



V I B R O P L A N T

I N T E R I M   R E P O R T   2 0 0 0

## INTERIM RESULTS

In my statement accompanying last year's results, I indicated that we had commenced a programme to substantially exit from our general plant rental activities. This programme was subsequently extended to include our remaining general plant activities in Scotland and I am pleased to report that this process has been successfully completed.

As a result the Group is now focused on three business units: Vibroplant (the continuing UK Forks, Airpac, Groundforce and Safeforce businesses), Tool Hire and Torrent Trackside. The financial figures accompanying this statement are presented so as to delineate between the terminated operations and these retained businesses.

Total Group revenue for the six months ended 30 September 2000, including terminated operations, was £29.7m (1999 : £26.6m) generating an operating profit of £1.4m (1999 : £2.4m) and earnings per share of 1.43p (1999 : 3.22p).

Cash inflow from operating activities was £2.7m (1999 : £8.0m) reflecting the cash impact of the termination of the general plant activities. Net debt at 30 September was £16.3m (£12.3m at 31 March 2000), an increase of £4.0m in the period due to the acquisition made and the level of capital investment. This represents gearing of 35% on shareholders' funds of £46.5m.

The directors are recommending a maintained interim dividend of 1.4 pence per share. The directors believe that maintenance of the dividend at this stage is appropriate given the progress made in refocusing the Group around its better margin and growth businesses. The dividend is payable on 8 January 2001, to shareholders registered as at 15 December 2000.

## RETAINED OPERATIONS

### VIBROPLANT DIVISION

- Turnover of £10.8m
- Operating profit of £1.9m
- Investment in rental fleet £9.0m

Comparable figures for the corresponding period last year are not available.

### UK Forks

UK Forks was launched at the beginning of this financial year as a specialist forklift rental business, building on this product group which was previously operated within the general plant business. UK Forks has received significant investment this year in the renewal and expansion of its rental fleet and is now positioned as the leading rental specialist in its field operating nationally from 9 locations. Its core residential and new build construction markets are currently enjoying steady but real growth and we see opportunities for further growth as we enter alternative, non-construction markets.

### Airpac

Airpac experienced a mixed start to the year. The offshore oil and gas markets began recovering from last year's weakness, buoyed by the recent strong rise in oil prices. Onshore, demand has remained flatter but we are starting to feel the benefits from our introduction of new products into this mainly industrial business sector.

### Groundforce

After a strong finish to the previous year, Groundforce has experienced a slower start to the current financial year. Nevertheless, Groundforce has performed satisfactorily with the continued introduction of higher value adding services and additional bespoke products. The delays in the implementation of the investment programme in response to E.U. directives on waste water management has inevitably depressed workloads in the water utility sector but we remain confident of maintained strong performance from our shoring business.

## Safeforce

The relaunch of our safety equipment rental business as Safeforce at the beginning of the new financial year has acted as a focus for prioritising the growth of this small but promising business. The addition of new products and services to our traditionally groundworks orientated rental business is now starting to deliver revenue and profit growth. We remain positive about the growth potential of Safeforce.

## TOOL HIRE DIVISION

- Turnover up 79% to £12.7m (1999 : £7.1m)
- Operating profit up 83% to £1.1m (1999 : £0.6m)
- Investment in rental fleet £3.8m

Our various tool hire interests, built up on a regional basis through acquisition and organic growth over the past 4 years, have now been integrated within a single management structure.

As previously announced, we acquired the business of Handi Hire at the end of May for a consideration of £2.6m. Handi Hire has 24 branches across the Midlands and has subsequently been fully integrated within our tool network.

Our programme of greenfield openings continued with shops being opened in Huddersfield, Portsmouth, and Ashford.

In addition, we launched Lifting Point, a specialist lifting equipment division within small tools. Lifting Point presently operates from three locations and will be progressively rolled out nationally over the coming months.

A common national tool hire brand will be launched early next year that will offer seamless trading on a national basis.

## TORRENT TRACKSIDE

- Turnover up 73% to £2.6m (1999 : £1.5m)
- Operating profit up 63% to £0.44m (1999 : £0.27m)
- Investment in rental fleet £0.4m

The recent tragic rail accidents have brought to the public attention the unsatisfactory condition of the national rail infrastructure. The new urgency with which the backlog of work is being addressed should provide significant growth opportunities for Torrent.

Torrent recently acquired from Hewden Stuart Plc the assets of their rail infrastructure rental business, thereby consolidating our leadership in this sector.

## TERMINATED OPERATIONS

- Turnover £3.6m
- Operating loss £2.0m

The costs of exiting the terminated businesses have been borne within the interim figures we are reporting today. The second half will not contain any further costs of a material nature relating to terminated activities.

## OUTLOOK

With the repositioning of operations out of low margin general plant activities, shareholders now have a Group focused on growth from strong market positions in niche rental sectors enjoying, or capable of achieving, higher rates of growth and return on capital employed. I would like to take this opportunity to thank employees throughout the Group for their hard work and perseverance throughout this difficult transitional period. We believe the Group is better positioned to generate future profit growth than it has been for many years.

Jeremy Pilkington  
Chairman & Chief Executive  
4 December 2000

————— CONSOLIDATED PROFIT AND LOSS ACCOUNT —————

	Notes	Six months to 30 Sept 2000 (unaudited)	Six months to 30 Sept 1999 (unaudited)	Year to 31 March 2000	
	Retained Operations £000	Terminated Operations £000	Total £000	£000	£000
Turnover	<u>26,129</u>	<u>3,556</u>	<u>29,685</u>	<u>26,622</u>	<u>55,002</u>
Trading Profit	7,417	(853)	6,564	7,584	15,113
Depreciation	(3,861)	(1,175)	(5,036)	(5,127)	(10,591)
Amortisation of goodwill	<u>(100)</u>	<u>-</u>	<u>(100)</u>	<u>(34)</u>	<u>(83)</u>
Operating Profit	3,456	(2,028)	1,428	2,423	4,439
Profit on disposal of subsidiary company	-	-	-	-	1,487
Loss on termination of businesses	-	(15)	(15)	-	(1,770)
Profit on ordinary activities before interest	<u>3,456</u>	<u>(2,043)</u>	<u>1,413</u>	<u>2,423</u>	<u>4,156</u>
Net interest payable			(506)	(340)	(727)
Profit on ordinary activities before taxation			<u>907</u>	<u>2,083</u>	<u>3,429</u>
Taxation			(272)	(625)	(1,523)
Profit on ordinary activities after taxation			<u>635</u>	<u>1,458</u>	<u>1,906</u>
Dividends					
- Interim	6		(618)	(611)	(607)
- Final			-	-	(1,190)
Retained profit for the period			<u>17</u>	<u>847</u>	<u>109</u>
Earnings per 5p ordinary share	5		1.43p	3.22p	4.22p
Diluted earnings per 5p ordinary share	5		1.43p	3.21p	4.22p
Dividend per 5p ordinary share	6		1.40p	1.40p	4.05p

All the activities reflected in the profit and loss account are continuing, as defined by FRS 3, with the exception of the profit on disposal of subsidiary company.

————— CONSOLIDATED BALANCE SHEET —————

	30 Sept 2000 (unaudited)		31 March 2000		30 Sept 1999 (unaudited)	
	£000	£000	£000	£000	£000	£000
Fixed assets						
Intangible assets - goodwill	4,675		2,013		1,373	
Tangible assets	53,420		54,382		56,039	
Investments - own shares	<u>1,168</u>		<u>796</u>		<u>525</u>	
		59,263		57,191		57,937
Current assets						
Stocks	2,169		2,026		2,094	
Debtors	17,667		15,580		15,158	
Cash at bank and in hand	<u>76</u>		<u>193</u>		<u>1,082</u>	
		19,912		17,799		18,334
Creditors: amounts falling due within one year		<u>(25,237)</u>		<u>(17,677)</u>		<u>(18,481)</u>
Net current (liabilities) / assets		<u>(5,325)</u>		<u>122</u>		<u>(147)</u>
Total assets less current liabilities		53,938		57,313		57,790
Creditors: amounts falling due after more than one year		(6,589)		(10,043)		(10,402)
Provisions for liabilities and charges		(816)		(754)		(134)
Net assets		<u>46,533</u>		<u>46,516</u>		<u>47,254</u>
Capital and reserves						
Called up share capital		2,309		2,309		2,309
Share premium account		16,192		16,192		16,192
Revaluation reserve		1,646		1,646		1,969
Profit and loss account		<u>26,359</u>		<u>26,342</u>		<u>26,757</u>
Equity shareholders' funds		46,506		46,489		47,227
Equity minority interests		<u>27</u>		<u>27</u>		<u>27</u>
		<u>46,533</u>		<u>46,516</u>		<u>47,254</u>

————— CONSOLIDATED CASH FLOW STATEMENT —————

	Note	Six months to 30 Sept 2000 (unaudited) £000	Six months to 30 Sept 1999 (unaudited) £000	Year to 31 March 2000 £000
Cash flow from operating activities	7	2,717	8,010	14,351
Net cash outflow from returns on investments and servicing of finance		(506)	(340)	(727)
Tax paid		(212)	(9)	(494)
Net cash inflow / (outflow) from capital expenditure and financial investment		6	(1,262)	(3,186)
Net cash outflow from acquisitions and disposals		(628)	(897)	(1,827)
Equity dividends paid		-	-	(1,831)
		—————	—————	—————
Cash inflow before management of liquid resources and financing		1,377	5,502	6,286
Net outflow from financing		(2,208)	(1,730)	(3,403)
		—————	—————	—————
(Decrease) / increase in cash in the year		<u>(831)</u>	<u>3,772</u>	<u>2,883</u>

1. Basis of preparation

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's financial statements as at 31 March 2000.

A tax rate of 30% has been used in the profit and loss account to reflect the estimated tax charge for the full year.

2. Total recognised gains and losses

All recognised gains and losses for the reporting periods are reflected in the consolidated profit and loss account.

3. Trading performance of acquisitions

The trading performance of acquisitions in the period is not material in Group terms and therefore has not been disclosed separately.

4. Reconciliation of movements in consolidated shareholders' funds for the six months ended 30 September 2000

	Six months to 30 Sept 2000 (unaudited) £000	Year to 31 March 2000 £000	Six months to 30 Sept 1999 (unaudited) £000
Profit for the period	635	1,906	1,458
Dividends	<u>(618)</u>	<u>(1,797)</u>	<u>(611)</u>
	17	109	847
Goodwill written off	<u>–</u>	<u>(11)</u>	<u>(11)</u>
Net increase in shareholders' funds	17	98	836
Opening shareholders' funds	<u>46,489</u>	<u>46,391</u>	<u>46,391</u>
Closing shareholders' funds	<u>46,506</u>	<u>46,489</u>	<u>47,227</u>

5. Earnings per share have been calculated on 44,528,919 shares (1999: 45,295,000) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 44,554,871 shares (1999: 45,388,539).

6. The Directors are proposing an interim dividend of 1.40 pence (1999: 1.40 pence) per share payable on 8 January 2001 to shareholders on the register on 15 December 2000. The charges in the profit and loss account reflect the adjustments for the interim and final dividends waived by the Vibroplant Employee Trust in relation to the shares it holds for the Group's share option schemes.

7. Reconciliation of operating profit to net cash inflow from operating activities

	Six months to 30 Sept 2000 (unaudited) £000	Six months to 30 Sept 1999 (unaudited) £000	Year to 31 March 2000 £000
Operating profit	1,428	2,423	4,439
Exceptional business termination costs	(553)	-	-
Depreciation and amortisation	5,136	5,161	10,674
Profit on sale of tangible fixed assets	(945)	(908)	(2,106)
Decrease / (increase) in stocks	29	(21)	63
(Increase) / decrease in debtors	(802)	967	388
(Decrease) / increase in creditors	(1,576)	388	893
	<u>2,717</u>	<u>8,010</u>	<u>14,351</u>
Net cash inflow from operating activities	<u>2,717</u>	<u>8,010</u>	<u>14,351</u>

8. Analysis of net debt (unaudited)

	As at 1 April 2000 £000	Cash Flow £000	Acquisitions £000	Other Non-cash Changes £000	As at 30 Sept 2000 £000
Cash at bank and in hand	193	(117)	-	-	76
Overdraft	-	(714)	-	-	(714)
Medium term loan	(6,000)	36	(606)	-	(6,570)
Loan notes	(235)	-	-	(2,676)	(2,911)
Finance leases and hire purchases	(6,296)	2,172	(1,340)	(700)	(6,164)
	<u>(12,338)</u>	<u>1,377</u>	<u>(1,946)</u>	<u>(3,376)</u>	<u>(16,283)</u>

OTHER INFORMATION

Comparative figures

The comparative figures for the financial year ended 31 March 2000 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

## Introduction

We have been instructed by the company to review the financial information set out on pages 3 to 7 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

## Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4: *Review of interim financial information* issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modification that should be made to the financial information as presented for the six months ended 30 September 2000.

**KPMG Audit Plc**  
**Chartered Accountants**  
Leeds  
4 December 2000