Vp plc Interim Report 2007





Vp plc

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Chairman's Statement

I am very pleased to report a further period of excellent progress for the Group.

In the six months ended 30 September 2007, profit before tax grew by 55% to £12.1m on revenues ahead by 24% to £76.0m. Margins improved significantly to 15.9% (2006: 12.7%) as did return on average capital employed, rising to 19.8% from 16.5% at 31 March 2007. Recognising the Group's continuing progress and these outstanding results in particular, the Board is declaring an interim dividend of 2.80 pence per share, an increase of 24% payable on 4 January 2008 to shareholders registered at 7 December 2007.

These results have been delivered primarily through strong organic growth supported by significant capital investment in a generally supportive trading environment, both domestically and internationally. Capital investment in the period rose to £24m, almost double last year's level. This level of investment has been made whilst maintaining gearing at a modest 63%, only marginally ahead of this time last year, and importantly, whilst further improving the quality of the return on investment. Recent acquisitions have also made a useful contribution.

We have seen strong performances from the water, house-building, construction and remediation sectors, but weaker trading conditions in the rail sector. The strength of this overall result demonstrates the resilience the Group derives from operating in a wide diversity of markets.

Business Review

Groundforce produced an outstanding result with all constituent businesses performing well, including the recently established formwork rental business. Groundforce finally started to derive benefit from the AMP4 programme and demand from basement propping and large civil engineering schemes for the large bracing systems was particularly strong. The depot in Ireland will be operational shortly and, since the reporting date, Groundforce have acquired two Irish businesses engaged in shoring and pipe testing rental, for an aggregate consideration of €0.8m. These businesses mirror the type of activities we offer to our UK customer base and their acquisition will significantly accelerate the development of our activities in Ireland. During the period, Survey Technology was successful in being named Sokkia European Dealer of the Year against strong international competition and we are pleased that the progress this business has achieved over the last two years has been recognised in this way.

UK Forks had an exceptional period delivering a profit performance in six months in excess of that achieved for the whole of the previous financial year. Residential and general construction markets each account for approximately half of UK Forks business and demand was buoyant from both sectors. Recovery of market share in the critical South East territory has been an important contributing factor. UK Forks' unique product offering of a specialist telehandler service on a national basis continues to offer economies of scale to those customers who wish to take costs out of their supply chain. Performance within UK Forks was also aided by strong international demand for the telehandlers which we have been disposing of as part of our planned fleet renewal programme. As usual, we expect a less busy second half, including as it does the traditionally weak Christmas period, but we nevertheless anticipate a very satisfactory result for the year as a whole.

Airpac Bukom produced a useful improvement in profitability. We have committed significant capital investment to this business to take advantage of the opportunities opened up to us by last year's acquisition of Bukom Oilfield Services and the underlying strength in the international oil and gas markets. The long manufacturers lead times associated with some of this highly specialised equipment means that the majority of deliveries will not be received until the second half of the year, thereby reducing their impact on this year's result, but giving us a firm base from which to start the next financial year. The business is heavily engaged in the well test market internationally and on rig maintenance activities in the North Sea but there remain significant opportunities for us in pipeline dewatering and other high pressure applications which the new capital investment will better facilitate. The new satellites in Western Australia, the Middle East and South America are coming on stream as planned and will give us a much stronger network from which to service our international customers.

Torrent Trackside, along with other suppliers to the rail sector, has experienced difficult trading conditions and faced a number of challenges during the period. Network Rail conducted a review of its supply chain with a view to rationalising the number of renewal contractors from six to four and this inevitably disrupted the work flow during and after the review process. Also, in July 2007 the Metronet Consortium, one of two providers to London Underground went into administration. Over the past two years Torrent has been very successful in diversifying into the London Underground market where a very significant investment is being made in the maintenance and

Chairman's Statement

upgrade of track and platforms. The subsequent interruption to project activity had an adverse impact on Torrent's revenues and profitability in this important market. The work remains to be carried out but it will inevitably be some time before normal trading patterns are resumed.

On the positive side, in October, Torrent acquired for a consideration of £1.2m the rail portable plant assets of First Engineering, one of the successful renewal contractors, together with their premises in Glasgow. The acquisition includes a three year supply agreement which will enable us to work more closely with First Engineering in the upgrading of the national rail infrastructure. Under the circumstances, Torrent has achieved a creditable performance, whilst carefully managing investment and maintaining its ability to take advantage of future prospects.

TPA had a successful first half with strong demand from the summer events market. The MD40 roadway and fence system was launched during the period and its versatility has proven very popular with customers. TPA's German subsidiary had a very successful period from modest beginnings and work was also carried out in Ireland and France. We had expected significant demand from the multi-billion pound upgrade to the National Grid transmission infrastructure that was announced last year. Unfortunately, this programme has got off to a slow start and it will be next year before we see workloads from this sector improving. During the period, the barrier hire business has been reorganised to reduce its cost base and refocus it on a broader range of activities outside of its traditional London market. TPA's business is highly seasonal and its outturn for the year will be very dependent upon how successful it is in securing work over the much slower winter period.

Hire Station has had a remarkable half year, with profits ahead of the previous year's full year figure. Margins at Hire Station continue to improve and we are now approaching, one year ahead of plan, our goal of matching industry best margins. MEP, acquired last year, has performed ahead of expectations and has extended its distribution via the national tool branch network. Climate Hire, aided by the acquisition of Cool Customers in April has proved highly successful. The summer period did not produce the usual demand for air conditioning equipment but the business was instead heavily engaged in supporting the flood remediation work. We expect Climate Hire's activity to return to a more normal trading pattern next year. In August Hire Station acquired the Scottish operations of ET Hire, a three branch tool business in central Scotland, significantly improving our distribution coverage in this region. Post the period end, Hire Station acquired Able Safety, a safety equipment, rental and training business based in West Yorkshire. This acquisition is an excellent fit with our existing ESS Safeforce business into which it will be integrated to consolidate our market leadership position.

Outlook

We consider these to be an outstanding set of results and we are pleased to have seen trading remain positive into the autumn. However, the inevitable uncertainties of the winter period lie ahead of us and we believe that the full impact of the liquidity problems in the financial markets has yet to be felt within the broader economy.

Overall therefore, we remain optimistic about future prospects for the Group and confident that the outcome for the full year will demonstrate continuing progress.

Jeremy Pilkington
Chairman
27 November 2007

Condensed Consolidated Income Statement

for the period ended 30 September 2007

	Note	**Six months to 30 Sep 2007 (unaudited)**	Six months to 30 Sep 2006 (unaudited)	Full year to 31 Mar 2007 (audited)
	Note	**£000**	£000	£000
Revenue	3	**76,008**	61,263	121,607
Cost of sales		**(50,448)**	(42,159)	(84,897)
Gross profit		**25,560**	19,104	36,710
Administrative expenses		**(12,125)**	(10,333)	(20,459)
Operating profit before other income		**13,435**	8,771	16,251
Other income – property profit		**-**	-	257
Operating profit	3	**13,435**	8,771	16,508
Financial income		**132**	58	125
Financial expenses		**(1,496)**	(1,034)	(2,154)
Profit before tax		**12,071**	7,795	14,479
Income tax expense	4	**(2,865)**	(2,339)	(3,998)
Net profit for the period		**9,206**	5,456	10,481
Basic earnings per 5p ordinary share	8	**21.57p**	12.71p	24.50p
Diluted earnings per 5p ordinary share	8	**20.51p**	12.16p	23.34p
Dividend per share	9	**2.80p**	2.25p	8.25p
Dividends paid and proposed (£000)		**1,199**	954	3,520

Condensed Consolidated Statement of Recognised Income and Expense

for the period ended 30 September 2007

	Six months to 30 Sep 2007 (unaudited)	Six months to 30 Sep 2006 (unaudited)	Full year to 31 Mar 2007 (audited)
	£000	£000	£000
Actuarial gains on defined benefit pension scheme	**-**	-	411
Impact of change in tax rate on items taken direct to equity	**(56)**	-	-
Tax on items taken direct to equity	**-**	-	(123)
Effective portion of changes in fair value of cash flow hedges	**(160)**	130	366
Foreign exchange translation difference	**-**	-	(1)
Net (expense)/income recognised direct to equity	**(216)**	130	653
Profit for the period	**9,206**	5,456	10,481
Total recognised income and expense for the period	**8,990**	5,586	11,134

Condensed Consolidated Balance Sheet

At 30 September 2007

	Note	30 Sep 2007 (unaudited) £000	31 Mar 2007 (audited) £000	30 Sep 2006 Restated (unaudited) £000
Non-current assets				
Property, plant and equipment	5	**89,585**	76,797	69,592
Intangible assets	6	**37,125**	35,909	34,122
Total non-current assets		**126,710**	112,706	103,714
Current assets				
Inventories		**4,938**	4,814	3,372
Trade and other receivables		**39,193**	30,112	29,735
Cash and cash equivalents		**6,746**	6,662	4,979
Assets classified as held for resale		**-**	-	217
Total current assets		**50,877**	41,588	38,303
Total assets		**177,587**	154,294	142,017
Current liabilities				
Interest bearing loans and borrowings		**(15,866)**	(7,535)	(3,073)
Income tax payable		**(2,970)**	(1,500)	(2,213)
Trade and other payables		**(37,884)**	(31,698)	(23,466)
Total current liabilities		**(56,720)**	(40,733)	(28,752)
Non-current liabilities				
Interest bearing loans and borrowings		**(36,283)**	(35,677)	(36,616)
Employee benefits		**(1,886)**	(2,048)	(2,734)
Other payables		**(4,240)**	(4,240)	(7,930)
Deferred tax liabilities		**(6,526)**	(6,004)	(4,944)
Total non-current liabilities		**(48,935)**	(47,969)	(52,224)
Total liabilities		**(105,655)**	(88,702)	(80,976)
Net assets		**71,932**	65,592	61,041
Equity				
Issued capital		**2,309**	2,309	2,309
Share premium		**16,192**	16,192	16,192
Hedging reserve		**117**	277	41
Retained earnings		**53,287**	46,787	42,472
Total equity attributable to equity holders of parent		**71,905**	65,565	61,014
Minority interest		**27**	27	27
Total equity	7	**71,932**	65,592	61,041

Condensed Consolidated Statement of Cash Flows

For the period ended 30 September 2007

	Note	**Six months to 30 Sep 2007 (unaudited) £000**	Six months to 30 Sep 2006 (unaudited) £000	Full year to 31 Mar 2007 (audited) £000
Cash flows from operating activities				
Profit before taxation		**12,071**	7,795	14,479
Adjustment for:				
Pension fund contributions in excess of service cost		**(222)**	(160)	(435)
Share based payment charges		**498**	497	1,000
Depreciation	5	**8,546**	6,899	14,093
Amortisation of intangibles		**12**	12	25
Net interest expense		**1,364**	976	2,029
Profit on sale of property, plant and equipment		**(1,731)**	(1,131)	(3,307)
Operating cash flow before changes in working capital and provisions		**20,538**	14,888	27,884
Decrease/(increase) in inventories		**55**	(253)	(1,458)
Increase in trade and other receivables		**(8,761)**	(1,662)	(1,131)
Increase in trade and other payables		**5,463**	1,708	4,599
Cash generated from operations		**17,295**	14,681	29,894
Interest paid		**(1,397)**	(522)	(1,930)
Interest element of finance lease rental payments		**(77)**	(91)	(155)
Interest received		**132**	58	125
Income tax paid		**(1,051)**	(894)	(2,890)
Net cash from operating activities		**14,902**	13,232	25,044
Investing activities				
Proceeds from sale of property, plant and equipment		**4,583**	3,267	8,966
Purchase of property, plant and equipment		**(25,758)**	(15,052)	(26,746)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)	6	**(1,889)**	(91)	(4,375)
Net cash from investing activities		**(23,064)**	(11,876)	(22,155)
Cash flows from financing activities				
Purchase of own shares by Employee Trust		**(691)**	(3,434)	(3,671)
Repayment of borrowings		**-**	-	(156)
Repayment of loan notes		**(70)**	(941)	(941)
New loans		**4,500**	3,000	7,000
New finance lease		**28**	-	-
Payment of hire purchase and finance lease liabilities		**(521)**	(580)	(1,105)
Dividends paid	9	**-**	-	(2,932)
Net cash from financing activities		**3,246**	(1,955)	(1,805)
Net (decrease)/increase in cash and cash equivalents		**(4,916)**	(599)	1,084
Cash and cash equivalents at beginning of period		**6,662**	5,578	5,578
Cash and cash equivalents at end of period		**1,746**	4,979	6,662

Notes to the Condensed Financial Statements

1. Basis of Preparation

Vp plc (the "Company") is a company domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company for the half year ended 30 September 2007 comprise the Company and its subsidiaries (together referred to as the "Group").

This interim announcement has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS34 ("Interim Financial Reporting") as adopted by the EU. The accounting policies applied are consistent for all periods presented and are in line with those applied in the annual financial statements for the year ended 31 March 2007 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The financial statements for the year ending 31 March 2008 will be impacted by IFRS 7 Financial Instruments: Disclosure and the Amendment to IAS 1 Presentation of Financial Instruments – Capital Disclosures which will increase the amount of disclosure in the full financial statements. The net income and net assets will not be affected by these two new standards.

The interim announcement was approved by the Board of Directors on 26 November 2007.

The Condensed Consolidated Interim Financial Statements do not include all the information required for full annual Financial Statements.

The comparative figures for the financial year ended 31 March 2007 are extracted from the Company's statutory accounts for that financial year. Those accounts 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 237(2) or (3) of the Companies Act 1985.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; these form the basis of the judgements relating to carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Balance Sheet comparatives disclosed for the six month period ended 30 September 2006 have been restated to reflect refinements to the completion accounts for acquisitions in the 12 months following acquisition. The impacts of the restatement were an increase in the deferred tax liability of £210,000, a net decrease in current assets and liabilities of £72,000, an increase in fixed assets of £8,000 and an increase in goodwill of £274,000.

2. Risks and Uncertainties

The risks and uncertainties for the Group have not changed from those disclosed in the last statutory accounts. In particular the Group comprises six businesses serving different markets and manages the risks inherent to these activities. The key external risks include general economic conditions, competitor actions, the effect of legislation, credit risk and business continuity. Internal risks relate mainly to investment and controls failure risk. The Group seeks to mitigate exposure to all forms of risk where practicable and to transfer risk to insurers where cost effective. The diversified nature of the Group limits the exposure to external risks within particular markets. Exposure to credit risk in relation to customers, banks and insurers is managed through credit control practices. Business continuity plans exist for key operations and accounting centres. The Group is an active acquirer and acquisitions may involve risks that might materially affect the Group performance. These risks are mitigated by extensive due diligence and appropriate warranties and indemnities from the vendors.

3. Summarised Segmental Analysis

	Revenue						Operating Profit	
	Sept 2007			Sept 2006				
	External Revenue	**Internal Revenue**	**Total Revenue**	External Revenue	Internal Revenue	Total Revenue	**2007**	2006
	£000	**£000**	**£000**	£000	£000	£000	**£000**	£000
Groundforce	**17,260**	**-**	**17,260**	13,010	-	13,010	**4,551**	2,752
UK Forks	**8,098**	**320**	**8,418**	6,930	180	7,110	**1,929**	667
Airpac Bukom	**6,075**	**-**	**6,075**	4,998	-	4,998	**1,358**	1,248
Hire Station	**29,340**	**240**	**29,580**	22,121	150	22,271	**3,449**	1,353
Torrent Trackside	**6,519**	**-**	**6,519**	6,566	-	6,566	**366**	910
TPA	**8,716**	**-**	**8,716**	7,638	-	7,638	**1,782**	1,841
	76,008	**560**	**76,568**	61,263	330	61,593	**13,435**	8,771

4. Income Tax

The effective tax rate of 23.7% in the period to 30 September 2007 (30 September 2006: 30%) is made up of two elements. Firstly, an estimated underlying tax rate of 27.9% for the full year to 31 March 2008 and secondly a release of £0.5m (4.2%) from the opening deferred tax balance as a result of the change in the future UK corporation tax rate from 30% to 28% with effect from next financial year.

5. Property, Plant and Equipment

	2007	2006
	£000	£000
Carrying amount 1 April	**76,797**	66,041
Additions	**23,530**	12,803
Acquisitions	**656**	-
Depreciation	**(8,546)**	(6,899)
Disposals	**(2,852)**	(2,136)
Transfer to assets held for resale	**-**	(217)
Carrying amount 30 September	**89,585**	69,592

The value of capital commitments at 30 September 2007 was £13,186,000 (31 March 2007: £12,465,000).

Notes to the Condensed Financial Statements

6. Acquisitions

The Group acquired the following businesses in the period to 30 September 2007. The acquisitions were made by its subsidiary Hire Station Limited.

Name of acquisition	Date of acquisition	Type of acquisition	Principle activity
L&P 52 Limited (Cool Customers)	17 April 2007	Share purchase (100% equity)	Hire and sale of cooling equipment
Scottish branches of ET Hire	6 August 2007	Business and assets	Hire and sale of small tools

None of the acquisitions in the current period were individually material in Group terms and hence the details are provided in aggregate below:

	£000
Property, plant and equipment	656
Current assets	339
Cash	257
Tax, trade and other payables	(334)
Book value and fair value of assets acquired	**918**
Goodwill on acquisition	1,228
Cost of acquisitions	**2,146**
Satisfied by	
Cash consideration	2,100
Acquisition costs	46
	2,146
Analysis of cash flow for acquisitions	
Consideration	2,100
Acquisition costs	46
Cash included in acquisitions	(257)
	1,889

Certain of the fair values included above are provisional due to the timing of acquisitions and will be finalised within 12 months of the acquisition date.

As a result of the immediate integration of the acquisitions into Hire Station's business, including the transfer of assets between branches, it is not possible to accurately disclose separately the trading performance of the acquisitions in the Income Statement. For the same reason it is not possible to disclose what the revenue or profit for the combined entity would have been had all business combinations effected in the period occurred on 1 April 2007.

Goodwill on acquisitions relates to the relationships, skills and inherent market knowledge of employees within the acquired businesses together with the synergistic benefits within the enlarged businesses post acquisition, principally through economies of scale and improved business processes and management. These are critical to the ongoing success of any specialised equipment rental business, together with the availability of the right equipment.

7. Statement of Changes in Equity

	Six months to 30 Sep 2007 £000	Six months to 30 Sep 2006 £000	Full year to 31 Mar 2007 £000
Total recognised income and expense for the period	**8,990**	5,586	11,134
Impact of change in tax rate on items taken direct to equity	**(51)**	-	-
Tax movements to equity	**-**	-	(22)
Share option charge in the period	**498**	497	1,000
Gains/(losses) on disposal of shares	**160**	47	(240)
Net movement in shares held by Vp Employee Trust at cost	**(691)**	(3,434)	(3,671)
Dividends to shareholders	**(2,566)**	(1,978)	(2,932)
Change in equity during the period	**6,340**	718	5,269
Equity at the start of the period	**65,592**	60,323	60,323
Equity at the end of the period	**71,932**	61,041	65,592

Included in the above changes are a reduction of £160,000 (September 2006: £130,000 increase, March 2007: £366,000 increase) in the Hedging Reserve. There were no changes in Issued Share Capital or Share Premium.

8. Earnings Per Share

Earnings per share have been calculated on 42,684,615 shares (2006: 42,934,732) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 44,886,741 shares (2006: 44,869,566) adjusted to reflect conversion of all potentially dilutive ordinary shares.

9. Dividends

The Directors have declared an interim dividend of 2.80 pence (2006: 2.25 pence) per share payable on 4 January 2008 to shareholders on the register at 7 December 2007. The dividend proposed at the year end was subsequently approved at the AGM in September and therefore accrued, but was not paid in the period (2006 paid: nil). The cost of dividends in the Statement of Changes in Equity is after adjustments for the interim and final dividends waived by the Vp Employee Trust in relation to the shares it holds for the Group's share option schemes.

Notes to the Condensed Financial Statements

10. Analysis of Net Debt	As at 1 Apr 2007 £000	Cash Flow £000	As at 30 Sep 2007 £000
Cash in hand and at bank less overdrafts	6,662	(4,916)	1,746
Revolving credit facilities	(40,500)	(4,500)	(45,000)
Loan notes	(70)	70	-
Finance leases and hire purchases	(2,642)	493	(2,149)
	(36,550)	(8,853)	(45,403)

The movement in revolving credit facilities is a further draw down from the existing facilities.

11. Subsequent Events

Since the half year the Group has made four acquisitions totalling £2.5m. In October the rail portable assets of First Engineering together with their premises in Glasgow were acquired by Torrent Trackside Limited for a consideration of £1.2m. In November, the Company acquired two Irish businesses engaged in shoring and pipe testing rental, for a consideration of €0.8m and Hire Station Limited acquired Able Safety (Yorkshire) Limited, a safety equipment rental and training business based in West Yorkshire for £0.75m.

Responsibility statement of the directors in respect of the half-yearly financial report

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.

By order of the Board
27 November 2007

The Board
The Board of Directors who served during the 6 months to 30 September 2007 is unchanged from that set out on page 16 of the Annual Report and Financial Statements 2007.

Independent Review Report to Vp plc

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 2007 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Cash Flows, Condensed Consolidated Statement of Recognised Income and Expense 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 2007 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc *Chartered Accountants* Leeds
27 November 2007