



25 November, 2009

SPEEDY HIRE Plc

("Speedy" or "the Group")

Interim report for the six months to 30 September, 2009

Speedy is the UK's largest provider of tools and equipment for hire

Trading and operational highlights

- Recent contract wins announced today with Welsh Water Plc and WysePower Ltd, contributing to increased penetration of industrial and other non-construction markets
- On-site facilities opened to provide support to The Shard of Glass, Pinnacle and One New Change developments in London's financial district
- UK operations reorganised during the period into one legal entity with a new shared service centre, plus creation of International and Branded & Advisory divisions
- £80m+ of annualised cost savings in place following recent cost saving initiatives
- Top 50 UK construction companies now account for 25.9% of revenue (2008: 21.5%)

Financial highlights

- Revenue of £184.8m down 27.9% (2008 restated: £256.4m, up 22.3%)
- Adjusted loss before tax* of £4.8m (2008 restated: Profit £23.8m) (unadjusted loss £13.6m (2008 restated: Profit £19.4m))
- Operating cash flow up 34.7% to £25.6m (2008 restated: £19.0m)
- Net debt reduced by 51.3% to £134.8m (2008: £276.8m) and Net Debt/EBITDA* (trailing 12 months) improved to 1.5x (2008: 1.9x)
- Interim dividend of 0.2 pence per share (2008 restated: 1.7 pence per share, after adjusting for rights issue)

**before amortisation and exceptional costs*

Commenting on the results, David Wallis, Chairman, said:

"Although the outlook for UK construction remains uncertain in the short term, the Group remains well positioned in the market place, having taken aggressive steps to reduce further both its net debt and cost base, as well as driving through a number of initiatives to extend its competitive advantage and market leading position. In addition, encouraging progress has been made in capitalising on the business's major client relationships in order to expand its presence in overseas markets and in non-hire services."

For further information:

Speedy Hire Plc

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There will be an analysts' meeting and conference call at 10.00am today. The presentation slides to accompany the conference call will be available at www.speedyhire.plc.uk from 10.00am this morning. For conference call and replay facility details please contact Sarah Hughes, Hudson Sandler on 020 7796 4133 or shughes@hudsonsandler.com.

Note - Changes in Accounting Policy

Note 14 of the attached financial statements highlights adjustments to prior year periods arising from changes in accounting policy. In particular, during the period, the Group has adopted, inter alia, amendments to IAS16. The amended standard requires proceeds from the sale of assets previously used for hire to be recognised as revenue. Previously such proceeds were accounted for as a component of profit or loss on the disposal of assets. The adoption of the revised standard has resulted in revenue and operating costs for the year ended 31 March 2009 increasing by £6.6m (of which £0.2m in the first half), with no impact on reported profit after taxation or on net assets. In addition, cash flows relating to the sale and purchase of hire assets have been included in operating cash flows, having previously been disclosed as investing cash flows.

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.

Business review

Overview

Speedy Hire is a business to business support services company. It is the UK's leading provider of tools and equipment for hire. The Group provides a broad range of products for hire to the construction market, specialist industries, their supply chains and the public sector. In addition to its supply of hire services, Speedy is developing additional services such as facilities management services, regulatory testing and inspection, maintenance & asset management and training. It operates predominantly in the UK, and also has operations in Ireland. After a successful trial period, it now intends to develop its activities in the Middle East.

As the Group has previously stated, the trading environment within the UK construction and related sectors remains challenging with confidence fragile, despite activity on the back of on-going infrastructure and regulated sector investment. This has impacted upon the Group's revenues, which were 27.9% down in the first half to £184.8m.

In view of the weakness being seen across the UK construction market, Speedy's principal focus during the period has been threefold:

- reducing the financial and operating leverage within the Group to ensure that the business maintains a strong financial footing. Actions have therefore been taken to strengthen the balance sheet, reduce the cost base and optimise asset utilisation so that the business is best placed to take advantage of the upturn when the market recovers.
- strengthening our customer relations by better understanding and serving their needs. This is illustrated by recent decisions to invest in two new Superstores, the development of a new e-trading offering, the opening of the new Shared Service Centre, the completion of a new single IT platform for our operating companies, the creation of a sole UK trading entity and the launch of our 'Greener From The Ground Up' campaign. Particular focus is being placed on deepening the Group's penetration of the major contractor market, with turnover from the top 50 UK contractors now accounting for 25.9% of revenue (vs 21.5% a year ago), as well as on extending the Group's reach into non-construction related activity with major industrial groups.
- capitalising on our customer relationships to provide multiple related services wherever their changing needs dictate. Speedy wants to grow with the major contractors and is thus developing its International and Branded & Advisory capabilities.

New contract awards

Recent contract awards underline the Group's ability to win good quality work in its target sectors. Two of these contracts, which are together anticipated to provide approximately £8m of annual revenue, are highlighted below:

- a five year framework agreement with Welsh Water Plc to provide tools and small plant to them and their tier 1 AMP 5 contractors; and
- a three year sole supply agreement with WysePower Ltd, a leading provider of site enabling services, for generators and associated fuel.

Further term supply agreements are expected to be announced imminently.

During the period the Group also announced a two year preferred supplier agreement with May Gurney, a two year preferred supplier to the privately owned development and construction business, Headcrown Group, which encompasses all of their operating activities (Browns, Cruden, JF Finnegan and Gee), a three year sole supplier contract for Works Infrastructure for the provision of the full range of our products and services in support of their rail and other infrastructure activities, as well as contracts with Bovis Lend Lease at its Stratford City and One New Change projects.

Speedy continues to secure on-site facilities to support some of the major developments being undertaken in London's financial district. A new such facility has recently opened at The Shard of Glass development, which adds to the Group's flagship presence on projects at One New Change and the Pinnacle.

The Group has also recently established a strong presence on the Olympic Park. Together with its partners in Construction Site Solutions, it has one of the two major on-site facilities on the Olympic Park, as well as a further five additional facilities on the individual complexes being constructed as part of the wider programme. Although start-up of the main on-site facility, in September, was later than initially planned, the project will be moving to fit-out stages early in the New Year, which should significantly increase the Group's revenues from this project against the current run-rate.

International Division

During the period, Speedy signed a memorandum of understanding to establish a five year strategic partnering agreement with Al Futtaim Carillion ('AFC'), Carillion's joint venture in the Middle East. The aim is to create an industry-leading 'Full Outsource' model which will involve Speedy providing, in addition to its traditional hire offering, complementary services in areas such as asset management, site support services and logistics control. This targeted, client driven approach is anticipated to provide an excellent platform for growth as the Group extends this fuller outsourcing initiative to other selected customers across the Middle East and elsewhere. An initial £3.5m of capex to support this initiative has already been announced and will be incurred in the second half of the current financial year.

Branded & Advisory Services Division

In addition to forming the International Division during the period, the Group has also established a Branded & Advisory Services division. As it develops, this business aims to leverage the Speedy brand by building broader and deeper relationships with the Group's customers through providing consultancy and training services based on Speedy's core brand values of safety, skills, compliance and innovation. The range of services is initially being offered to the UK construction market, but over time will be expanded to other sectors and geographies, thereby assisting in Speedy's goal of being recognised as an international services provider.

Rights issue

During the period, the Group announced and completed a fund raising via a fully underwritten 9 for 1 rights issue. After expenses, net proceeds of £99.7m were received from the issue of 458,658,900 New Ordinary Shares at 23 pence each. The objective of the rights issue was to strengthen the Group's balance sheet during a period of very challenging trading conditions and the proceeds were therefore all applied to reduce debt outstanding. The impact of the rights issue and of the Group's strong cash generation is that net debt has fallen by 45.7% during the period to £134.8m, with gearing reduced to 53.1%.

Cost reduction measures

At the time of the July 2009 AGM statement, the Board indicated that further management action would be required in order to meet the continuing significant challenges present in its markets. Further improvements and efficiencies have subsequently been identified within the business and additional cost reduction measures have been implemented.

These measures are targeted to deliver c.£30m of savings in the current financial year. The exceptional costs relating to these measures are expected to be approximately £10m, of which £6.0m was incurred during the first half period. The annualised impact of these savings is approximately £40m and is in addition to the £42m of annualised cost savings that were in place at the start of the financial year, bringing the total cost savings since the cost base peaked in the summer of 2008 to over £80m.

Following this action, employee headcount has fallen by an incremental 326 (7%) during the course of the current financial year and a further 29 depots have been merged with other local sites or closed. Additionally, savings have been driven through in central functions such as IT, marketing, transport and supply chain.

Current trading & prospects

The Board indicated at the time of the 12 October trading update that risks to revenue forecasts remained on the downside because of continued uncertainty in the economic environment. The markets in which the Group operates remain challenging and October revenues continued the broadly flat month on month pattern seen in the year to date, despite the expectation of a delayed seasonal uplift in revenue. Whilst monthly revenue declines year on year are expected to narrow from November, following further project deferrals the Board now expects the Group to be broadly break-even at an adjusted profit before tax level for the second half period.

Although the outlook for UK construction remains uncertain in the short term, the Group remains well positioned in the marketplace, having taken aggressive steps to reduce further both its net debt and cost base, as well as driving through a number of initiatives to extend its competitive advantage and market leading position. In addition, encouraging progress has been made in capitalising on the business's major client relationships in order to expand its presence in overseas markets and in non-hire services.

The Group's market and financial strength, together with the new growth opportunities available from the recently launched Middle East operation and the Branded & Advisory Services business, provide confidence in a strong future for the Group.

Financial review

Results

Turnover of £184.8m was 27.9% below the prior year period (2008 Restated: £256.4m). Gross margin was 60.2% (2008 Restated: 64.5%) and the Group reported an operating profit before amortisation and exceptional items of £3.7m (2008: £32.8m).

Loss before taxation, amortisation and exceptional items was £4.8m (2008: Profit £23.8m). Loss after taxation, amortisation and exceptional items was £13.6m (2008: Profit £19.4m). Basic loss per share before amortisation and exceptional items was 1.55 pence (2008 Restated: Earnings 9.32p). Basic loss per share after amortisation and exceptional items was 4.08 pence (2008 Restated: Earnings 7.61p).

Segmental analysis

During the period, Speedy's ten UK regional and product-based businesses were merged into one trading entity, Speedy Asset Services Limited. This is part of the Group's drive to make Speedy easier to trade with and also enhances the efficiencies that can be achieved from the Group's new centralised shared service centre, which came into operation during the course of the summer.

As a consequence of this move, and following the introduction of IFRS8, the Group's segmental reporting is now as follows: UK & Ireland Asset Services and International & Advisory (combining International Asset Services and Branded & Advisory Services).

The figures in the tables below are presented before corporate costs. These costs amounted to £3.9m (before exceptional costs) in the first half, equivalent to 2.1% of revenue, which was lower than in the prior year period (2.7%).

The Group's principal operating cost items are personnel, depreciation and vehicles/fuel. These totalled £103.2m in the period (2008: £127.1m), representing 56.1% of total operating costs (2008: 55.7%). Personnel costs totalled £57.0m, which was 18.3% down on the prior year. Depreciation totalled £31.4m (of which £1.5m is within corporate costs) and was 18.2% down on the prior year period. Vehicle costs amounted to £14.8m, including transport related fuel. These were 20.2% down on the equivalent period in the prior year.

	2009	2008
	£m	£m
UK & Ireland Asset Services		
Revenue	184.0	256.4
EBITDA (pre-exceptional)	37.4	75.2
EBITA (pre-exceptional)	7.6	39.6

Revenue in the UK & Ireland Asset Services division totalled £184.0m (of which £3.3m relates to the Ireland operations), which was 28.2% down on the prior year period. Despite the £72.4m drop in turnover, the division remained profitable, with EBITA (before exceptional items) of £7.6m. However, notwithstanding significant cost reduction measures (some of which did not benefit first half costs), operational leverage within the business meant that the operating profit margin (before exceptional items) fell to 4.1% from 15.4%.

International & Advisory	2009	2008
	£m	£m
Revenue	0.8	-
EBITDA (pre-exceptional)	0.1	-
EBITA (pre-exceptional)	-	-

The two businesses which are reported within the International & Advisory segment were both formed during the period. Of the segment's £0.8m turnover, £0.3m relates to the International Asset Services division and derives principally from hire activity in Abu Dhabi, where the Group transferred £1.0m of hire equipment from its UK operations during the period. The Branded & Advisory division reported turnover of £0.5m in the period, largely derived from servicing the training requirements of some of the Group's major customers.

Exceptional items

Exceptional items of £6.0m before taxation (2008: £nil) relate to the restructuring and cost-saving initiatives that were undertaken during the period and which resulted in a number of non-recurring items of expense. The cash cost before taxation of these exceptionals is £2.7m (of which £2.3m was spent in the period).

Interest and taxation

Net interest expense in the period amounted to £8.5m (2008: £9.0m). Of this amount, £1.7m relates to the incremental cost to the Group of interest rate hedges in respect of notional debt amounting to £120m at 30 September, 2009. These hedges have varying maturity dates out to July 2011.

The margin payable under the Group's bank facility agreement fell from 4% to 3% in July as a result of bettering thresholds contained in the agreement's leverage covenant.

The pre exceptional tax credit for the period (£1.5m) is an effective tax rate of 19.9% (2008: 27.0%). This has been calculated by reference to the projected credit for the full year ending 31 March 2010. A tax credit amounting to £1.7m has also been recognised in respect of the first half exceptional items.

Dividend

The Board remains committed to the payment of dividends when prudent to do so and therefore, subsequent to the period end, has declared an interim dividend of 0.2p per share, a total cash cost of approximately £1m. This compares with an interim dividend in 2008/09 of 1.7p on a proforma basis after adjusting for the rights issue. The 2009/10 interim dividend will be paid on 22 January 2010 to shareholders on the register on 8 January 2010.

Capex and disposals

Total capex during the period amounted to £18.5m, of which £11.7m related to equipment for hire and the balance principally to investments in IT, the new Shared Service Centre and the Group's depot network. This compares to £53.1m in the prior year period, a reduction of 65.2%. With disposal proceeds of £10.9m in the period, net capex totalled £7.6m (2008: £39.6m). This is consistent with the Group's objective of investing only in assets necessary to support growth of its Middle East presence and to maintain the operational integrity of its other businesses, while at the same time promoting the disposal of older and under-utilised assets. On the basis of current plans, net capex for the full year is anticipated to be approximately £20m.

Cash flow and net debt

Despite the very challenging trading conditions, cash generation has significantly improved. Cash from operations totalled £25.6m, £6.6m higher than in the prior year period (2008 restated: £19.0m). Free cash flow (i.e. before acquisitions, dividends and financing activities) amounted to £17.1m (2008: £0.6m).

Together with the rights issue proceeds, this strong performance has ensured that net debt has fallen by £113.6m since the start of the year to £134.8m at 30 September 2009 (£248.4m at 31 March 2009). As a result, net debt to EBITDA (trailing 12 months, excluding exceptional items) has improved during the year to 1.5x (2.0x at 31 March 2009) and gearing has reduced to 53.1% (148.3% at 31 March 2009).

Headroom within the Group's committed £285m bank facility amounted to approximately £150m (including £12m of cash) at 30 September 2009 (£51m at 31 March 2008, including £11m of cash) and the Group continues to target further reductions in net debt over the remainder of the financial year, notwithstanding the additional investment associated with the Group's Middle East expansion plans.

Balance sheet

Net assets at 30 September 2009 totalled £253.9m, an £86.4m increase on the £167.5m reported at 31 March 2009. This is equivalent to a per share value of 49p. As a result of disposals and capex running below the rate of depreciation, net property, plant & equipment of £298.9m at 30 September 2009 is £24.3m lower than at the beginning of the year. Equipment for hire continues to represent approximately 86% of property, plant & equipment and net debt/property, plant and equipment of 0.45x at 30 September 2009 (2008: 0.73x) underlines the strong asset backing within the business.

Gross trade debtors totalled £107.3m at 30 September 2009 down £5.4m from the start of the financial year. Bad debt and credit note provisions have been built up during the year and totalled £15.1m at 30 September 2009 (£13.9m at 31 March 2009), equivalent to 14.1% of the debtor book (12.3% at 31 March 2009). Debtor weeks (calculated on a count-back basis) remains broadly in line with the position at the start of the year at 11.6 weeks (11.3 weeks at 31 March 2009).

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 the identification, evaluation and management of these risks.

The principal risks and uncertainties facing the Group at 31 March 2009 were set out on pages 40 to 42 of the 2009 Annual Report (a copy of which is available from the Group's website at www.speedyhire.plc.uk). Many of these risks remain valid as regards their potential to impact the Group during the second half of the current financial year.

In particular, the Group identified the impact of a reduction in market as a result of construction slow-down as one of the primary risks. The continued uncertainty for construction markets and the wider UK economy will continue to affect the business in the short term. As explained in the Business Review, the Board continues to monitor the market potential and to structure the business in a manner appropriate for its future prospects.

In this respect, the Group has continued to implement changes to its operational structure, and has successfully completed a number of steps to implement a shared service centre and single point of contact from the customer perspective, under the One Speedy initiative.

Directors' responsibility statement in respect of the interim financial statements

We confirm that to the best of our knowledge:

- The interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union;
- The Business and Financial Review includes a fair review of the information required by:
 - (i) 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
 - (ii) 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.

For and on behalf of the Board of Directors

SJ Corcoran
Director

JR Read
Director

Interim condensed consolidated income statement

For the six months ended 30 September 2009

		Unaudited six months ended 30 September 2009			Unaudited six months ended 30 September 2008
	Note	Before exceptional items £m	Exceptional items £m	Total £m	Restated 2008 £m
Revenue	2	184.8	-	184.8	256.4
Cost of sales		(73.5)	-	(73.5)	(90.9)
Gross profit		111.3	-	111.3	165.5
Distribution costs		(24.8)	-	(24.8)	(31.2)
Administration costs		(85.6)	(6.0)	(91.6)	(105.9)
Analysis of operating (loss) / profit					
Operating profit before amortisation & exceptional costs		3.7	-	3.7	32.8
Amortisation		(2.8)	-	(2.8)	(4.4)
Impairment of intangible assets	3	-	-	-	-
Impairment of property, plant and equipment	3	-	-	-	-
Exceptional restructuring costs	3	-	(6.0)	(6.0)	-
Operating (loss) / profit	2	0.9	(6.0)	(5.1)	28.4
Financial income	5	-	-	-	0.4
Financial expense	5	(8.5)	-	(8.5)	(9.4)
(Loss) / profit before taxation		(7.6)	(6.0)	(13.6)	19.4
Taxation	6	1.5	1.7	3.2	(5.2)
(Loss) / profit for the financial period		(6.1)	(4.3)	(10.4)	14.2
Attributable to:					
Equity holders of the parent				(10.4)	14.2
				Pence	Pence
Earnings per share					
Basic	7			(4.08)	7.61
Diluted	7			(4.08)	7.53
Dividend per share	8			0.2	1.7

Interim condensed consolidated income statement *(continued)*

For the six months ended 30 September 2009

	<i>Note</i>	Year ended 31 March 2009 Before exceptional items £m	Restated Exceptional items £m	Total £m
Revenue	2	482.7	-	482.7
Cost of sales		(194.7)	-	(194.7)
Gross profit		288.0	-	288.0
Distribution costs		(50.5)	-	(50.5)
Administration costs		(197.5)	(90.7)	(288.2)
Analysis of operating (loss) /profit				
Operating profit before amortisation & exceptional items		49.2	-	49.2
Amortisation		(9.2)	-	(9.2)
Impairment of intangible assets	3	-	(60.9)	(60.9)
Impairment of property, plant and equipment	3	-	(8.8)	(8.8)
Exceptional restructuring costs	3	-	(21.0)	(21.0)
Operating loss	2	40.0	(90.7)	(50.7)
Financial income	5	0.2	-	0.2
Financial expense	5	(16.0)	(4.6)	(20.6)
(Loss)/profit before taxation		24.2	(95.3)	(71.1)
Taxation	6	(7.0)	23.0	16.0
(Loss)/profit for the financial period		17.2	(72.3)	(55.1)
Attributable to:				
Equity holders of the parent				(55.1)
				Pence
Earnings per share				
Basic	7			(29.57)
Diluted	7			(29.57)
Dividend per share	8			3.5

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 September 2009

	Unaudited Six months ended 30 September 2009 £m	Unaudited Six months ended 30 September 2008 £m	Year ended 31 March 2009 Restated £m
(Loss) / profit for the period	(10.4)	14.2	(55.1)
Other comprehensive income:			
Effective portion of change in fair value of cash flow hedges	1.0	-	(5.3)
Other comprehensive income, net of tax	1.0	-	(5.3)
Total comprehensive income for the period	(9.4)	14.2	(60.4)
Attributable to equity holders of the parent	(9.4)	14.2	(60.4)

Interim condensed consolidated balance sheet

At 30 September 2009

	Note	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 Restated £m	31 March 2009 Restated £m
ASSETS				
Non-current assets				
Intangible assets		68.4	136.7	71.2
Property, plant & equipment	9	298.9	377.9	323.2
		367.3	514.6	394.4
Current assets				
Inventories		12.8	16.5	12.2
Trade & other receivables		112.7	150.2	104.4
Tax receivable		0.5	-	6.9
Cash		11.7	1.5	11.0
		137.7	168.2	134.5
Total Assets		505.0	682.8	528.9
LIABILITIES				
Current liabilities				
Borrowings	11	(0.1)	(10.1)	(0.2)
Other financial liabilities	10	(4.7)	(0.5)	(5.7)
Trade & other payables		(70.0)	(108.7)	(64.1)
Provisions		(4.6)	(1.0)	(4.1)
Current income tax		-	(10.6)	-
		(79.4)	(130.9)	(74.1)
Non-current liabilities				
Borrowings	11	(146.4)	(268.2)	(259.2)
Provisions		(3.7)	(0.7)	(3.8)
Deferred tax liabilities		(21.6)	(35.6)	(24.3)
		(171.7)	(304.5)	(287.3)
Total liabilities		(251.1)	(435.4)	(361.4)
Net assets		253.9	247.4	167.5
EQUITY				
Share capital	13	25.9	2.5	2.5
Share premium	13	190.2	111.0	111.0
Merger reserve		3.7	3.7	3.7
Hedging reserve		(5.0)	(0.7)	(6.0)
Retained earnings		39.1	130.9	56.3
Total equity attributable to equity holders of the parent		253.9	247.4	167.5

Interim condensed consolidated statement of cash flow

For the six months ended 30 September 2009

	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 Restated £m	31 March 2009 Restated £m
Cash flow from operating activities			
(Loss) / profit before tax	(13.6)	19.4	(71.1)
Adjustments for:			
Financial income	-	(0.4)	(0.2)
Financial expense	8.5	9.4	20.6
Exceptional impairment of intangible assets	-	-	60.9
Exceptional impairment of property, plant and equipment	0.5	-	8.8
Intangible amortisation	2.8	4.4	9.2
Depreciation	31.4	38.4	75.9
(Profit) / loss on disposal of hire equipment	-	(3.2)	1.1
Loss on disposal of other property, plant & equipment	-	0.2	0.5
Purchase of hire equipment	(11.7)	(45.6)	(58.6)
Disposal of hire equipment	10.9	13.5	38.6
Equity-settled shared-based payments	(0.7)	1.2	(0.7)
	28.1	37.3	85.0
(Increase) / decrease in inventories	(0.6)	(0.3)	4.0
(Increase) / decrease in trade & other receivables	(8.3)	(7.0)	39.2
Increase / (decrease) in trade & other payables	6.0	(10.5)	(55.8)
Movement in provisions	0.4	(0.5)	5.7
Cash generated from operations	25.6	19.0	78.1
Interest received	-	0.4	0.2
Interest paid	(8.6)	(9.0)	(21.4)
Tax received / (paid)	6.9	(2.3)	(9.8)
Net cash flow from operating activities	23.9	8.1	47.1
Cash flow from investing activities			
Acquisition of businesses	-	(13.9)	(14.6)
Purchase of other property, plant & equipment	(6.8)	(7.5)	(16.5)
Disposal of other property, plant & equipment	-	-	0.8
Net cash flow from investing activities	(6.8)	(21.4)	(30.3)
Net cash flow before financing activities	17.1	(13.3)	16.8
Cash flow from financing activities			
Proceeds from shares issued	-	0.1	-
Finance lease payments	(0.1)	(0.3)	(0.2)
Repay bank loans	(112.8)	-	-
Proceeds from new loans	-	17.4	-
Proceeds from rights issue	105.5	-	-
Rights issue costs	(5.8)	-	-
Dividends paid	(3.2)	(6.8)	(10.0)
Net cash flow from financing activities	(16.4)	10.4	(10.2)
Increase / (decrease) in cash	0.7	(2.9)	6.6
Cash at start of the financial period	11.0	4.4	4.4
Cash at the end of the financial period	11.7	1.5	11.0

Interim condensed consolidated statement of movements in equity

For the six months ended 30 September 2009

	Share capital £m	Share premium m £m	Merger Reserve £m	Hedging Reserve £m	Retained earnings £m	Sub-total £m	Minority Interest £m	Total equity £m
Total equity at 1 April 2008 (Restated)	2.5	111.0	3.7	(0.7)	122.3	238.8	1.3	240.1
Profit for the period	-	-	-	-	14.2	14.2	-	14.2
Dividends	-	-	-	-	(6.8)	(6.8)	-	(6.8)
Equity settled share-based payments	-	-	-	-	1.3	1.3	-	1.3
Tax on share-based payments	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Issue of ordinary shares	-	-	-	-	-	-	-	-
Purchase of minority	-	-	-	-	-	-	(1.3)	(1.3)
Total equity at 30 September 2008	2.5	111.0	3.7	(0.7)	130.9	247.4	-	247.4
Loss for the period	-	-	-	-	(69.3)	(69.3)	-	(69.3)
Losses on cash flow hedges	-	-	-	(5.3)	-	(5.3)	-	(5.3)
Dividends	-	-	-	-	(3.2)	(3.2)	-	(3.2)
Equity settled share-based payments	-	-	-	-	(2.0)	(2.0)	-	(2.0)
Tax on items taken directly to equity	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Total equity at 31 March 2009	2.5	111.0	3.7	(6.0)	56.3	167.5	-	167.5
Loss for the period	-	-	-	-	(10.4)	(10.4)	-	(10.4)
Gains on cash flow hedges	-	-	-	1.0	-	1.0	-	1.0
Dividends	-	-	-	-	(3.2)	(3.2)	-	(3.2)
Equity settled share-based payments	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Tax on share-based payments	-	-	-	-	-	-	-	-
Employee Benefit Trust allotment	0.5	2.4	-	-	(2.9)	-	-	-
Issue of ordinary shares	22.9	76.8	-	-	-	99.7	-	99.7
Total equity at 30 September 2009	25.9	190.2	3.7	(5.0)	39.1	253.9	-	253.9

Notes to the interim 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 2009 comprise the Company and its subsidiaries (together referred to as ‘the Group’).

The financial statements of the Group for the year ended 31 March 2009 are available from the Company’s registered office, or from the website: www.speedyhire.plc.uk

Notwithstanding short term uncertainty in the Group’s end-markets, notably construction, the Group’s forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group will be able to operate within the requirements of its current bank facility agreement. After making enquiries, the directors therefore have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in the interim financial statements.

The Group meets its day to day working capital requirements through operating cash flows with borrowings in place to fund acquisition of hire fleet. As detailed in note 13 on 9 July 2009 the Group raised £99.7m through an equity rights issue which was used to pay down bank borrowings. Movements in the Group’s net debt position are shown in Note 11.

Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union (“EU”). As required by the Disclosure and Transparency Rules of the Financial Services Authority, 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 2009 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 2009.

The comparative figures for the financial year ended 31 March 2009 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 237(2) or (3) of the Companies Act 1985.

The interim report was approved by the Board of Directors on 25 November 2009.

Significant accounting policies

During the period the Group has adopted IFRS 8 *Operating Segments*, as explained in note 2. In addition the following amendments to existing standards have also been adopted, details of which can be found in note 14:

- IAS 1: Presentation of financial statements: A revised presentation
- IFRS 2: Share based payment: Vesting conditions and cancellations
- IAS 23: Borrowing costs
- IAS 16: Property, plant and equipment (and consequential amendment to IAS 7 Statement of cash flows)

2. Segmental analysis

The Group adopted IFRS 8 'Operating Segments' during the period. This accounting standard requires the segmental disclosure presented in the financial statements to reflect the format of reports reviewed by the Chief Operating Decision-Maker to make strategic decisions.

At the same time, the Group has commenced a significant restructure of the operational and statutory structure of the Group.

UK statutory entities reported under 'Tools' and 'Equipment' historically have been incorporated into one statutory entity (Speedy Asset Services). Strategic decisions are now made on a consolidated 'One Speedy' level reflecting the Group's strategy of becoming closer to customers, cross selling and reducing the cost base by having one operational overhead base.

The Group's chief operating decision body is the Group Executive Board. The Group Executive Board reviews the Group's internal reporting which is structured "UK and Ireland Asset Services" and "International and Advisory Services" in order to monitor and assess performance for the purpose of making operating decisions.

The International and Advisory Services segment contains the new "International" and "Branded and Advisory" divisions which commenced trading in April 2009 but are not currently material to the Group's operations.

For the six months ended 30 September 2009

	UK & Ireland Asset Services £m	International & Advisory Services £m	Total £m
Analysis of segmental result			
Total revenue	187.3	0.8	188.1
Intra-group revenue	(3.3)	-	(3.3)
Revenue	184.0	0.8	184.8
Operating result before depreciation, amortisation and exceptional costs	37.4	0.1	37.5
Amortisation	(2.8)	-	(2.8)
Depreciation	(29.8)	(0.1)	(29.9)
Exceptional restructuring costs	(3.8)	-	(3.8)
Result before corporate costs	1.0	-	1.0
Corporate costs (including exceptional costs of £2.2m)			(6.1)
Operating loss			(5.1)
Net financial expense			(8.5)
Loss before tax			(13.6)
Taxation			3.2
Loss for the financial period			(10.4)

2. Segmental analysis (continued)

For the six months ended 30 September 2008

	UK & Ireland Asset Services £m	International & Advisory Services £m	Total £m
Analysis of segmental result			
Total revenue	262.6	-	262.6
Intra-group revenue	(6.2)	-	(6.2)
Revenue	256.4	-	256.4
Operating result before depreciation, amortisation and exceptional costs	75.2	-	75.2
Amortisation	(4.4)	-	(4.4)
Depreciation	(35.6)	-	(35.6)
Exceptional restructuring costs	-	-	-
Result before corporate costs	35.2	-	35.2
Corporate costs			(6.8)
Operating profit			28.4
Net financial expense			(9.0)
Profit before tax			19.4
Taxation			(5.2)
Profit for the financial period			14.2

For the year ended 31 March 2009

	UK & Ireland Asset Services £m	International & Advisory Services £m	Total £m
Analysis of segmental result			
Total revenue	494.4	-	494.4
Intra-group revenue	(11.7)	-	(11.7)
Revenue	482.7	-	482.7
Operating result before depreciation, amortisation and exceptional costs	127.1	-	127.1
Amortisation	(9.2)	-	(9.2)
Depreciation	(68.0)	-	(68.0)
Impairment of intangible assets	(60.9)	-	(60.9)
Impairment of property, plant and equipment	(8.8)	-	(8.8)
Exceptional restructuring costs	(17.6)	-	(17.6)
Result before corporate costs	(37.4)	-	(37.4)
Corporate costs (including exceptional costs of £3.4m)			(13.3)
Operating loss			(50.7)
Net financial expense			(20.4)
Loss before tax			(71.1)
Taxation			16.0
Loss for the financial year			(55.1)

3. Exceptional items

Six months ended 30 September 2009

During the period the Group has undertaken further restructuring and cost-saving initiatives resulting in a number of non-recurring items of expense. Items include costs related to the creation of a new Shared Service Centre (£0.6m), provisions in respect of further property closures including provision for vacant property (£2.9m) and writing off related fixtures & fittings (£0.5m), redundancy and related costs (£1.1m) and re-organisation costs associated with depot and back office restructuring (£0.9m).

Year ended 31 March 2009

- Impairment of non-current assets

A provision of £60.9m was made against the Group's goodwill and intangible assets following a review of their carrying values as part of the annual impairment testing process. Deterioration in the markets in which the Group operates, notably the construction markets, resulted in the Group revising its assumptions regarding future activity levels. This resulted in revised forecasts of cash flows arising in cash generating units. An impairment loss was calculated on a value in use basis and consisted of a £48.0m write-down in goodwill and £12.9m write-down of other acquired intangibles. In addition, an impairment loss was identified in respect of the carrying value of tangible assets in respect of the former Accommodation business, and accordingly £8.8m was written off the carrying value in the year.

- Exceptional restructuring costs

As part of the Group's cost reduction programmes, a number of initiatives were undertaken to reduce the Group's operating structure to a more appropriate level in light of the changes in market conditions. The main elements of cost incurred as part of these processes include provisions for onerous lease obligations on depot closures (£5.3m) together with provisions against the carrying value of related fixtures & fittings and leasehold improvements (£0.5m), redundancy costs (£4.0m), losses incurred on the one-off disposal of surplus hire fleet assets (£7.1m), re-organisation of back-office structures and the ongoing creation of a central shared-service facility (£0.8m). In addition, costs of £1.9m were incurred arising from the acquisition and integration of the Amec LSS and Carillion Asset Management businesses (relating primarily to redundancy, relocation and asset re-organisation costs).

- Other exceptional items

The Group negotiated amendments to its bank facility to establish more appropriate financial covenants and £1.4m of costs were incurred in respect of various advisors working for either the Group or the bank syndicate (included within operating expenses), and fees amounting to £4.6m (included within financing costs) were paid to the bank syndicate.

The resulting tax credit arising in relation to exceptional items amounted to £23.0m, of which £16.8m related to current tax and £6.2m related to deferred tax.

4. 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 2009.

5. Financial income and expense

	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 £m	31 March 2009 £m
Financial income			
Bank interest received	-	0.1	0.2
Gains on hedging instruments	-	0.3	-
	-	0.4	0.2
Financial expense			
Interest on bank loans and overdrafts	(6.0)	(9.0)	(15.0)
Hedge interest payable	(1.7)	-	(0.3)
Amortisation of issue costs	(0.3)	(0.3)	(0.5)
Exceptional amortisation of bank fee	-	-	(4.6)
Other finance costs	(0.5)	(0.1)	(0.2)
	(8.5)	(9.4)	(20.6)
Net financial expense	(8.5)	(9.0)	(20.4)

6. Taxation

The corporation tax charge for the six months ended 30 September 2009 is based on an effective rate of taxation of 19.9% (2008: 27.0%). This has been calculated by reference to the projected charge for the full year ending 31 March 2010, applying the applicable UK corporation tax rate of 28%.

7. (Loss) / earnings per share

The calculation of basic (loss) / earnings per share is based on the (loss) / profit attributable to equity holders of the Parent of £(10.4)m (2008: £14.2m) and the weighted average number of 5 pence ordinary shares in issue during the six months ended 30 September 2009 calculated as follows:

	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 Restated £m	31 March 2009 Restated £m
(Loss) / earnings (£m)			
(Loss) / profit for the period after tax – basic earnings	(10.4)	14.2	(55.1)
Intangible amortisation charge (after tax)	2.2	3.2	7.1
Exceptional items (after tax)	4.3	-	72.2
Adjusted (loss) / earnings (after tax)	(3.9)	17.4	24.2
Weighted average number of shares in issue (million)			
At the beginning of the period	186.5	179.6	179.6
Issue of ordinary	69.9	-	-
Exercise of share options	-	4.6	4.8
At the end of the period – basic number of shares	256.4	184.2	184.4
Share options	-	1.9	2.1
Employee share scheme	-	-	-
At the end of the period – diluted number of shares	256.4	186.1	186.5
(Loss) / earnings per share (pence)			
Basic earnings per share	(4.08)	7.61	(29.57)
Amortisation	0.86	1.71	3.76
Exceptional costs	1.67	-	38.81
Adjusted (loss) / earnings per share	(1.55)	9.32	13.00
Basic (loss) / earnings per share	(4.08)	7.61	(29.57)
Share options	-	(0.08)	-
Employee share scheme	-	-	-
Diluted (loss) / earnings per share	(4.08)	7.53	(29.57)

Comparative figures for period ended 30 September 2008 and year ended 31 March 2009 have been restated to take account of the bonus element of the rights issue in July 2009. The restatement has been calculated by applying the theoretical ex-rights price of 23 pence. Total number of shares outstanding at 30 September 2009 amounted to 517,215,666.

8. Dividends

	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 £m	31 March 2009 £m
2008 final dividend	-	6.8	6.8
2009 interim dividend	-	-	3.2
2009 final dividend	3.2	-	-
	3.2	6.8	10.0

Subsequent to the end of the period, and not included in the results for the period, the Directors declared an interim dividend of 0.2 pence per share, to be paid on 22 January 2010 to shareholders on the register on 8

January 2010. In 2008-9, an interim dividend of 6.4 pence per share and a final dividend of 6.4 pence per share were paid (1.7 pence per share for both interim and final dividends after adjustment for the rights issue).

9. Property, plant & equipment

	Land & buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2008	24.8	569.8	49.8	644.4
Additions	2.7	46.0	5.2	53.9
Disposals	(0.2)	(14.4)	-	(14.6)
Transfers to inventory	-	(9.1)	-	(9.1)
At 30 September 2008	27.3	592.3	55.0	674.6
Additions	2.5	13.7	5.0	21.2
Acquisitions	-	0.9	-	0.9
Disposals	(1.8)	(9.4)	(1.7)	(12.9)
Transfers to inventory	-	(83.2)	-	(83.2)
At 31 March 2009	28.0	514.3	58.3	600.6
Additions	1.2	11.7	5.6	18.5
Disposals	-	(22.7)	-	(22.7)
Transfers to inventory	-	(7.8)	-	(7.8)
At 30 September 2009	29.2	495.5	63.9	588.6
Depreciation				
At 1 April 2008	12.6	235.6	23.3	271.5
Charge for the period	1.5	35.1	1.8	38.4
Disposals	-	(8.1)	-	(8.1)
Transfers to inventory	-	(5.1)	-	(5.1)
At 30 September 2008	14.1	257.5	25.1	296.7
Charge for the period	1.3	28.4	7.8	37.5
Impairment	-	8.8	-	8.8
Disposals	(0.4)	(7.7)	(1.4)	(9.5)
Transfers to inventory	-	(56.1)	-	(56.1)
At 31 March 2009	15.0	230.9	31.5	277.4
Charge for the period	1.4	25.9	4.1	31.4
Disposals	-	(15.6)	-	(15.6)
Impairment	0.5	-	-	0.5
Transfers to inventory	-	(4.0)	-	(4.0)
At 30 September 2009	16.9	237.2	35.6	289.7
Net book value				
At 30 September 2009	12.3	258.3	28.3	298.9
At 31 March 2009	13.0	283.4	26.8	323.2
At 30 September 2008	13.2	334.8	29.9	377.9

10. Financial risk management

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 2009 Annual Report on pages 80 to 83.

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

	30 September 2009		30 September 2008		31 March 2009	
	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	(2.4)	50.0	(0.1)	45.0	(2.6)	50.0
Interest rate collars	(1.8)	50.0	(0.2)	70.0	(2.5)	70.0
Interest rate caps	(0.5)	20.0	(0.2)	25.0	(0.6)	20.0
	(4.7)	120.0	(0.5)	140.0	(5.7)	140.0

The weighted average interest rate of the fixed interest rate swaps is 5.026% (31 March 2009: 5.026%) and the instruments are for a weighted average period of 17 months (31 March 2009: 23 months).

Collar instruments bear interest rates between 4.300% and 6.500% (31 March 2009: between 4.300% and 6.500%), for a weighted average period of 11 months (31 March 2009: 13 months).

Capped rate instruments bear a weighted average maximum interest rate of 6.245% (31 March 2009: 6.245%) for a weighted average period of 16 months (31 March 2009: 22 months).

11. Borrowings and net debt

The Group has available a £280m term and revolving credit facility, and a £5m overdraft facility as at 30 September 2009. Of these facilities, £138m remained unutilised at 30 September 2009, comprising £133m of the revolving credit facility and £5m of the overdraft facility. The term and revolving loan facility was originally entered into in June 2007, and was amended and restated in June 2008 and March 2009. The current facility is sub-divided into:

- (i) A Term Loan 'A Facility' of £85m, which is repayable in varying quarterly instalments, with the final repayment in June 2012; and
- (ii) A Revolving Credit 'B Facility' (including overdraft) of £200m repayable on the fifth anniversary of the issue date, which reduces by £10m during the remainder of the year to March 2010.

The total B Facility is for £200m, but is reduced to the extent that ancillary facilities are provided. The Group has secured an overdraft facility, provided by Barclays Bank Plc, which is secured by cross guarantees and debentures, the bank deposits and overdrafts of the Parent and certain subsidiary companies up to a maximum overdraft of £5m.

The revolving credit facility is secured by a fixed and floating charge over all the assets of the Group.

11. Borrowings and net debt *(continued)*

The maturity profile of the borrowings is as follows:

	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 £m	31 March 2009 £m
Current borrowings			
Term loan	-	10.0	-
Finance leases	0.1	0.1	0.2
Total current borrowings	0.1	10.1	0.2
Non-current borrowings (maturing between two and five years)			
Term loan	85.0	90.0	90.0
Revolving credit facility	62.0	179.0	170.0
Finance lease	0.5	0.7	0.6
Unamortised issue costs	(1.1)	(1.5)	(1.4)
Total non-current borrowings	146.4	268.2	259.2
Total borrowings	146.5	278.3	259.4
Less; cash at bank and in hand	(11.7)	(1.5)	(11.0)
Net debt	134.8	276.8	248.4

The revolving credit facility can be drawn for various periods specified by the Company, up to the maturity date, with interest being calculated for the drawn period by reference to the London Inter Bank Offer Rate applicable to the period drawn, plus a margin which during the period ranged from 300 to 400 basis points. The effective interest rate applicable to cash deposits during the period was 0.17%. The effective interest rates on bank overdraft and term loans & revolving credit facilities for the period were 3% and 4.55% respectively.

12. Contingent liabilities

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

The Group has given guarantees with a value of up to £0.3m (2008: £0.3m) in respect of ongoing contractual commitments.

13. Share capital

During the period, 458,658,900 ordinary shares of 5p were issued on exercise of the rights issue for a cash consideration of £99.7m, net of £5.8m issue costs.

14. Adjustment arising from change in accounting policy

The Group has adopted the following changes in accounting standards for the year ending 31 March 2009.

IAS 1: Presentation of financial statements: A revised presentation

The Group's financial statements now include a statement of comprehensive income and statement of movements in equity as primary statements. These have replaced the statement of recognised gains and losses and the reconciliation of equity, which was previously included in the notes to the accounts. There have also been minor changes to the descriptions of some items.

14. Adjustment arising from change in accounting policy (continued)

IFRS 2: Share based payment: Vesting conditions and cancellations

The principal effect of this amendment to IFRS 2 is that when an award to an employee under a share option scheme lapses due to cancellation of the scheme then the full cost of the award will be expensed in the period in which the option lapses. The amendment also stipulates that an individual ceasing to pay contributions is classed as a cancellation. Under the previous interpretation the lapsing of the award through employee cancellation would have resulted in the fair value of the option charged to date being reversed in the income statement. This interpretation is required to be applied fully retrospectively.

As a result of the amendment, the profit after tax for the year ended 31 March 2009 was £0.5m lower than previously reported. There is no impact on reported net assets.

IAS 16: Property, plant and equipment (and consequential amendment to IAS 7 Statement of cash flows)

In accordance with revisions to IAS 16, assets that have previously been hired are transferred to inventory at estimated realisable value when a decision has been taken to dispose of them. Proceeds on disposal are then recognised as revenue. Previously, the proceeds were accounted for as a component of profit or loss on the disposal of assets. A consequential amendment to IAS 7 states that cash flow arising from purchase, rental and sale of those assets should be classified as cash flows from operating activities. Proceeds from the sale of other assets continue to be included in profit/ (loss) on disposal, in accordance with the previous accounting treatment.

The adoption of the revised standard has resulted in revenue and operating costs for the year ended 31 March 2009 increasing by £6.6m, with no impact on reported profit after taxation or net assets. The revenue for the six months to September 2008 has increased by £0.2m compared to the prior treatment, with no impact on profit before tax or net assets. In addition, cash flows relating to the sale and purchase of hire assets have been included in operating cash flows, having previously been disclosed as investing cash flows.

IAS 23: Borrowing costs

The amendment to the standard has removed the option of recognising immediately as an expense borrowing costs that relate to assets that take a substantial period of time to prepare for use or sale. The Group's accounting policy is to recognise borrowing costs in the income statement using the effective interest rate method, and accordingly changes to IAS 23 have no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

15. 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 2009 Annual Report.

Independent review report to Speedy Hire Plc

Introduction

We have been engaged by the Company to review the interim financial statements in the interim report for the six months ended 30 September 2009 which comprises the condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim balance sheet, condensed consolidated interim cash flow statement, the condensed consolidated interim statement of movements in equity and the related explanatory notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim 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 interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim 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 interim financial statements included in this interim report have 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 interim financial statements in the interim 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 interim financial statements in the interim report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

M Newsholme

for and on behalf of

KPMG Audit Plc

Chartered Accountants

St James Square

Manchester

M2 6DS

25 November 2009