



# SPEEDY HIRE Plc ("Speedy" or "the Group")

Results for the six months to 30 September 2014

Speedy, the UK's leading tools, equipment and plant hire services company, operating across the construction, infrastructure and industrial markets, announces interim results for the six months ended 30 September 2014.

## Financial Highlights

A positive start to the year: on-track to deliver results for the full year in line with the Board's expectations.

	6 months ended 30 September 2014	6 months ended 30 September 2013 <sup>#</sup>	Change
	(£m)	(£m)	
<b>Group revenue</b>	<b>189.3</b>	<b>168.7</b>	<b>12.2%</b>
UK & Ireland	176.3	158.8	11.0%
International	13.0	9.9	31.3%
<b>Group EBITDA*</b>	<b>37.5</b>	<b>30.4</b>	<b>23.4%</b>
<b>Group EBITA*</b>	<b>13.8</b>	<b>7.9</b>	<b>74.7%</b>
UK & Ireland	20.3	13.1	55.0%
International	(3.3)	(1.9)	(73.7)%
<b>Adjusted* PBT</b>	<b>10.3</b>	<b>4.5</b>	<b>129%</b>
<b>Earnings per share*</b>	<b>1.39p</b>	<b>0.67p</b>	<b>107%</b>
<b>ROCE (% rolling 12 month basis)</b>	<b>8.5%</b>	<b>6.5%</b>	-
<b>ROCE (excluding international)**</b>	<b>11.6%</b>	<b>8.3%</b>	-
<b>Interim dividend (pence per share)</b>	<b>0.30p</b>	<b>0.26p</b>	<b>15.4%</b>

\* before amortisation and exceptional costs

# adjusted for prior period International division accounting irregularities – see note 15

\*\*excluding International losses and capital employed

- Net debt of £104.4m, giving a net debt to EBITDA ratio of 1.4x (2013:1.1x)
- Successful re-financing: new £180m 5-year asset-based revolving facility

## Strategic Progress

- Customer-focussed strategy launched in UK to deliver sustainable profit growth
- Internal review of the Middle East business completed: strategy being implemented to stem losses and to build and realise value

## Operational Highlights

- 4 new superstores opened
- New National Distribution Centre and remaining 3 new superstores to open by the end FY15
- "Own City" campaigns delivering strong growth: London and Manchester 18% and 22% YOY respectively
- A number of major contract wins and mobilisations during the period



Commenting on the results Mark Rogerson, Chief Executive Officer, said:

***"This has been a positive first half of the financial year. Whilst these results primarily reflect our self-help measures and the delivery of early efficiency improvements, we have also begun to benefit from an improving market environment in the UK, thanks to a focussed and disciplined approach to our strategic accounts and re-engagement with our regional customers.***

***While much remains to be done, not least in the Middle East, there are major opportunities ahead as the UK continues with a very significant infrastructure regeneration programme. Having stabilised the business, we can now turn our attention to differentiating Speedy through service, quality and innovation, optimising our asset base and delivering sustainable profit growth.***

***We are on-track to deliver results for the full year in line with the Board's expectations and our confidence for the future is underpinned by an increased interim dividend."***

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**There will be an analysts' meeting at the offices at Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ at 09.30 today. The presentation will be webcast at [www.speedyhire.plc.uk/investors](http://www.speedyhire.plc.uk/investors) and there will also be a conference call facility. For details please contact Francesca Cadoni at Instinctif Partners on 020 7457 2020 or [francesca.cadoni@instinctif.com](mailto:francesca.cadoni@instinctif.com)**

**Notes to Editors:**

Founded in 1977, Speedy is the UK's leading provider of tools, equipment and plant hire services to a wide range of clients across the construction, infrastructure, industrial, manufacturing and facilities management sectors - as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and testing, repair, inspection and maintenance (TRIM). Speedy is accredited nationally to ISO9001, ISO14001 and OHSAS18001. The Group operates from 244 fixed sites across the UK and Ireland together with a number of on-site facilities at client locations throughout the UK, Ireland and from an international hub based in the Middle East.



## Chief Executive's Statement

### Overview

This has been a positive first half of the financial year.

Whilst these results primarily reflect our necessary self-help measures, and the delivery of early efficiency improvements, we are also benefitting from the improving market environment in the UK.

The first half of the financial year saw increases in Group revenues and EBITA before exceptional costs of 12.2% and 74.7% respectively. We have secured a number of major new contracts during the period across our key target markets of construction, infrastructure and industrial services. Of significance, revenues from the Group's strategic and major accounts (generating some 50% of total revenues) rose by 22.6%, as activity levels increased and several major project mobilisations were completed.

In the UK & Ireland, where we are successfully implementing our 'Customer Segmentation' strategy, activity levels were significantly higher on the prior period with revenues up 11.0%. Our 'Own City' campaigns are driving revenue performance in key cities above the national average with London and Manchester particularly successful with revenues up by 18% and 22%, respectively, on the comparable period.

The remedial actions taken in the Middle East have stabilised the business but not yet delivered the expected improvement in performance. We have now completed an internal review of the Middle East operations and a strategy is being implemented to stem losses and to build and realise value.

### Results & Dividend

Revenue for the period increased 12.2% to £189.3m (2013: £168.7m).

EBITDA before exceptional costs increased 23.4% to £37.5 million (2013: £30.4m). Profit before tax, amortisation and exceptional costs for the period increased by 129% to £10.3m (2013: £4.5m).

Earnings per share before amortisation and exceptional costs increased by 107% to 1.39 pence (2013: 0.67 pence).

Following a good first half of the financial year, and reflecting its confidence in the future, the Board has declared a 15% increase in the interim dividend to 0.30 pence per share (2013: 0.26 pence per share) to be paid on 30 January 2015 to shareholders on the register as at 9 January 2015.

### Debt Facilities

As at 30 September 2014, net debt was £104.4 million giving a net debt to EBITDA ratio of 1.4x (2013: 1.1x).

On 18 September 2014 we announced the re-financing of the Group and secured a new £180 million 5-year asset-based revolving facility at an improved margin and with agreements in place to support additional funding, if required. Alongside our ongoing focus on cash generation, the new facility will provide us with the flexibility to support our strategy for growth.



## **Strategic Development**

### **Overview**

I was appointed Chief Executive Officer in February this year and my immediate priorities were to stabilise the business, improve performance and regenerate growth. The first priority has been achieved and we are making significant progress on the second and third.

I started with a strong base including:

- a brand that people trust
- a leading range of products, services and solutions
- a customer base of over 60,000 customers
- an enviable national network of depots and stores
- a 1,200-strong fleet which is now recognised as an industry leader in safety
- 3,500 committed people

What had been missing was the delivery of a clear strategy to modernise, optimise and leverage this strong base in a focussed way with clear objectives and performance metrics which all of our people understood and could identify with.

I have now also had the opportunity to conclude my comprehensive review of the business and to determine a more appropriate customer-focussed strategy to ensure the delivery of sustainable profit growth while at the same time continuing to broaden our services offering which, over time, will help better to de-risk the business from the cyclical nature of our industry.

### **UK & Ireland**

In the UK & Ireland we have implemented a more focussed 'Customer Segmentation' strategy centred on three distinct account groups: Strategic, Major and Regional/Local.

Our ten largest customers (Strategic) account for circa 20% of Group revenues and the next 150 largest accounts (Major) deliver 30% of revenues. These key customers, who are delivering many of the UK's most important and urgent infrastructure projects (and for whom we play a critical role in that delivery) are increasingly looking to Speedy to provide a broader range of services and solutions. The provision of such services, alongside the hire and sale of plant and equipment, is already a major differentiator between Speedy and its peer group. We are focused on developing a range of value-added, complementary services, such as on-site training, asset management and testing, repair, inspection and maintenance which we believe will both play a part in the expansion and diversification of the Group and provide a portfolio of services that better protects the business from the cyclical nature of the construction hire industry.

At the same time, we are nurturing our 60,000+ customers who account for 50% of our revenues. We have restructured and strengthened our Regional/Local sales teams and are implementing a number of initiatives, including our 'Own City' campaigns, to deliver higher levels of service with encouraging early results.

We will also continue to drive a more sector focused approach to our customer relationships. In particular, we are targeting customers across the infrastructure, industrial and retail sectors as well as our traditional construction space. The focus on industrial customers has already led to increased business in segments such as the Oil and Gas Industry.

Prior to my appointment, work had already commenced on a 5-year programme to reconfigure the Group's national network and logistics capabilities into an integrated distribution model. We have now refined this programme to incorporate a new 'National Distribution Centre' (NDC) concept and re-profiled our multi-service centre footprint, enabling us to accelerate delivery of the programme to ensure that it is completed by the end of the current financial year.

Our new NDC will be located in Tamworth and will serve as the central hub for overnight distribution to our UK Multi-Service Centres. This will ensure that the right products are distributed on time to our network of Superstores and Express Stores while at the same time delivering greater efficiencies by closely aligning our



fleet capability with the national network so that we may deliver our products to customers faster and at lower cost.

During the first half of the financial year, good progress has been made with four Superstores opened. The programme is on-track to be completed in the second half with the opening of the NDC and the remaining three Superstores.

To realise the full potential of our improved infrastructure network, we are introducing and implementing an 'Asset Optimisation Programme' and have begun the process of identifying how best to optimise our asset base to ensure that we buy, turn, service, distribute and dispose of our assets in the most efficient manner. This will enable us to structure our asset holdings and service guarantees better, thus improving utilisation, maximising our capital discipline and improving our service delivery levels.

### ***International***

Having completed a review of our Middle East operations with a view to further de-risking the business and minimising losses, it is clear that the continued under-performance of the business is primarily the result of a legacy cost base and weak demand for general and spot hire. Conversely, we have identified value in our oil and gas services business which has delivered strong revenue growth from long term contracts, which will be fully mobilised by December.

We have therefore begun implementing a strategy to stem the losses:

- Firstly, we are now exiting the general and spot hire market in the Middle East and, as existing contracts come to an end, will progressively dispose of or return assets to the UK. This programme will be completed by no later than the end of Q1 FY 2016 and we are working hard to bring this timetable forward. .
- Secondly, we will complete the mobilisation of our largest oil and gas services contracts, and exploit further immediate opportunities from recently signed services contracts to build value in the short-term whilst concurrently looking at a number of strategic options for this part of the business.



## **Board and People**

As previously announced, Ishbel Macpherson, Chairman, steps down from the Board today. On behalf of Speedy, I thank her for the contribution she has made to the business and to wish her well for the future. Also as previously announced, Jan Åstrand, who joined the Board on 1 November 2014, is today appointed Chairman. We are delighted to have someone with Jan's experience, knowledge and focus to help us shape our future.

Lynn Krige stepped down from the Board as Group Financial Director on 16 October 2014. The process to identify and appoint a successor is well advanced.

I would like to thank our 3,500 people for their commitment and dedication. These have not been easy times but I believe, thanks to some outstanding contributions and no little personal sacrifice, we can look forward to a stronger future.

## **Outlook**

Over the past six months our programme of remedial actions has stabilised the business.

There are major opportunities ahead. The UK is investing in a major infrastructure regeneration programme on an unprecedented scale. In the Middle East, we are implementing a strategy to stem the losses and build and realise value.

Following the early success of our self-help measures to stabilise the business and exploit early opportunities to increase efficiency and growth, we can now turn our attention to differentiating Speedy through service, quality and innovation, optimising our asset base and delivering sustainable profit growth.

More immediately, we are on-track to deliver results for the full year in line with the Board's expectations and our confidence for the future is underpinned by an increased interim dividend.

**Mark Rogerson MBE**  
**Chief Executive Officer**



## Financial review

### Results

Revenue for the period increased by 12.2% to £189.3m (2013: £168.7m).

Gross margin decreased slightly to 58.5% (2013: 62.9%) reflecting the change in revenue mix as Partnered Services continue to grow at a faster rate than other revenue streams. The resulting gross profit of £110.7m (2013: £106.1m) grew by 4.3%.

Group operating profit before amortisation and exceptional costs increased by 74.7% to £13.8m (2013: £7.9m). Profit before taxation, amortisation and exceptional costs increased to £10.3m (2013: £4.5m). After taxation, amortisation and exceptional costs, the Group made profit of £2.9m compared to £2.1m during the same period in 2013. Adjusted earnings per share before amortisation and exceptional costs were up 107% to 1.39 pence (2013: 0.67 pence) with the basic earnings per share after amortisation at 0.56 pence (2013: 0.41 pence).

### Segmental analysis

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

<b>UK &amp; Ireland Asset Services</b>	<b>6 months ended 30 September 2014 £m</b>	<b>6 months ended 30 September 2013 £m</b>
Revenue	<b>176.3</b>	158.8
EBITDA*	<b>40.7</b>	32.9
EBITA*	<b>20.3</b>	13.1

\* before exceptional costs

Revenue in UK & Ireland Asset Services totalled £176.3m (of which £2.9m relates to the Ireland operations), representing growth of 11.0% (9.9% before planned fleet disposals). EBITA margin before exceptional costs increased to 11.5% (2013: 8.2%).

<b>International Asset Services</b>	<b>6 months ended 30 September 2014 £m</b>	<b>6 months ended 30 September 2013<sup>#</sup> £m</b>
Revenue	<b>13.0</b>	9.9
EBITDA*	<b>(0.3)</b>	0.3
EBITA*	<b>(3.3)</b>	(1.9)

\* before exceptional costs

<sup>#</sup> restated – see note 15

Revenue in International Asset Services increased by 31.3% to £13.0m. Revenue mix has moved significantly towards services as the decline in hire revenues experienced in the second half of FY14 has continued into the first half of the year. Growth in the oil & gas sector arises from lower margin service revenues. The remedial actions implemented in the Middle East are having a positive effect on the business, albeit the flow through to profitability is taking longer than expected.



## Exceptional costs

Exceptional costs totalled £3.7m before taxation (2013: £nil), with exceptional overheads of £3.4m and exceptional financial expenses of £0.3m.

The programme to reconfigure the depot network has continued in the period, incurring exceptional costs of £1.5m. Costs relating to changing the management structure totalled £1.6m, with the balance of the exceptional overheads of £0.3m incurred in considering the strategic options for the International division.

The exceptional financial expense of £0.3m relates to costs incurred in cancelling debt during the year.

## Interest and taxation

Interest expense in the period amounted to £4.2m (2013: £3.4m) and includes a charge of £0.9m for the amortisation of the facility arrangement fees during the period and an exceptional £0.3m on cancellation of debt facilities.

The tax charge for the period (£2.4m) is an effective tax rate of 34.4% pre-exceptional costs (2013: 30.0%); 45.3% post exceptional costs. This has been calculated by reference to the projected charge for the full year ending 31 March 2015, combined with the impact of the reduction in corporation tax rates on the Group's deferred tax liabilities. The effective tax rate in the period is greater than the underlying tax rate, principally due to the trading losses in the International division arising in regions with low or nil tax rates.

## Dividend

The Board has declared an interim dividend of 0.30 pence per share, a total cash cost of approximately £1.6m. This represents a 15% increase on the interim dividend paid in respect of the prior financial year. The FY15 interim dividend will be paid on 30 January 2015 to shareholders on the register on 9 January 2015.

## Capex and disposals

Gross capex during the period amounted to £55.5m (2013: £47.6m), of which £46.2m (2013: £43.2m) related to investment in equipment for hire and the balance principally to property improvements arising from the network change programme and investment in IT.

Compared to the prior period, investment in hire equipment has been focused in the UK & Ireland and has increased in order to support revenue growth.

Proceeds from the disposal of hire equipment increased to £11.2m in the period (2013: £8.1m), primarily as a result of a programme to renew the powered access range. Group net capex totalled £44.3m (2013: £39.3m). Asset disposals generated a gain of £1.8m (2013: £0.8m) against their carrying value.

## Cash flow and net debt

Cash from operations before changes in hire fleet amounted to £25.9m (2013: £36.0m) with the year on year change reflecting an unwind of the working capital inflow achieved in the prior period. As a result of the investment in hire fleet, the depot network and IT, free cash flow (i.e. before dividends and financing activities) amounted to an outflow of £19.0m (2013: outflow £4.7m).

Net debt increased in the period to £104.4m at 30 September 2014 (31 March 2014: £84.4m) with net debt to EBITDA (trailing 12 months) at 1.4x (31 March 2014: 1.2x) and gearing increasing slightly to 43.2% (31 March 2014: 35.3%).

With effect from 17 September 2014, the Group secured a new £180m 5-year asset-based revolving facility at an improved margin in the range 170 to 275 basis points (prior to refinancing: 225 to 400 basis points), depending on leverage and components of the borrowing base.

Headroom within the Group's committed £180m bank facility amounted to £59.3m at 30 September 2014 (31 March 2014: £68.4m).

## Balance sheet

Net assets at 30 September 2014 totalled £241.6m (31 March 2014: £239.3m), equivalent to 46.4p per share. Net debt/net tangible fixed assets is 0.38x at 30 September 2014 (31 March 2014: 0.33x), underlining the strong asset backing within the business.

Net capex in the period was £20.6m (2013: £16.8m) above the Group's depreciation charge. Net property, plant & equipment of £277.5m at 30 September 2014 is therefore higher than at the beginning of the year (£255.1m). Equipment for hire represents approximately 87% (2013: 90%) of net property, plant & equipment (of which £30.5m (2013: £33.3m) relates to International Asset Services).





Gross trade receivables totalled £106.7m at 30 September 2014 (2013: £84.4m). Bad debt and credit note provisions totalled £5.9m at 30 September 2014 (2013: £5.0m), equivalent to 5.5% of the debtor book (2013: 5.9%).

### **Principal risks and uncertainties**

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

The principal risks and uncertainties facing the Group at 31 March 2014 were set out on pages 14 to 15 of the 2014 Annual Report (a copy of which is available from the Group's website at [www.speedyhire.plc.uk](http://www.speedyhire.plc.uk)). These risks remain valid as regards their potential to impact the Group during the second half of the current financial year and no new significant risks have been identified during the current period.



## Interim condensed consolidated income statement

	Note	Six months ended 30 September 2014			Six months ended 30 September 2013 Restated*		
		Before exceptional items £m	Exceptional items £m	Total £m	Before Exceptional items £m	Exceptional items £m	Total £m
Total revenue		190.8	-	190.8	168.7	-	168.7
Less: share of jointly controlled entities' revenue		(1.5)	-	(1.5)	-	-	-
<b>Revenue</b>	4	<b>189.3</b>	-	<b>189.3</b>	168.7	-	168.7
Cost of sales		(78.6)	-	(78.6)	(62.6)	-	(62.6)
<b>Gross profit</b>		<b>110.7</b>	-	<b>110.7</b>	106.1	-	106.1
Distribution costs		(18.2)	-	(18.2)	(18.5)	-	(18.5)
Administrative costs		(80.0)	(3.4)	(83.4)	(81.2)	-	(81.2)
<b>Analysis of operating profit</b>							
Operating profit before amortisation and exceptional costs		13.8	-	13.8	7.9	-	7.9
Amortisation		(1.3)	-	(1.3)	(1.5)	-	(1.5)
Exceptional costs	3	-	(3.4)	(3.4)	-	-	-
<b>Operating profit</b>		<b>12.5</b>	<b>(3.4)</b>	<b>9.1</b>	6.4	-	6.4
Share of results of jointly controlled entities		0.4	-	0.4	-	-	-
<b>Profit from operations</b>		<b>12.9</b>	<b>(3.4)</b>	<b>9.5</b>	6.4	-	6.4
Financial expense	3,5	(3.9)	(0.3)	(4.2)	(3.4)	-	(3.4)
<b>Profit before taxation</b>		<b>9.0</b>	<b>(3.7)</b>	<b>5.3</b>	3.0	-	3.0
Taxation	6	(3.1)	0.7	(2.4)	(0.9)	-	(0.9)
<b>Profit for the financial period</b>		<b>5.9</b>	<b>(3.0)</b>	<b>2.9</b>	2.1	-	2.1
<b>Attributable to:</b>				<b>2.9</b>			<b>2.1</b>
Equity holders of the Company							
<b>Earnings per share</b>				<b>0.56</b>			<b>0.41</b>
- Basic (pence)	7						
- Diluted (pence)	7			<b>0.54</b>			<b>0.40</b>
<b>Non-GAAP performance measures</b>							
EBITDA before exceptional costs	9	<b>37.5</b>			30.4		
Profit before tax, amortisation and exceptional costs	9	<b>10.3</b>			4.5		
Adjusted earnings per share (pence)	7	<b>1.39</b>			0.67		

\* See note 15



## Interim condensed consolidated income statement (continued)

		Year ended 31 March 2014		
		Before Exceptional items £m	Exceptional items £m	Total £m
<i>Note</i>				
Total revenue		350.3	-	350.3
Less: share of jointly controlled entities' revenue		(0.6)	-	(0.6)
<b>Revenue</b>	4	349.7	-	349.7
Cost of sales		(135.1)	-	(135.1)
<b>Gross profit</b>		214.6	-	214.6
Distribution costs		(35.7)	-	(35.7)
Administrative costs		(159.7)	(4.7)	(164.4)
<b>Analysis of operating profit</b>				
Operating profit before amortisation and exceptional costs		22.1	-	22.1
Amortisation		(2.9)	-	(2.9)
Exceptional costs		-	(4.7)	(4.7)
<b>Operating profit</b>		19.2	(4.7)	14.5
Share of results of jointly controlled entities		(0.1)	-	(0.1)
<b>Profit from operations</b>		19.1	(4.7)	14.4
Financial expense	5	(7.4)	-	(7.4)
<b>Profit before taxation</b>		11.7	(4.7)	7.0
Taxation	6	(3.8)	0.8	(3.0)
<b>Profit for the financial period</b>		7.9	(3.9)	4.0
<b>Attributable to:</b>				
Equity holders of the Company				4.0
<b>Earnings per share</b>				
- Basic (pence)	7			0.78
- Diluted (pence)	7			0.76
<b>Non-GAAP performance measures</b>				
EBITDA before exceptional costs		68.7		
Profit before tax, amortisation and exceptional costs		14.6		
Adjusted earnings per share (pence)		2.05		



## Interim condensed consolidated statement of comprehensive income

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	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 Restated* £m	Year ended 31 March 2014 £m
<b>Profit for the financial period</b>	<b>2.9</b>	2.1	4.0
Other comprehensive income that may be reclassified subsequently to the Income Statement:			
- Effective portion of change in fair value of cash flow hedges	-	0.3	0.5
- Tax on items taken directly to equity	-	0.2	-
- Exchange difference on retranslation of foreign operations	<b>0.7</b>	0.2	1.4
Other comprehensive income, net of tax	<b>0.7</b>	0.7	1.9
<b>Total comprehensive income for the financial period</b>	<b>3.6</b>	2.8	5.9
Attributable to equity holders of the Company	<b>3.6</b>	2.8	5.9

\* See note 15



## Interim condensed consolidated balance sheet

		30 September 2014 £m	30 September 2013 Restated* £m	31 March 2014 £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		50.0	52.7	51.3
Investment in jointly controlled entities	10	4.4	-	4.0
		<u>54.4</u>	<u>52.7</u>	<u>55.3</u>
Property, plant and equipment				
- Hire equipment	11	242.3	232.1	225.5
- Non-hire equipment	11	35.2	27.2	29.6
		<u>331.9</u>	<u>312.0</u>	<u>310.4</u>
<b>Current assets</b>				
Inventories		10.3	13.3	11.8
Trade and other receivables		112.6	90.3	93.4
Cash	13	1.8	0.2	2.6
		<u>124.7</u>	<u>103.8</u>	<u>107.8</u>
<b>Total assets</b>		<u><b>456.6</b></u>	<u><b>415.8</b></u>	<u><b>418.2</b></u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings	13	-	(0.4)	-
Other financial liabilities	12	(0.1)	(0.4)	(0.1)
Trade and other payables		(94.0)	(83.0)	(76.8)
Provisions		(1.7)	(0.9)	(1.1)
Current tax liabilities		(2.9)	(5.2)	(2.7)
		<u>(98.7)</u>	<u>(89.9)</u>	<u>(80.7)</u>
<b>Non-current liabilities</b>				
Borrowings	13	(106.2)	(79.1)	(87.0)
Trade and other payables		(1.2)	-	(1.2)
Provisions		(0.7)	(0.6)	(1.3)
Deferred tax liabilities		(8.2)	(9.6)	(8.7)
		<u>(116.3)</u>	<u>(89.3)</u>	<u>(98.2)</u>
<b>Total liabilities</b>		<u><b>(215.0)</b></u>	<u><b>(179.2)</b></u>	<u><b>(178.9)</b></u>
<b>Net assets</b>		<u><b>241.6</b></u>	<u><b>236.6</b></u>	<u><b>239.3</b></u>
<b>EQUITY</b>				
Share capital		26.0	25.9	26.0
Share premium		190.9	190.6	190.9
Merger reserve		1.0	1.0	1.0
Hedging reserve		(0.4)	(0.6)	(0.4)
Translation reserve		1.5	(0.4)	0.8
Retained earnings		22.6	20.1	21.0
		<u><b>241.6</b></u>	<u><b>236.6</b></u>	<u><b>239.3</b></u>

\* See note 15



## Interim condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained Earnings £m	Total equity £m
At 1 April 2013 *	25.9	190.5	1.0	(0.9)	(0.6)	19.0	<b>234.9</b>
Total comprehensive income *	-	-	-	0.3	0.2	2.3	<b>2.8</b>
Dividends	-	-	-	-	-	(1.6)	<b>(1.6)</b>
Equity settled share-based payments	-	-	-	-	-	0.4	<b>0.4</b>
Issue of shares under the Sharesave Scheme	-	0.1	-	-	-	-	<b>0.1</b>
At 30 September 2013 *	25.9	190.6	1.0	(0.6)	(0.4)	20.1	<b>236.6</b>
Total comprehensive income	-	-	-	0.2	1.2	1.7	<b>3.1</b>
Dividends	-	-	-	-	-	(1.3)	<b>(1.3)</b>
Tax on items taken directly to equity	-	-	-	-	-	0.2	<b>0.2</b>
Equity settled share-based payments	-	-	-	-	-	0.3	<b>0.3</b>
Issue of shares under the Sharesave Scheme	0.1	0.3	-	-	-	-	<b>0.4</b>
At 31 March 2014	26.0	190.9	1.0	(0.4)	0.8	21.0	<b>239.3</b>
Total comprehensive income	-	-	-	-	0.7	2.9	<b>3.6</b>
Dividends	-	-	-	-	-	(1.8)	<b>(1.8)</b>
Equity settled share-based payments	-	-	-	-	-	0.5	<b>0.5</b>
<b>At 30 September 2014</b>	<b>26.0</b>	<b>190.9</b>	<b>1.0</b>	<b>(0.4)</b>	<b>1.5</b>	<b>22.6</b>	<b>241.6</b>

\* Restated - see note 15



## Interim condensed consolidated statement of cash flow

		Six months ended 30 September 2014 £m	Six months ended 30 September 2013 Restated* £m	Year ended 31 March 2014 £m
<b>Cash generated from operations before changes in hire fleet</b>	14	<b>25.9</b>	36.0	63.8
Purchase of hire equipment		<b>(39.1)</b>	(41.7)	(65.8)
Proceeds from sale of hire equipment		<b>11.2</b>	8.1	18.7
<b>Cash generated from operations</b>		<b>(2.0)</b>	2.4	16.7
Interest paid		<b>(5.0)</b>	(2.6)	(6.1)
Tax paid		<b>(2.7)</b>	(0.3)	(5.8)
<b>Net cash flow from operating activities</b>		<b>(9.7)</b>	(0.5)	4.8
<b>Cash flow from investing activities</b>				
Purchase of non-hire property, plant and equipment		<b>(9.3)</b>	(4.4)	(10.7)
Disposal of non-hire property, plant and equipment		-	0.2	-
Investment in jointly controlled entity		-	-	(2.3)
<b>Net cash flow to investing activities</b>		<b>(9.3)</b>	(4.2)	(13.0)
<b>Net cash flow before financing activities</b>		<b>(19.0)</b>	(4.7)	(8.2)
<b>Cash flow from financing activities</b>				
Proceeds from asset based revolving credit facility		<b>20.0</b>	5.9	13.1
Proceeds from the issue of Sharesave Scheme shares		-	0.1	0.5
Dividends paid		<b>(1.8)</b>	(1.6)	(2.9)
<b>Net cash flow from financing activities</b>		<b>18.2</b>	4.4	10.7
<b>(Decrease)/increase in cash</b>		<b>(0.8)</b>	(0.3)	2.5
Cash at the start of the period		<b>2.6</b>	0.1	0.1
<b>Cash/(overdraft) at the end of the period</b>		<b>1.8</b>	(0.2)	2.6
<b>Analysis of cash</b>				
Cash	13	<b>1.8</b>	0.2	2.6
Bank overdraft	13	-	(0.4)	-
		<b>1.8</b>	(0.2)	2.6

\* See note 15



## Notes to the financial statements

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### 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 2014 comprise the Company and its subsidiaries (together referred to as 'the Group').

The financial statements of the Group for the year ended 31 March 2014 are available from the Company's registered office, or from the website: [www.speedyhire.plc.uk](http://www.speedyhire.plc.uk).

The Group meets its day to day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared cash flow projections for the period to March 2016 which show that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the Facilities. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

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

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("EU") and the Disclosure Transparency Rules (DTR) of the UK FCA. As required by the latter, the interim financial statements have been prepared applying the accounting policies and presentation that were applied in the Company's published consolidated financial statements for the year ended 31 March 2014 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 2014.

The comparative figures for the financial year ended 31 March 2014 are not the Company's statutory accounts for that financial year. Those accounts which were prepared under IFRS as adopted by the EU (adopted IFRS) have been reported on by the Company's auditors and delivered to the Registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim report was approved by the Board of Directors on 10 November 2014.

#### Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2014.

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

- IFRS13 Fair Value Measurement
- Amendments to IFRS7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS12 Income Taxes – Deferred tax: Recovery of Underlying Assets





## 1 Basis of preparation (continued)

### Significant accounting policies (continued)

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have also issued the following standards and interpretations which have been endorsed by the EU at 31 March 2014 with an effective date of implementation after the date of these Financial Statements:

International Accounting Standards (IAS/IFRSs)		Effective date (periods beginning on or after)
IFRS10 (revised)	Consolidated Financial Statements	1 January 2014
IFRS11 (revised)	Joint Arrangements	1 January 2014
IFRS12 (revised)	Disclosure of Interests in Other Entities	1 January 2014
IAS27 (revised)	Separate Financial Statements (2011)	1 January 2014
IAS28 (revised)	Investments in Associates and Joint Ventures (2011)	1 January 2014
Amendments to IAS32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's Financial Statements in the period of initial application.

### Seasonality

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

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

## 2 Changes in estimates

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

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty for the consolidated financial statements for the year ended 31 March 2014 continued to apply. In addition, as a result of refinancing the Group's debt facilities in the period, judgement was applied in the determining the treatment of loan arrangements and associated fees, in accordance with IAS39 Financial Instruments. Following both quantitative and qualitative assessment of the changes to the loan relationship, it was concluded that the changes were a modification of the original loan relationship and that the changes were not substantial.

## 3 Exceptional items

During the period, exceptional costs of £3.4m have been incurred as the business has rolled out its new network structure, changed the management structure in a number of areas and cancelled the International debt facility.

Exceptional costs of £1.5m were incurred in the period as the programme to reconfigure the depot network continued. These costs include provisions for onerous leases which remain as a result of the changes and costs relating to implementing the change programme.

Costs relating to changing the management structure totalled £1.6m, with the balance of £0.3m incurred in considering the strategic options for the International division.

Exceptional financial expenses of £0.3m relate to costs incurred in cancelling debt facilities during the period.



## 4 Segmental analysis

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

**For the six months ended 30 September 2014**

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
<b>Revenue</b>	176.3	13.0	-	189.3
<b>Segment result:</b>				
EBITDA	40.7	(0.3)	(2.9)	37.5
Amortisation	(1.3)	-	-	(1.3)
Depreciation	(20.4)	(3.0)	(0.3)	(23.7)
Exceptional costs	(2.3)	-	(1.1)	(3.4)
<b>Operating profit/(loss)</b>	16.7	(3.3)	(4.3)	9.1
Share of results of jointly controlled entities	-	0.4	-	0.4
<b>Profit/(loss) from operations</b>	16.7	(2.9)	(4.3)	9.5
Financial expense				(4.2)
<b>Profit before tax</b>				5.3
Taxation				(2.4)
<b>Profit for the financial period</b>				2.9
Intangible assets	50.0	-	-	50.0
Investment in jointly controlled entities	-	4.4	-	4.4
Hire equipment	211.8	30.5	-	242.3
Non-hire equipment	32.1	3.1	-	35.2
Current assets	110.5	11.7	0.7	122.9
Cash	-	-	1.8	1.8
	404.4	49.7	2.5	456.6
Liabilities	(83.4)	(8.8)	(5.5)	(97.7)
Borrowings	-	-	(106.2)	(106.2)
Taxation liabilities	-	-	(11.1)	(11.1)
Total liabilities	(83.4)	(8.8)	(122.8)	(215.0)
Capital expenditure	51.9	3.6	-	55.5



#### 4 Segmental analysis (continued)

For the six months ended 30 September 2013

	UK & Ireland Asset Services £m	International Asset Services Restated* £m	Corporate items £m	Total Restated* £m
<b>Revenue</b>	158.8	9.9	-	168.7
<b>Segment result:</b>				
EBITDA	32.9	0.3	(2.8)	30.4
Amortisation	(1.5)	-	-	(1.5)
Depreciation	(19.8)	(2.2)	(0.5)	(22.5)
<b>Operating profit/(loss)</b>	<u>11.6</u>	<u>(1.9)</u>	<u>(3.3)</u>	<u>6.4</u>
Financial expense				(3.4)
<b>Profit before tax</b>				<u>3.0</u>
Taxation				(0.9)
<b>Profit for the financial period</b>				<u>2.1</u>
Intangible assets	52.7	-	-	52.7
Hire equipment	198.8	33.3	-	232.1
Non-hire equipment	27.1	0.1	-	27.2
Current assets	92.1	10.3	1.2	103.6
Cash	-	-	0.2	0.2
	<u>370.7</u>	<u>43.7</u>	<u>1.4</u>	<u>415.8</u>
Liabilities	(72.9)	(5.0)	(7.0)	(84.9)
Bank overdraft	-	-	(0.4)	(0.4)
Borrowings	-	-	(79.1)	(79.1)
Taxation liabilities	-	-	(14.8)	(14.8)
<b>Total liabilities</b>	<u>(72.9)</u>	<u>(5.0)</u>	<u>(101.3)</u>	<u>(179.2)</u>
<b>Capital expenditure</b>	<u>43.1</u>	<u>4.5</u>	<u>-</u>	<u>47.6</u>

\* See note 15



#### 4 Segmental analysis (continued)

For the year ended 31 March 2014

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
<b>Revenue</b>	328.1	21.6	-	349.7
<b>Segment result:</b>				
EBITDA	73.3	0.8	(5.4)	68.7
Amortisation	(2.9)	-	-	(2.9)
Depreciation	(40.6)	(5.1)	(0.9)	(46.6)
Exceptional restructuring costs	(2.4)	(0.7)	(1.6)	(4.7)
<b>Operating profit/(loss)</b>	27.4	(5.0)	(7.9)	14.5
Share of results of jointly controlled entities	-	(0.1)	-	(0.1)
<b>Profit/(loss) from operations</b>	27.4	(5.1)	(7.9)	14.4
Financial expense				(7.4)
<b>Profit before tax</b>				7.0
Taxation				(3.0)
<b>Profit for the financial period</b>				4.0
Intangible assets	51.3	-	-	51.3
Investment in jointly controlled entities	-	4.0	-	4.0
Hire equipment	192.3	33.2	-	225.5
Non-hire equipment	28.7	0.9	-	29.6
Current assets	93.9	10.7	0.6	105.2
Cash	-	-	2.6	2.6
	366.2	48.8	3.2	418.2
Liabilities	(68.8)	(8.7)	(3.0)	(80.5)
Borrowings	-	-	(87.0)	(87.0)
Taxation liabilities	-	-	(11.4)	(11.4)
Total liabilities	(68.8)	(8.7)	(101.4)	(178.9)
Capital expenditure	66.7	9.8	-	76.5



#### 4 Segmental analysis (continued)

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

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

##### **Geographical information**

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

	Six months ended 30 September 2014		Six months ended 30 September 2013 Restated*		Year ended 31 March 2014	
	Revenue £m	Non- current assets £m	Revenue £m	Non- current assets £m	Revenue £m	Non- current assets £m
UK	173.4	286.6	156.3	272.3	322.9	265.3
Ireland	2.9	7.3	2.5	6.3	5.2	7.0
Other countries	13.0	38.0	9.9	33.4	21.6	38.1
	<b>189.3</b>	<b>331.9</b>	<b>168.7</b>	<b>312.0</b>	<b>349.7</b>	<b>310.4</b>

\* See note 15

##### **Major customer**

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

#### 5 Financial expense

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
Interest on bank loans and overdrafts	2.1	1.6	5.1
Amortisation of issue costs	0.9	0.7	1.5
	<b>3.0</b>	<b>2.3</b>	<b>6.6</b>
Hedge interest payable	0.2	0.3	0.5
Other finance costs	0.7	0.8	0.3
	<b>3.9</b>	<b>3.4</b>	<b>7.4</b>
Finance expense before exceptional costs	3.9	3.4	7.4
Exceptional finance expense	0.3	-	-
	<b>4.2</b>	<b>3.4</b>	<b>7.4</b>



## 6 Taxation

The corporation tax charge for the six months ended 30 September 2014 is based on an effective rate of taxation of 34.4% before exceptional items (2013: 30.0%); 45.3% after exceptional items. This has been calculated by reference to the projected charge for the full year ending 31 March 2015, applying the applicable UK corporation tax rate of 21% (2013: 23%). Deferred tax is provided using the tax rates that are expected to apply to the period in which the liability is settled, based on the tax rates that have been enacted at the balance sheet date, 30 September 2014.

## 7 Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to equity holders of the Company of £2.9m (2013: £2.1m) and the weighted average number of 5 pence ordinary shares in issue and is calculated as follows:

	Six months ended 30 September 2014	Six months ended 30 September 2013 Restated*	Year ended 31 March 2014
<b>Profit (£m)</b>			
Profit for the period after tax – basic earnings	2.9	2.1	4.0
Intangible amortisation charge (after tax)	1.2	1.3	2.5
Exceptional items (after tax)	3.0	-	3.9
Adjusted earnings (after tax)	<u>7.1</u>	<u>3.4</u>	<u>10.4</u>
<b>Weighted average number of shares in issue (million)</b>			
At the beginning of the period	513.0	507.2	507.7
Change in weighted average number of ordinary shares	0.2	0.8	2.5
At the end of the period – basic number of shares	513.2	508.0	510.2
Share options	4.8	1.7	4.6
Employee share schemes	2.2	5.5	2.4
At the end of the period – diluted number of shares	<u>520.2</u>	<u>515.2</u>	<u>517.2</u>
<b>Earnings per share (pence)</b>			
Basic earnings per share	0.56	0.41	0.78
Amortisation	0.24	0.26	0.50
Exceptional costs	0.59	-	0.77
Adjusted earnings per share	<u>1.39</u>	<u>0.67</u>	<u>2.05</u>
Basic earnings per share	0.56	0.41	0.78
Share options	(0.01)	-	(0.01)
Employee share schemes	(0.01)	(0.01)	(0.01)
Diluted earnings per share	<u>0.54</u>	<u>0.40</u>	<u>0.76</u>
Adjusted earnings per share	1.39	0.67	2.05
Share options	(0.02)	-	-
Employee share schemes	(0.01)	(0.01)	(0.02)
Adjusted diluted earnings per share	<u>1.36</u>	<u>0.66</u>	<u>2.03</u>

\* See note 15

Total number of shares outstanding at 30 September 2014 amounted to 520,531,961 (2013: 518,279,639).



## 8 Dividends

The aggregate amount of dividend comprises:

	<b>Six months ended 30 September 2014 £m</b>	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
2013 final dividend (0.31 pence on 517.9m ordinary shares)	-	1.6	1.6
2014 interim dividend (0.26 pence on 518.3m ordinary shares)	-	-	1.3
2014 final dividend (0.35 pence on 520.3m ordinary shares)	<b>1.8</b>	-	-
	<u>1.8</u>	<u>1.6</u>	<u>2.9</u>

Subsequent to the end of the period, and not included in the results for the period, the Directors have declared an interim dividend of 0.30 pence (2014 interim dividend: 0.26 pence) per share, to be paid on 30 January 2015 to shareholders on the register on 9 January 2015.

## 9 Non-GAAP performance measures

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

	<b>Six months ended 30 September 2014 £m</b>	Six months ended 30 September 2013 Restated* £m	Year ended 31 March 2014 £m
Operating profit	<b>9.1</b>	6.4	14.5
Add back: amortisation	<b>1.3</b>	1.5	2.9
Add back: exceptional costs	<b>3.4</b>	-	4.7
<b>Operating profit before amortisation and exceptional costs</b>	<b>13.8</b>	7.9	22.1
Add back: depreciation	<b>23.7</b>	22.5	46.6
<b>EBITDA before exceptional costs</b>	<b>37.5</b>	30.4	68.7
Profit before tax	<b>5.3</b>	3.0	7.0
Add back: amortisation	<b>1.3</b>	1.5	2.9
Add back: exceptional costs – administrative costs	<b>3.4</b>	-	4.7
Add back: exceptional costs – financial expense	<b>0.3</b>	-	-
<b>Profit before tax, amortisation and exceptional costs</b>	<b>10.3</b>	4.5	14.6

\* See note 15



## 10 Investment in jointly controlled entities

	Equity investment £m	Loan advances £m	Total £m
<b>Cost</b>			
At 1 April 2013 and 30 September 2013	-	-	-
Purchase of shares in joint venture	2.7	-	2.7
Loan to joint venture	-	1.5	1.5
Effect of movement in foreign exchange rates	(0.1)	-	(0.1)
	<u>2.6</u>	<u>1.5</u>	<u>4.1</u>
<b>At 31 March 2014 and 30 September 2014</b>			
<b>Share of post-acquisition results</b>			
At 1 April 2013 and 30 September 2013	-	-	-
Share of results for the year after tax	(0.1)	-	(0.1)
	<u>(0.1)</u>	<u>-</u>	<u>(0.1)</u>
At 31 March 2014	(0.1)	-	(0.1)
Share of results for the year after tax	0.4	-	0.4
	<u>0.4</u>	<u>-</u>	<u>0.4</u>
<b>At 30 September 2014</b>	<b><u>0.3</u></b>	<b><u>-</u></b>	<b><u>0.3</u></b>
<b>Net book value</b>			
<b>At 30 September 2014</b>	<b><u>2.9</u></b>	<b><u>1.5</u></b>	<b><u>4.4</u></b>
At 31 March 2014	<u>2.5</u>	<u>1.5</u>	<u>4.0</u>
At 30 September 2013	<u>-</u>	<u>-</u>	<u>-</u>





## 11 Property, plant & equipment

	Land & buildings £m	Hire equipment Restated* £m	Other £m	Total £m
<b>Cost</b>				
At 1 April 2013	33.8	375.7	63.5	473.0
Foreign exchange	-	(0.2)	-	(0.2)
Additions	2.3	43.2	2.1	47.6
Disposals	(0.1)	(13.2)	(0.4)	(13.7)
Transfers to inventory	-	(9.8)	-	(9.8)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	36.0	395.7	65.2	496.9
Foreign exchange	(0.1)	(0.2)	-	(0.3)
Additions	3.9	21.6	2.4	27.9
Disposals	-	(19.9)	(0.1)	(20.0)
Transfers to inventory	-	(10.6)	-	(10.6)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	39.8	386.6	67.5	493.9
Foreign exchange	-	(0.1)	-	(0.1)
Additions	6.6	46.2	2.7	55.5
Disposals	-	(17.3)	-	(17.3)
Transfers to inventory	-	(5.1)	-	(5.1)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2014</b>	<b>46.4</b>	<b>410.3</b>	<b>70.2</b>	<b>526.9</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>				
At 1 April 2013	19.8	161.5	50.0	231.3
Foreign exchange	-	(0.1)	-	(0.1)
Charged in period	1.4	17.9	3.2	22.5
Disposals	-	(8.9)	(0.4)	(9.3)
Transfers to inventory	-	(6.8)	-	(6.8)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	21.2	163.6	52.8	237.6
Foreign exchange	-	-	-	-
Charged in period	1.2	20.3	2.6	24.1
Disposals	-	(15.2)	(0.1)	(15.3)
Transfers to inventory	-	(7.6)	-	(7.6)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	22.4	161.1	55.3	238.8
Foreign exchange	-	(0.1)	-	(0.1)
Charged in period	1.7	20.0	2.0	23.7
Disposals	-	(11.3)	-	(11.3)
Transfers to inventory	-	(1.7)	-	(1.7)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2014</b>	<b>24.1</b>	<b>168.0</b>	<b>57.3</b>	<b>249.4</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>				
<b>At 30 September 2014</b>	<b>22.3</b>	<b>242.3</b>	<b>12.9</b>	<b>277.5</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2014	17.4	225.5	12.2	255.1
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2013	14.8	232.1	12.4	259.3
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

\* See note 15



## 12 Financial instruments

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

The Group does not engage in trading or speculative activities using derivative financial instruments. A Group offset arrangement exists in order to minimise the interest costs on outstanding debt.

### **Fair value of financial assets and liabilities**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 September 2014		30 September 2013 Restated*		31 March 2014	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	108.8	108.8	85.6	85.6	91.2	91.2
Cash	1.8	1.8	0.2	0.2	2.6	2.6
Bank overdraft	-	-	(0.4)	(0.4)	-	-
Secured bank borrowings	(106.2)	(106.2)	(79.1)	(79.1)	(87.0)	(87.0)
Interest rate swaps and caps, for hedging	(0.1)	(0.1)	(0.4)	(0.4)	(0.1)	(0.1)
Trade and other payables	(65.1)	(65.1)	(57.0)	(57.0)	(55.8)	(55.8)
	<u>(60.8)</u>	<u>(60.8)</u>	<u>(51.1)</u>	<u>(51.1)</u>	<u>(49.1)</u>	<u>(49.1)</u>
Unrecognised gain/(loss)		-		-		-

\* See note 15

### **Basis for determining fair values**

The following summarises the principal methods and assumptions used in estimating the fair value of financial instruments reflected in the table above:

- (a) Derivatives - Broker quotes are used for all interest rate swaps.
- (b) Interest-bearing loans and borrowings - Fair value is calculated based on discounted expected future principal and interest cash flows.
- (c) Trade and other receivables/payables - For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

### **Interest rates used for determining fair value**

The interest rate used to discount estimated cash flows, where applicable, has been estimated at 10.2% (2013: 11.7%).

### **Fair value hierarchy**

The Group and Company's financial instruments relate to cash flow hedges, which are carried at fair value in both the current and prior year. The valuation is based on inputs other than quoted prices but which are directly observable (i.e. as prices) (classified as Level 2 in accordance with IFRS7).



## 12 Financial instruments (continued)

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

	30 September 2014		30 September 2013		31 March 2014	
	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m
<b>Designated as cash flow hedges</b>						
Fixed interest rate swaps	(0.1)	55.0	(0.4)	65.0	(0.1)	55.0

The weighted average interest rate of the fixed interest rate swaps is 1.167% (2013: 1.442%) and the instruments are for a weighted average period of 15 months (2013: 16 months). The maximum contractual period is 24 months.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. No individual customer accounts for more than 10% of the Group's sales transactions, and the Group's exposure to outstanding indebtedness follows this profile. No collateral is held as security in respect of amounts outstanding; however, in a number of instances, deposits are held against the value of hire equipment provided. The extent of deposit taken is assessed on a case-by-case basis, and is not considered significant in comparison to the overall amounts receivable from customers.

Transactions involving derivative financial instruments are undertaken with counterparties within the syndicate of banks which provide the Group's asset-based revolving credit facility. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Group establishes an allowance for impairment that is based on historical experience of dealing with customers with the same risk profile.

### Liquidity risk

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

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

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

Details of the Group's loan facilities are detailed in note 13.



## 13 Borrowings

	<b>30 September 2014 £m</b>	30 September 2013 £m	31 March 2014 £m
<b><i>Current borrowings</i></b>			
Bank overdraft	-	0.4	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b><i>Non-current borrowings</i></b>			
Maturing between two and five years			
- Asset backed facilities	<b>106.2</b>	79.1	86.1
- International facility	-	-	0.9
	<u>          </u>	<u>          </u>	<u>          </u>
Total non-current borrowings	<b>106.2</b>	79.1	87.0
	<u>          </u>	<u>          </u>	<u>          </u>
Total borrowings	<b>106.2</b>	79.5	87.0
Less: cash	<b>(1.8)</b>	(0.2)	(2.6)
	<u>          </u>	<u>          </u>	<u>          </u>
	<b>104.4</b>	79.3	84.4
	<u>          </u>	<u>          </u>	<u>          </u>

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

In September 2014, the Group refinanced its asset based revolving credit facility and cancelled the International revolving credit facility. The refinanced £180m asset based revolving credit facility is sub divided into:

- (i) A secured overdraft facility, provided by Barclays Bank Plc which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.
- (ii) An asset based revolving credit facility of up to £175m. The availability of this facility is dependent upon the Group's hire equipment and trade receivables and at 30 September 2014, the undrawn availability was £59.3m (2013: £67.0m).

The Facility is for £180m, but is reduced to the extent that any ancillary facilities are provided, and is repayable in September 2019, with no prior scheduled repayment requirements.

Interest on the refinanced facility is calculated by reference to the London Inter Bank Offer Rate applicable to the period drawn, plus a margin of 170 to 275 basis points (prior to refinancing: 225 to 400 basis points), depending on leverage and on the components of the borrowing base. During the period, the effective margin was 3.06% (2013: 2.79%).

The effective interest rate applicable to cash deposits during the period was 0.70% (2013: 0.70%).



## 14 Note to the cash flow statement

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 Restated* £m	Year ended 31 March 2014 £m
<b>Cash flow from operating activities</b>			
Profit before tax	5.3	3.0	7.0
Financial expense	4.2	3.4	7.4
Amortisation	1.3	1.5	2.9
Depreciation	23.7	22.5	46.6
Share of (profit)/loss of equity accounted investees	(0.4)	-	0.1
Profit on disposal of hire equipment	(1.8)	(0.8)	(3.7)
(Profit)/loss on disposal of other property, plant and equipment	-	(0.1)	0.2
Decrease/(increase) in inventories	1.5	(0.4)	1.1
Increase in trade and other receivables	(19.2)	(7.2)	(10.3)
Increase in trade and other payables	10.8	14.0	11.2
Movement in provisions	-	(0.3)	0.6
Equity-settled share-based payments	0.5	0.4	0.7
	<u>25.9</u>	<u>36.0</u>	<u>63.8</u>

\* See note 15

## 15 Prior period adjustment – International division accounting irregularities

Following management changes within the International division, information emerged indicating the mis-statement of a number of accounting balances within the International division which following investigation were determined to have a total value of £4.8m. These mis-statements included the overstatement of revenues and the understatement of costs, resulting in an overstatement of net assets of £0.6m at 31 March 2012 and £2.1m at 31 March 2013. Adjustment was made in the Financial Statements for the year to 31 March 2014 to correct for the mis-statements in the years to 31 March 2012 and 31 March 2013. The remaining £2.7m charge to the Income Statement for the year ended 31 March 2014 was identified after the interim results for the period to 30 September 2013 and the charge to correct the mis-statements in the year to 31 March 2014 was made during the second half of the year, notwithstanding that some of the issues related to the performance of the business during the first half. As a result, and in accordance with IAS8, the Group has restated comparative amounts for the six month period ended 30 September 2013.



## 15 Prior period adjustment – International division accounting irregularities (continued)

### Consolidated statement of financial position

	As previously reported £m	International division mis-statement £m	As restated £m
<b>At 31 March 2013</b>			
Intangible assets	54.2	-	54.2
Property, plant and equipment	242.0	(0.3)	241.7
Inventories	13.5	(0.6)	12.9
Trade and other receivables	84.3	(1.2)	83.1
Cash	0.2	-	0.2
<b>Total assets</b>	<b>394.2</b>	<b>(2.1)</b>	<b>392.1</b>
Trade and other payables	(67.8)	-	(67.8)
Other current liabilities	(5.7)	-	(5.7)
Non-current liabilities	(83.7)	-	(83.7)
<b>Total liabilities</b>	<b>(157.2)</b>	<b>-</b>	<b>(157.2)</b>
<b>Total equity</b>	<b>237.0</b>	<b>(2.1)</b>	<b>234.9</b>
<b>At 30 September 2013</b>			
Intangible assets	52.7	-	52.7
Property, plant and equipment	259.9	(0.6)	259.3
Inventories	13.9	(0.6)	13.3
Trade and other receivables	93.5	(3.2)	90.3
Cash	0.2	-	0.2
<b>Total assets</b>	<b>420.2</b>	<b>(4.4)</b>	<b>415.8</b>
Trade and other payables	(83.0)	-	(83.0)
Other current liabilities	(6.9)	-	(6.9)
Non-current liabilities	(89.3)	-	(89.3)
<b>Total liabilities</b>	<b>(179.2)</b>	<b>-</b>	<b>(179.2)</b>
<b>Total equity</b>	<b>241.0</b>	<b>(4.4)</b>	<b>236.6</b>

### Consolidated statement of profit and loss for six months ended 30 September 2013

	As previously reported £m	International division mis-statement £m	As restated £m
Revenue	169.8	(1.1)	168.7
Cost of sales	(61.9)	(0.7)	(62.6)
Distribution costs	(18.5)	-	(18.5)
Administrative costs	(80.7)	(0.5)	(81.2)
Financial expenses	(3.4)	-	(3.4)
Taxation	(0.9)	-	(0.9)
<b>Profit</b>	<b>4.4</b>	<b>(2.3)</b>	<b>2.1</b>



## **16 Contingent liabilities**

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

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

## **17 Commitments**

The Group had contracted capital commitments amounting to £10.6m (2013: £6.5m) at the end of the financial period for which no provision has been made.

## **18 Related party disclosures**

On the 15 October 2014, Lynn Krige ceased to be a director of Speedy Hire Plc. In accordance with the terms of her service agreement, a payment of £0.3m was accrued at 30 September 2014 and has been subsequently paid. Other than the payment to Lynn Krige, 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 2014 Annual Report.



## Directors' Responsibilities

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We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS34 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.

M Rogerson  
Director  
10 November 2014





## Independent Review Report by KPMG LLP to Speedy Hire Plc

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### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 which comprises the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated balance sheet, the interim condensed consolidated cash flow statement, the interim condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). 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 FCA.

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 IAS34 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 2014 is not prepared, in all material respects, in accordance with IAS34 as adopted by the EU and the DTR of the UK FCA.

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

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