share premium		190.2	190.2	190.2
Merger reserve		1.0	3.7	1.0
Hedging reserve		(1.0)	(1.6)	(0.9)
Translation reserve		(0.2)	(0.3)	0.1
Retained earnings		11.9	18.4	13.1
Total equity attributable to equity holders of the Company		227.8	236.3	229.4

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 2010	25.9	190.2	3.7	(3.4)	(0.5)	30.7	246.6
Total comprehensive income/(loss)	-	-	-	1.8	0.2	(12.2)	(10.2)
Transactions with owners:							
Dividends	-	-	-	-	-	(1.0)	(1.0)
Equity settled share-based payments	-	-	-	-	-	0.9	0.9
At 30 September 2010	25.9	190.2	3.7	(1.6)	(0.3)	18.4	236.3
Total comprehensive income/(loss)	-	-	-	0.7	0.4	(6.9)	(5.8)
Transactions with owners:							
Dividends	-	-	-	-	-	(1.1)	(1.1)
Equity settled share-based payments	-	-	-	-	-	-	-
Transfer to retained earnings*	-	-	(2.7)	-	-	2.7	-
At 31 March 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

*Transfer to retained earnings during the year ended 31 March 2011 relates to the realised element of the merger reserve. The transfer was made retrospectively in relation to the disposal of a business which occurred a number of years ago.

Interim condensed consolidated statement of cash flow

	<i>Note</i>	6 months ended 30 September 2011 £m	6 months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Cash generated from operations before changes in hire fleet	14	29.8	17.5	49.7
Purchase of hire equipment		(26.7)	(18.3)	(41.8)
Proceeds from sale of hire equipment		6.9	6.5	16.2
Cash generated from operations		10.0	5.7	24.1
Interest paid		(3.5)	(5.7)	(10.5)
Tax paid		-	(1.3)	(1.3)
Net cash flow from/(to) operating activities		6.5	(1.3)	12.3
Cash flow from investing activities				
Proceeds from disposal of accommodation hire assets, net		33.4	-	-
Purchase of other property, plant & equipment		(2.5)	(1.4)	(4.9)
Net cash flow from/(to) investing activities		30.9	(1.4)	(4.9)
Net cash flow before financing activities		37.4	(2.7)	7.4
Cash flow for financing activities				
Finance lease payments		-	-	(0.1)
Repayment of bank loans		(33.9)	(0.8)	(18.4)
Repayment of previous cash flow based loan facility		(89.8)	-	-
Proceeds from asset based revolving credit facility		91.2	-	-
Dividends paid		(1.0)	(1.0)	(2.1)
Net cash flow from financing activities		(33.5)	(1.8)	(20.6)
Increase/(decrease) in cash		3.9	(4.5)	(13.2)
(Overdraft)/cash at the start of the financial period		(0.7)	12.5	12.5
Cash/(overdraft) at the end of the financial period		3.2	8.0	(0.7)
Analysis of cash				
Cash		3.2	8.0	0.2
Bank overdraft		-	-	(0.9)
		3.2	8.0	(0.7)

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 2011 comprise the Company and its subsidiaries (together referred to as 'the Group').

The financial statements of the Group for the year ended 31 March 2011 are available from the Company's registered office, or from the website: www.speedyhire.plc.uk

The Group signed a new £220m asset based revolving credit facility ("the Facility") on 1 July 2011, which matures in January 2015 and has no prior scheduled repayment requirements. This replaces the £210m cash flow based facility, which was due to mature in June 2012.

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 2013 which shows that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the Facility. 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 2011 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 2011.

The comparative figures for the financial year ended 31 March 2011 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 15 November 2011.

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 2011.

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:

- IAS 24 'Related Party Disclosures (revised)'
- IFRIC 19 'Extinguishing Financial liabilities with Equity Instruments'
- Improvements to IFRSs 2010

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2011, 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 April, 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 2011.

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 and 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 International and Advisory Services segment contains the "International Asset Services" and "Training and Advisory" divisions which commenced trading in April 2009 and these represent all other segments.

For the six month ended 30 September 2011

	UK & Ireland Asset Services £m	International & Advisory Services £m	Corporate items £m	Total £m
Segmental revenue	157.2	6.3	-	163.5
Intra-group revenue	(1.0)	(0.7)	-	(1.7)
Revenue	156.2	5.6	-	161.8
Segment result:				
EBITDA before exceptional restructuring costs	33.0	(0.2)	(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)	8.8	(1.6)	(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	97.6	4.8	5.0	107.4
Taxation assets	-	-	1.9	1.9
Cash	-	-	3.2	3.2
Total assets	365.1	19.3	10.1	394.5
Liabilities	(67.2)	(2.7)	(6.8)	(76.7)
Borrowings	-	-	(80.2)	(80.2)
Taxation liabilities	-	-	(9.8)	(9.8)
Total liabilities	(67.2)	(2.7)	(96.8)	(166.7)
Capital expenditure	25.8	2.4	2.3	30.5

Within the International and Advisory Services Segment, revenue, operating loss and net assets of International Asset Services are £4.8m, £(0.8)m and £16.2m respectively.

3 Segmental analysis (continued)

For the six month ended 30 September 2010

	UK & Ireland Asset Services £m	International & Advisory Services £m	Corporate items £m	Total £m
Segmental revenue	174.7	4.5	-	179.2
Intra-group revenue	(1.9)	-	-	(1.9)
Revenue	172.8	4.5	-	177.3
Segment result:				
EBITDA before exceptional restructuring costs	28.8	(0.7)	(3.2)	24.9
Amortisation	(2.8)	-	-	(2.8)
Depreciation	(27.3)	(1.1)	(1.1)	(29.5)
Exceptional restructuring costs	(0.5)	-	(0.1)	(0.6)
Operating loss	(1.8)	(1.8)	(4.4)	(8.0)
Financial expense				(5.3)
Exceptional financial expense				(0.5)
Loss before tax				(13.8)
Taxation				1.6
Loss for the financial period				(12.2)
Intangible assets	62.9	-	-	62.9
Hire equipment	223.6	11.2	-	234.8
Non-hire equipment	35.5	-	-	35.5
Current assets	104.4	3.3	7.3	115.0
Cash	-	-	8.0	8.0
Total assets	426.4	14.5	15.3	456.2
Liabilities	(61.4)	(1.6)	(10.7)	(73.7)
Borrowings	-	-	(130.4)	(130.4)
Taxation liabilities	-	-	(15.8)	(15.8)
Total liabilities	(61.4)	(1.6)	(156.9)	(219.9)
Capital expenditure	17.1	1.3	1.3	19.7

Within the International and Advisory Services Segment, revenue, operating loss and net assets of International Asset Services were £3.7m, £(1.4)m and £11.4m respectively.

3 Segmental analysis (continued)

For the year ended 31 March 2011

	UK & Ireland Asset Services £m	International & Advisory Services £m	Corporate items £m	Total £m
Segmental revenue	349.1	11.0	-	360.1
Intra-group revenue	(5.6)	(0.3)	-	(5.9)
Revenue	343.5	10.7	-	354.2
Segment result:				
EBITDA before exceptional costs	69.8	(0.8)	(5.6)	63.4
Amortisation	(5.5)	-	-	(5.5)
Depreciation	(50.9)	(2.3)	(1.9)	(55.1)
Exceptional restructuring costs	(4.6)	(0.2)	(0.7)	(5.5)
Exceptional write down of accommodation assets	(13.8)	-	-	(13.8)
Operating loss	(5.0)	(3.3)	(8.2)	(16.5)
Net financial expense				(10.5)
Loss before tax				(27.0)
Taxation				7.7
Loss for the financial year				(19.3)
Intangible assets	60.2	-	-	60.2
Hire equipment	171.7	14.0	-	185.7
Non-hire equipment	34.0	0.2	-	34.2
Current assets	99.5	4.1	4.3	107.9
Assets held for sale	33.4	-	-	33.4
Cash	-	-	0.2	0.2
Total assets	398.8	18.3	4.5	421.6
Liabilities	(59.4)	(2.6)	(7.1)	(69.1)
Bank overdraft	-	-	(0.9)	(0.9)
Borrowings	-	-	(112.7)	(112.7)
Taxation liabilities	-	-	(9.5)	(9.5)
Total liabilities	(59.4)	(2.6)	(130.2)	(192.2)
Capital expenditure	38.2	5.2	4.5	47.9

Within the International and Advisory Services Segment, revenue, operating loss and net assets of International Asset Services are £8.4m, £(1.9m) and £15.2m respectively.

3 Segmental analysis (continued)

UK and 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. Training continues to offer a comprehensive safety and skills training service. Sufficient growth in the Advisory Services division has not been achieved and the Board have decided to close this division by the end of 2011.

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 liabilities.

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 2011		Six months ended 30 September 2011		Year ended 31 March 2011	
	Revenue	Non-current assets	Revenue	Non-current assets	Revenue	Non-current assets
	£m	£m	£m	£m	£m	£m
UK	154.0	262.0	170.6	316.5	339.9	261.1
Ireland	3.0	5.5	3.0	5.5	5.9	4.8
Other countries	4.8	14.5	3.7	11.2	8.4	14.2
	161.8	282.0	177.3	333.2	354.2	280.1

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 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 did represent a significant modification. As a result, unamortised fees and transaction costs in relation to the previous cash flow based loan facility have been written off and treated as exceptional finance costs in the period (£2.2m).

The resulting tax credit in relation to exceptional items amounted to £1.2m, all of which related to current tax.

For the six months ended 30 September 2010

During the period the Group undertook further restructuring and cost saving initiatives which resulted in a number of non-recurring items of expense. Items related to cost saving initiatives and included redundancy and other costs (£0.6m).

In June 2010 the Group successfully completed amendments to enhance its banking facility in order to provide greater flexibility for future capital investment, particularly with regard to International Asset Services. Management assessed the impact of this modification in line with the guidance contained within IAS 39 and concluded that it did not represent a significant modification. As part of this process the Group incurred fees and transaction costs of £3.5m. These costs were capitalised and amortised using the effective interest rate method.

Costs incurred as a result of the increase in the effective interest rate, amounting to £0.5m were treated as exceptional finance costs.

The resulting tax credit in relation to exceptional items amounted to £0.3m, all of which related to current tax.

For the year ended 31 March 2011

In advance of the disposal of the accommodation hire assets from UK Asset Services on 30 April 2011, the assets were transferred to the 'assets held for sale' category, and were written down to fair value less costs to sell, incurring an exceptional charge of £13.8m.

Restructuring and cost saving initiatives resulted in a number of non-recurring items of expense. These included costs in relation to property closures and provision for vacant property (£2.5m) and writing off related fixtures and fittings (£0.1m), and redundancy and related costs (£2.9m).

In June 2010 the Group successfully completed amendments to enhance its banking facility in order to provide greater flexibility for future capital investment, particularly with regard to International Asset Services. Management assessed the impact of this modification in line with the guidance contained within IAS 39 and have concluded that it did not represent a significant modification. As part of this process, the Group incurred fees and transaction costs of £3.5m. These costs were capitalised and amortised using the effective interest rate method. Costs incurred as a result of the increase in the effective interest rate, amounting to £1.5m were treated as exceptional finance costs.

The resulting tax credit in relation to exceptional items amounted to £5.6m, of which £1.7m related to current tax and £3.9m related to deferred tax.

5 Financial expense

	30 September 2011 £m	30 September 2010 £m	31 March 2011 £m
Financial expense			
Interest on bank loans and overdrafts	(1.8)	(2.4)	(4.8)
Hedge interest payable	(0.4)	(1.8)	(2.7)
Amortisation of issue costs	(0.4)	(0.3)	(0.6)
Other finance costs	(1.0)	(0.8)	(0.9)
Exceptional amortisation of bank fees in connection with refinancing the previous cash flow based loan facility (note 4)	(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)	(1.5)
	<u>(5.8)</u>	<u>(5.8)</u>	<u>(10.5)</u>

6 Taxation

The corporation tax charge for the six months ended 30 September 2011 is based on an effective rate of taxation (before exceptional items) of -10.7% (2010: 10.1%). This has been calculated by reference to the projected charge for the full year ending 31 March 2012, applying the applicable UK corporation tax rate of 26%. Deferred tax is provided using the tax rate enacted at the balance sheet date, 30 September 2011, of 25%.

7 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the loss attributable to equity holders of the Company of £0.8m (2010: loss £12.2m) and the weighted average number of 5 pence ordinary shares in issue and is calculated as follows:

	30 September 2011	30 September 2010	31 March 2011
Loss (£m)			
Loss for the period after tax – basic earnings/(loss)	(0.8)	(12.2)	(19.3)
Intangible amortisation charge (after tax)	1.5	2.0	4.0
Exceptional items (after tax)	3.9	0.8	15.2
	<hr/>	<hr/>	<hr/>
Adjusted earnings/(loss) (after tax)	4.6	(9.4)	(0.1)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of shares in issue (million)			
At the beginning of the period	506.9	419.1	419.1
Change in weighted average number of ordinary shares	-	87.8	87.8
	<hr/>	<hr/>	<hr/>
At the end of the period – basic number of shares	506.9	506.9	506.9
	<hr/>	<hr/>	<hr/>
At the end of the period – diluted number of shares	506.9	506.9	506.9
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share (pence)			
Basic earnings/(loss) per share	(0.16)	(2.42)	(3.81)
Amortisation	0.29	0.39	0.79
Exceptional costs	0.76	0.16	3.00
	<hr/>	<hr/>	<hr/>
Adjusted earnings/(loss) per share	0.89	(1.87)	(0.02)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Basic loss per share	(0.16)	(2.42)	(3.81)
	<hr/>	<hr/>	<hr/>
Diluted loss per share	(0.16)	(2.42)	(3.81)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Adjusted earnings/(loss) per share	0.89	(1.87)	(0.02)
	<hr/>	<hr/>	<hr/>
Adjusted diluted earnings/(loss) per share	0.89	(1.87)	(0.02)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Total number of shares outstanding at 30 September 2011 amounted to 517,231,685 (2010: 517,215,666).

8 Dividends

The aggregate amount of dividend comprises:

	30 September 2011 £m	30 September 2010 £m	31 March 2011 £m
2011 final dividend (0.2 pence on 517.2m ordinary shares)	1.0	-	-
2011 interim dividend (0.2 pence on 517.2m ordinary shares)	-	-	1.1
2010 final dividend (0.2 pence on 517.2m ordinary shares)	-	1.0	1.0
	<u>1.0</u>	<u>1.0</u>	<u>2.1</u>
	<u><u>1.0</u></u>	<u><u>1.0</u></u>	<u><u>2.1</u></u>

Subsequent to the end of the period, and not included in the results for the period, the Directors recommended an interim dividend of 0.2 pence (2011 interim dividend: 0.2 pence) per share, to be paid on 27 January 2012 to shareholders on the register on 6 January 2012.

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 2011 £m	30 September 2010 £m	31 March 2011 £m
Operating profit/(loss)	3.5	(8.0)	(16.5)
Add back: amortisation	2.0	2.8	5.5
Add back: exceptional items	2.9	0.6	19.3
	<u>8.4</u>	<u>(4.6)</u>	<u>8.3</u>
Operating profit/(loss) before amortisation and exceptional costs	8.4	(4.6)	8.3
Add back: depreciation	21.4	29.5	55.1
	<u>29.8</u>	<u>24.9</u>	<u>63.4</u>
	<u><u>29.8</u></u>	<u><u>24.9</u></u>	<u><u>63.4</u></u>
Profit/(loss) before tax	(2.3)	(13.8)	(27.0)
Add back: amortisation	2.0	2.8	5.5
Add back: exceptional items	2.9	0.6	20.8
Add back: exceptional finance costs	2.2	0.5	-
	<u>4.8</u>	<u>(9.9)</u>	<u>(0.7)</u>
	<u><u>4.8</u></u>	<u><u>(9.9)</u></u>	<u><u>(0.7)</u></u>

10 Property, plant & equipment

	Land & buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2010	26.7	471.2	56.4	554.3
Additions	1.0	18.3	0.4	19.7
Disposals	-	(17.3)	-	(17.3)
Transfers to inventory	-	(4.5)	-	(4.5)
At 30 September 2010	27.7	467.7	56.8	552.2
Additions	1.0	24.7	2.5	28.2
Disposals	-	(14.2)	-	(14.2)
Transfers to inventory	-	(7.6)	-	(7.6)
Transfers to assets held for sale (note 11)	(0.7)	(107.3)	(1.5)	(109.5)
At 31 March 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
Depreciation				
At 1 April 2010	14.6	224.3	29.8	268.7
Charged in period	1.2	24.9	3.4	29.5
Disposals	-	(13.3)	-	(13.3)
Transfers to inventory	-	(3.0)	-	(3.0)
At 30 September 2010	15.8	232.9	33.2	281.9
Charged in period	1.3	21.1	3.2	25.6
Disposals	-	(10.6)	-	(10.6)
Impairment (note 4)	0.1	-	-	0.1
Transfers to inventory	-	(5.5)	-	(5.5)
Transfers to assets held for sale (note 11)	(0.6)	(60.3)	(1.4)	(62.3)
At 31 March 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
Net book value				
At 30 September 2011	11.1	191.5	21.2	223.8
At 31 March 2011	11.4	185.7	22.8	219.9
At 30 September 2010	11.9	234.8	23.6	270.3

11 Assets held for sale

On 30 April 2011, the Group completed the sale of its accommodation hire assets to Elliott Group Ltd, a subsidiary of Algeco Scotsman, for a total cash consideration of £34.9m. These assets are included within the 'assets held for sale' category as at 31 March 2011 at £33.4m, at fair value less costs to sell. A £13.8m exceptional loss was recognised in the income statement for the year ended 31 March 2011 (note 4).

12 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 2011 Annual Report on pages 26 and 27.

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

	30 September 2011		30 September 2010		31 March 2011	
	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	(0.7)	37.5	(1.1)	40.0	(0.6)	52.5
Interest rate collars	-	-	(0.2)	10.0	-	-
Interest rate caps	-	2.5	-	10.0	-	7.5
	(0.7)	40.0	(1.3)	60.0	(0.6)	60.0

The weighted average interest rate of the fixed interest rate swaps is 1.505% (2010: 4.820%) and the instruments are for a weighted average period of 19 months (2010: 6 months). The maximum contractual period is 28 months.

No collar instruments were in place at 30 September 2011. At 2010 collar instruments had interest rates between 4.300% and 5.500% for a weighted average period of 4 months.

Capped rate instruments bear a weighted average interest rate of 1.275 % (2010: 6.250%) for a weighted average period of 7 months (2010: 7 months). The maximum contractual period is 7 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 13.

13 Borrowings

	30 September 2011 £m	30 September 2010 £m	31 March 2011 £m
Current borrowings			
Bank overdraft	-	-	0.9
Finance leases	-	0.2	0.2
	<u>-</u>	<u>0.2</u>	<u>1.1</u>
Non-current borrowings			
<i>Maturing between one and two years</i>			
Revolving credit facilities	-	130.4	112.7
<i>Maturing between two and five years</i>			
Asset backed facilities	80.2	-	-
Finance leases	-	0.4	0.3
	<u>80.2</u>	<u>130.8</u>	<u>113.0</u>
Total non-current borrowings	80.2	130.8	113.0
Total borrowings	80.2	131.0	114.1
Less: cash	(3.2)	(8.0)	(0.2)
Net debt	77.0	123.0	113.9

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 July 2011, the Group entered into a £220m asset based revolving credit facility to replace the previous £210m cash flow based loan facility which was due to mature in June 2012. 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 2011, the total availability was £148.2m. At 30 September 2011, headroom under the facility was £63.2m.

The Facility is for £220m, but is reduced to the extent that ancillary facilities are provided and is repayable in January 2015, with no prior scheduled repayment requirements.

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 from initial utilisation in July 2011, the effective margin was 3.25%. The comparable effective interest rates (before exceptional finance costs) under the previous cash flow based loan facility for the six months to September 2010 on bank overdraft and revolving credit facilities were 3.00% and 3.40% respectively.

The effective interest rate applicable to cash deposits during the period was 0.70% (2010: 0.42%).

14 Note to the cash flow statement

	30 September 2011 £m	30 September 2010 £m	31 March 2011 £m
Cash flow from operating activities			
Loss before tax	(2.3)	(13.8)	(27.0)
Financial expense	3.6	5.3	9.0
Exceptional financial expense	2.2	0.5	1.5
Exceptional write down of accommodation assets	-	-	13.8
Amortisation	2.0	2.8	5.5
Depreciation	21.4	29.5	55.1
Profit on disposal of hire equipment	(1.4)	(1.0)	(5.0)
Exceptional write down of property, plant & equipment	-	-	0.1
(Increase)/decrease in inventories	(1.0)	0.1	1.1
Decrease in trade and other receivables	1.5	0.1	6.4
Increase/(decrease) in trade and other payables	5.2	(3.9)	(9.1)
Movement in provisions	(2.0)	(3.0)	(2.6)
Equity-settled share-based payments	0.6	0.9	0.9
	29.8	17.5	49.7

15 Contingent liabilities

The Group has given warranties (including taxation warranties and indemnities) to the purchasers of five 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.

16 Commitments

The Group had contracted capital commitments amounting to £3.6m (2010: £4.2m) at the end of the financial period for which no provision has been made.

17 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 2011 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
15 November 2011

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 2011 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 movements 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 2011 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
