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## DIRECTORS AND ADVISORS

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### Honorary President

Margaret A Pilkington

### Executive Directors

Jeremy F G Pilkington, B.A. (Chairman and Chief Executive)

Neil A Stothard, M.A., F.C.A.

### Non-Executive Directors

Barrie Cottingham, F.C.A., A.T.I.I.

Peter W Parkin

### Secretary

Neil A Stothard, M.A., F.C.A.

### Registered Office

Central House, Beckwith Knowle,

Otley Road, Harrogate, North Yorkshire, HG3 1UD

Registered in England: No 481833

Telephone: (01423) 533400

### Auditors

KPMG Audit Plc, 1 The Embankment,

Neville Street, Leeds, West Yorkshire, LS1 4DW

### Solicitors

Hammond Suddards,

2 Park Lane, Leeds, West Yorkshire, LS3 1ES

### Registrars and Transfer Office

Capita IRG plc, Bourne House,

34 Beckenham Road, Beckenham, Kent, BR3 4TU

### Bankers

National Westminster Bank Plc

### Merchant Bankers

N M Rothschild & Sons Limited

### Stockbrokers

Credit Lyonnais Securities

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**FINANCIAL INFORMATION**

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	2000	1999
Turnover	£55.0m	£52.5m
Profit on ordinary activities before taxation	£3.4m	£3.3m
Profit on ordinary activities before taxation and exceptional items	£3.7m	£3.3m
Earnings and diluted earnings per share	4.22p	5.77p
Earnings and diluted earnings per share before exceptional items	5.94p	5.77p
Dividend per share	4.05p	4.05p
Shareholders' funds	£46.5m	£46.4m
Net debt	£12.3m	£17.7m
Net debt / shareholders' funds	26.5%	38.1%
Expenditure on rental equipment	£10.2m	£13.7m
Cash outflow for acquisitions	£1.8m	£1.6m

This year has seen a number of important decisions taken concerning the future composition and direction of the Group businesses.

The good progress achieved in those areas which we identified last year as being the primary focus of our future growth strategy has unfortunately been significantly offset by the continuing under-performance of the general plant business.

We have therefore now implemented a programme for withdrawing, with certain specific exceptions, from general plant. The withdrawal programme is already underway and will be substantially completed by the half year stage.

In future, the Group will be focused on three businesses which we believe offer better quality profit opportunities. I discuss these below under the headings of Vibroplant, Tool Hire and Torrent Trackside.

## **SUMMARY OF RESULTS**

Group profit before tax rose to £3.43m (1999: £3.30m) on turnover of £55.0m (1999: £52.5m).

Two exceptional items are shown in this year's accounts. The charge of £1.77m relates to the cost of business termination. The exceptional credit of £1.49m is the recognition of the final element of the profit from the sale of our US business in 1996 following the expiry of residual environmental warranties in February of this year.

Without these two exceptional items, the underlying profitability before tax of the Group rose 12% to £3.7m.

Earnings per share were 4.22 pence (1999: 5.77 pence) or, excluding the exceptional items, 5.94 pence.

Strong operational cash flow reduced gearing at the year end to 27% (1999: 38%) after acquisitions of £1.8m and gross capital expenditure of £8.9m. The Group has significant funding capacity to pursue its growth objectives.

The directors are recommending a final dividend of 2.65 pence per share payable on 3 October 2000 to shareholders on the register at 4 September 2000, giving a maintained total dividend for the year of 4.05 pence per share.

## **VIBROPLANT**

Turnover in the year was £34.6m (1999: £37.2m) generating operating profits of £2.2m (1999: £3.0m). Gross capital investment in fleet assets totalled £7.6m (1999: £10.8m).

### **General Plant**

General plant has traditionally been the largest product group within Vibroplant, both in terms of turnover and capital employed, but has continued to underperform, due in the main to uneconomic market pricing.

Despite the efficiency improvements that we have achieved in recent years, including the benefit of the move to regional hire centres, we have concluded that the likely extent of any further improvement in general plant is insufficient to warrant continuance of these activities

on the current scale. We are therefore, with the exception of certain forklift products which I discuss below in more detail, withdrawing from the hire of general plant in England and Wales. We will retain our significant general plant presence in Scotland where we enjoy a strong market position.

Investment in the general plant fleet totalled £1.9m in the year.

As previously announced, we completed the sale of our powered access hire fleet in April 2000 to Lavendon Plc for £3.76m. The net book value of assets was £4.18m and the loss on the sale is contained within the exceptional charge shown in these accounts. The powered access fleet had experienced a sharp decline in revenues as over capacity from existing and new entrants impacted the market.

The Vibroplant division is now focused on the following four well established businesses operating in strong growth markets.

### **UK Forks**

A substantial proportion of the capital investment in general plant in recent years has been directed at building a strong presence in the forklift market serving the housebuilding, industry and general construction sectors. We have now extracted this activity from the broader general plant offering and established a separate business that has recently been nationally launched as UK Forks. We anticipate further significant investment in this business as we grow market share and profitability.

Investment in fleet in the year totalled £4.1m.

### **Airpac**

Airpac is our long established compressed air rental business and this activity will be retained and expanded. In the offshore market, Airpac is the leading supplier to the North Sea oil and gas industry as well as supporting our customers in international markets. Onshore, we have lower market share but we have identified significant growth opportunities, particularly in the industrial field.

Fleet investment totalled £0.4m in the year.

### **Groundforce**

Groundforce has continued to consolidate its strong market position through the introduction of a broader range of engineering products supported by advanced technical and design capability. New trench lining systems, heavy-duty hydraulic braces and struts give Groundforce a comprehensive solution to most temporary works situations.

Fleet investment totalled £1.0m in the year.

### **Safeforce**

Safety Services had a very satisfactory year and has, in the new financial year, been relaunched as Safeforce. Safeforce enjoys excellent growth prospects within a rapidly expanding market for safety products and training. A major programme of product expansion including sales and training offerings will complement the existing equipment hire business.

Fleet investment totalled £0.2m in the year.

## TOOL HIRE

Important developments took place in our tool hire businesses in the year as we pursued our strategy of building a national network of hire shops. Organic growth and acquisition gave us our first presence in the key Scottish and South Western markets respectively and, post the year end, we made our most substantial tool hire investment to date with the acquisition of The Handi Hire Group Limited. Handi Hire was acquired on 31 May for a consideration of £2.6m. Handi has twenty four branches across the Midlands and increases our network by almost 50% with an excellent geographic fit with our existing locations.

All businesses achieved organic revenue growth with new hire stores opened in Huddersfield, Oldham, Milton Keynes, Glasgow, Paisley, Crawley, Leicester and Stoke. The acquisitions of Renter Center (Swindon, Melksham, Chippenham), Aytee (Barnsley), Thanet (Margate) and Trademaster (Bristol) were successfully integrated and have all shown significant revenue growth post acquisition.

In October, we launched our national tool hire call centre, The Hire Station. The Hire Station offers customers a single order point for tools sourcing throughout the UK. We also launched shortly after the year end a catalogue and on-line sales business, Tools & Fixings Direct ([www.toolfixdirect.co.uk](http://www.toolfixdirect.co.uk)).

As part of the convergence of our tool businesses as we achieve more comprehensive national coverage, an integrated tool catalogue was introduced last year offering a uniform selection of equipment and trading terms across all our tools brands. Also, the standardised I.T. platform introduced in late 1998 has improved transparency and comparability amongst the tool businesses as well as enhancing our ability to respond to customer requests for bespoke asset management information.

Turnover in the year totalled £16.3m (1999: £11.7m), generating operating profits of £1.4m (1999: £1.4m). Gross fleet investment in these businesses totalled £4.6m (1999: £3.6m).

## TORRENT TRACKSIDE

Torrent Trackside produced very satisfactory results for the year and consolidated its market leading reputation for quality and expertise. The industry now appears much clearer about the scale and direction of future infrastructure investment and Torrent's achievements over recent years have positioned it well to take advantage of the growing future workload.

Turnover in the year totalled £4.1m (1999: £3.6m) generating operating profit of £0.8m (1999: £0.4m). Gross capital investment in rental equipment totalled £0.9m (1999: £0.4m).

## OUTLOOK

Arising from the developments outlined above, there have unfortunately been a significant number of redundancies in the Group and for those remaining, the refocusing process understandably presents a significant challenge. On behalf of the Board, I thank all concerned for their forbearance and understanding.

I believe that this change in focus away from traditional general plant will improve shareholder returns in the medium term as the Group progressively moves to markets offering superior growth and return opportunities.

Consequently, notwithstanding the significant costs that will be incurred in 2000/2001 through to the completion of the restructuring programme, I look forward to the current year with confidence.

Jeremy Pilkington

26 June 2000



## SUMMARY OF RESULTS

Group turnover increased to £55.0m, a 5% increase (1999: £52.5m), including a contribution from acquisitions in the year of £1.3m.

Operating profit at £4.4m (1999: £4.8m) represented a margin of 8.1% on turnover (1999: 9.1%).

Profit before tax and exceptional items was £3.7m (1999: £3.3m)

## VIBROPLANT

Turnover in the year was £34.6m (1999: £37.2m) generating operating profits of £2.2m (1999: £3.0m). Gross capital investment in fleet assets totalled £7.6m (1999: £10.8m).

The average number of employees was 564 (1999: 623).

## TOOL HIRE

Turnover in the year totalled £16.3m (1999: £11.7m), generating operating profits of £1.4m (1999: £1.4m). Gross capital investment in these businesses totalled £4.6m (1999: £3.6m).

The average number of employees was 309 (1999: 250).

## TORRENT TRACKSIDE

Turnover in the year totalled £4.1m (1999: £3.6m) generating operating profit of £0.8m (1999: £0.4m). Gross capital investment in rental equipment totalled £0.9m (1999: £0.4m).

The average number of employees was 78 (1999: 94).

## CASH FLOW

The Group continued to produce strong net cash inflows from operating activities totalling £14.4m (1999: £13.8m). In cash flow terms, gross capital expenditure in the period was £8.9m (1999: £14.3m). Disposal of fixed assets was again a strong cash contributor at £6.0m, giving a net cash outflow on capital expenditure of £2.9m. The net cost of acquisitions during the year was £1.8m.

## NET DEBT AND INTEREST

Net debt at the year end totalled £12.3m (1999: £17.7m) a significant reduction in the gearing position of the Group which, at 31 March 2000, was 27% (1999: 38%). The funding requirement to support the capital investment and acquisitions in the period was generated from the organic cash flow of the Group.

Bank debt funding decreased from £8.7m to £5.9m during the year. Bank debt consists of a £6.0m medium-term floating rate loan and cash at bank. The Group has an overdraft facility which operates on a floating rate basis. Net debt also includes loan notes issued to vendors of acquisitions which are not guaranteed.

The balance of the net debt relates to fixed rate finance lease and hire purchase agreements. The total liability on these agreements was £6.3m at the year end (1999: £9.0m).

The Group's financial instruments comprise borrowings, medium-term loans, cash liquid resources and various items such as trade debtors, trade creditors, etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments relate to interest rates and liquidity. The Board regularly reviews the interest rate and liquidity position of the Group.

The Group finances its operations by a mixture of retained profits, bank borrowings, finance lease and hire purchase. The Group has no borrowings or deposits in foreign currency. At the year end 51% of the Group debt was at fixed interest rates (finance lease and hire purchase) and 49% on floating interest rates (overdraft and medium-term loan and loan notes). There are no cash deposits. It is the Board's policy to continually review the interest rate risk position and the Group will continue to underpin a significant element of its debt going forward by way of fixed interest rate instruments.

As stated above, the Group has a £6.0m, 3 year medium-term bank loan. Further liquidity is achieved from the finance lease and hire purchase facilities which extend up to 5 years. Short-term flexibility for running the Group is achieved via the overdraft facility of £7.5m.

The Group net interest charge was £0.7m (1999: £1.5m) after interest on finance leases of £0.5m (1999: £0.8m). Interest cover increased to 5.72 (1999: 3.24) at the year end.

The numeric disclosures required by Financial Reporting Standard 13 are set out in notes 17 and 18. As permitted by FRS13 short-term debtors and creditors have been excluded from such disclosure.

## SHAREHOLDERS' FUNDS

Group shareholders' funds at the year end totalled £46.5m (1999: £46.4m). Shareholders' funds include capitalised goodwill totalling £2.0m, which is being amortised over its estimated useful life of 20 years. The goodwill related to acquisitions made during the financial year totalled £1.2m.

## TAXATION

The taxation charge of £1.5m (1999: £0.7m) represents an effective tax rate of 44% (1999: 20%) on the profit before tax for the year. This high effective tax rate is due to the low tax credit associated with the exceptional charge of £1.77m.

The Directors of Vibroplant plc present their annual report and the audited financial statements for the year ended 31 March 2000.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group is equipment rental and associated services conducted almost entirely in the United Kingdom.

A review of the development of the business and the current trading position is provided in the Chairman's Statement and the Financial Review.

## DIVIDEND

The Directors propose a final dividend of 2.65 pence (1999: 2.65 pence) per share. Subject to approval at the Annual General Meeting, shareholders will receive a total dividend for the year of 4.05 pence (1999: 4.05 pence) per share, a total payment, net of waived dividends, of £1,797,000 (1999: £1,859,000).

The final dividend will be paid to shareholders on the register of members of the Company on 4 September 2000 and it is proposed that dividend warrants be posted on 3 October 2000.

## DIRECTORS

The Directors who held office during the year were as follows:

Jeremy F G Pilkington (49) has been Chairman and Chief Executive since 1981. He is a member of the Audit and Remuneration Committees.

Neil A Stothard (42) was appointed Group Finance Director in 1997. He was previously Group Finance Director of Gray Dawes Group, a business travel management company and prior to that, Divisional Finance Director of Transport Development Group plc.

Barrie Cottingham (66) was appointed a non-executive Director in 1996. Until his retirement in 1995 he was a senior partner at Coopers & Lybrand. Currently, he is non-executive Chairman of SIG plc and Cattles plc, and a non-executive Director of Dew Pitchmastic plc. He is Chairman of the Audit Committee and a member of the Remuneration Committee.

Peter W Parkin (54) was appointed a non-executive Director on 4 January 2000. He is Chairman of Wheeldon Brothers Limited, a private house building company and had previously been Chairman and Chief Executive of Raine plc. He is Chairman of the Remuneration Committee and a member of the Audit Committee.

Stuart J Doughty - resigned 4 January 2000.

Peter Parkin, who was appointed a Director since the last Annual General Meeting, retires in accordance with the Articles of Association and, being eligible, offers himself for re-election. He does not have a service contract with the Company.

Barrie Cottingham retires by rotation and being eligible, offers himself for re-election. He does not have a service contract with the company.

## DIRECTORS' INTERESTS

The interest of each Director in the shares of Group companies are shown in the Remuneration Report on pages 10 and 11.

## SHARE SCHEMES

The Group operates a SAYE share option scheme, an Approved Share Option Scheme and a Long-term Incentive Plan, all of which were approved at the 1998 Annual General Meeting.

Under the terms of the SAYE scheme invitations are made to all eligible employees and options are granted at up to 20% less than the mid market price just before invitation. At 31 March 2000 235 employees were participating in the scheme.

The approved share option scheme is available to executive directors and employees of the Group. Options are granted under the scheme by the Remuneration Committee and entitle the holders to acquire shares at a pre-determined price, which cannot be less than the higher of the mid market price at the dealing day immediately before the date of the award and the nominal value of the shares. The 1999 awards are conditional upon the achievement of three year targets relating to earnings per share growth and return on capital employed.

Awards under the Long-term Incentive Plan are made to certain executives in accordance with conditions set out by the Remuneration Committee. The Long-term Incentive Plan provides reward for performance measured over a three year period commencing on the first day of the financial year in which the awards are granted. The award is exercisable after three years if the Group achieves certain performance criteria set by the Remuneration Committee. The 1999 awards are conditional upon the achievement of targets relating to earnings per share growth, return on capital employed and share price performance.

## SUBSTANTIAL SHAREHOLDERS

As at 26 June 2000 the following had notified the Company of an interest of 3% or more in the Company's issued ordinary share capital.

	Number of Ordinary Shares	Percentage of Issued Ord. Shares %
Ackers P Investment Company	23,684,876	51.28
Fleming Investment Management Limited	6,300,000	13.64
Acorn Income Fund Limited	2,270,000	4.92
Vibroplant Employee Trust	1,489,154	3.22

Mr Pilkington is a Director of Ackers P Investment Company which is the holding company of Vibroplant plc.

## EMPLOYEES

The Directors are committed to maintaining effective communication with employees on matters which affect their occupations and future prospects while at the same time increasing their awareness of the Group's overall activities and performance.

It is the policy of the Group to employ and train disabled people whenever their skills and qualifications allow and suitable vacancies are available. If existing employees become disabled, every effort is made to find them appropriate work and training is provided if necessary.

## POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions during the year. Donations to charities amounted to £8,518.

## SUPPLIER PAYMENT POLICY

It is the Company's policy to make payment to suppliers on our standard supplier terms unless alternative terms are agreed. The Company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The number of days purchases outstanding for the Company at 31 March 2000 was 89 days (1999: 49 days). This figure fluctuates dependent on the creditor position for capital purchases at the year end.

## ANNUAL GENERAL MEETING

Resolutions will be proposed as special business to enable the Directors to continue to use their existing powers to allot unissued shares and, subject to the limits therein contained, to allot shares for cash other than to existing shareholders in proportion to their shareholding. These resolutions seek to renew the authorities approved at last year's Annual General Meeting and comply with the current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds. In addition, a resolution is proposed to enable the Directors to continue to use their existing powers to purchase the company's own shares, subject to certain specific limits. The Board undertakes to shareholders that it will not exercise the ability to purchase its own shares unless to do so would result in an increase in earnings per share and is in the best interest of shareholders generally.

## CORPORATE GOVERNANCE

### The Combined Code

The Board supports the need for the highest standards of corporate governance and the principles of the Combined Code (the "Code"). Throughout the year the Group has complied with the provisions set out in Section 1 of the Code with the following exceptions:

- The roles of Chairman and Chief Executive are combined (Code provision A.2.1)
- Under the Articles of Association Mr Pilkington is not required to stand for re-election (Code provision A.6.2).
- Mr. Pilkington has a fourteen month notice period (Code provision B.1.7)
- Both the Remuneration and Audit committees include an executive Director (Code provision B.2.2 and D.3.1)
- Directors' remuneration does not comply with certain aspects of Schedule A. These are detailed in the Remuneration Report (Code provision B.1.6).

Further explanation of these exceptions and how the Group has applied the principles in Section 1 of the Code are set out below under the four main headings of the Code.

## Directors

The Board consists of two executive and two independent non-executive Directors. The non-executive Directors have wide ranging experience from other publicly quoted companies and bring an authoritative objectivity to the Board.

Mr Pilkington serves as Chairman and Chief Executive. It is considered that the relatively small size of the Group makes it unnecessary and unduly expensive to split these roles. Under the Company's Articles of Association Mr Pilkington is not required to stand for re-election.

The senior non-executive Director is Barrie Cottingham. Subject to re-election, the non-executive Directors serve for a fixed initial term which is renewable for a maximum of two further periods of between two and three years.

The Board meets at least 6 times a year and has adopted a schedule of matters reserved for its approval to ensure that it has full and effective control over appropriate financial, strategic and compliance matters. The Board is provided with all appropriate papers for each Board meeting, including the latest available management accounts. All Directors have access to the advice and services of the Company Secretary and can seek independent legal advice as appropriate.

There are also two committees of the Board: the Remuneration and Audit Committees. Each committee has specific terms of reference set by the Board. The members of these committees are as follows:

### Remuneration Committee

P W Parkin - Chairman of the Committee  
B Cottirgham  
J F G Pilkington

### Audit Committee

B Cottingham - Chairman of the Committee  
P W Parkin  
J F G Pilkington

Both committees have a majority of non-executive Directors, however the inclusion of Mr Pilkington, an executive Director, is considered appropriate due to the small size of the Group and of the Board. The Company does not consider it necessary to have a Nomination Committee because of the small size of the Board.

The Remuneration Committee meets formally once a year and the Audit Committee twice a year. Both Committees meet additionally as required.

## Directors' Remuneration

Details of the remuneration of each Director are provided in the Remuneration Report on pages 10 and 11. The Remuneration Report also provides full details of the Group's remuneration policy. Mr Pilkington's notice period of fourteen months is long-standing and not significantly in excess of the Code's guidelines and therefore no change is proposed.



## **Relations with Shareholders**

The Board has always sought to maintain good relationships with its shareholders. It therefore understands the importance of giving both private and institutional shareholders the opportunity to raise concerns and discuss matters with the Directors. To this end meetings are held, as appropriate, with institutional investors. Also at the Annual General Meeting, which all Directors attend, shareholders are given the opportunity to ask the Board any questions they wish regarding the Group.

## **Accountability and Audit**

The Board recognises the importance of strong internal financial controls and through the group internal audit function, group reporting procedures and subsidiary board meetings maintains a constant review of the operation of these controls.

As noted above, the Company has an Audit Committee to which the external auditors report. Furthermore, although the audit committee includes an executive Director, the non-executive members of the committee meet independently with the external auditors as required.

The Code introduced a requirement that Directors should review the effectiveness of the Group's internal controls and report to shareholders that they have done so. The review should cover all controls including financial, operational and compliance controls and risk management. As permitted by the UK Listing Authority transitional rules the Group has complied with this provision by reporting on internal financial controls. Further details are provided in the section on Internal Financial Control.

The Board has considered the guidance of the Turnbull Committee, "Internal Control: Guidance to Directors on the Combined Code", and considers there is in place an ongoing process to identify, evaluate and manage the Group's key risks. However, it has taken further steps to improve and formalise the reporting of this process. The Board expects that the additional procedures put in place should allow it to report compliance with the guidelines in next year's accounts.

## **INTERNAL FINANCIAL CONTROL**

The Board is responsible for the Group's system of internal financial control. The system of internal financial control is designed to safeguard the assets of the Group and provide reasonable assurance that the financial information used within the business and for publication is reliable. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

During the year the Board, in conjunction with its Audit Committee, reviewed the operation of the system of internal financial control. This review included an assessment of the control environment of the Group as a whole, the identification of key business and financial risks and an evaluation of the control procedures in place. Through the Audit Committee and Group Internal Audit, the Board monitors continuing compliance with control systems as well as their improvement or modification as appropriate.

Key elements of the control and review procedures employed by the Board are the annual strategic planning and budget preparation process, together with the approval of all material capital expenditure and contracts. Monthly financial and management accounts are reported against budget and prior year, and variances investigated.

During the year the Group made four acquisitions. All were subject to a detailed due diligence review. Furthermore, once a new subsidiary is acquired, the Group takes appropriate steps to extend its internal controls to that company's operations.

## **GOING CONCERN**

As at 31 March 2000 the Group had net debt including finance leases of £12.3m. After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the going concern basis has been adopted in the preparation of the accounts.

## **AUDITORS**

A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company.

By Order of the Board.



N A STOTHARD

Secretary

26 June 2000

## POLICY ON DIRECTORS' REMUNERATION

In framing its remuneration policy, the Board has complied with Section 1 of the Combined Code.

The Group seeks to recruit, retain and motivate executives of the highest calibre, taking into account levels of remuneration in companies of comparable size and industry orientation. The Remuneration Committee's primary role is to determine, on behalf of the Board, the remuneration of the Executive Directors. In this regard the Committee takes into consideration the interests of the Group and of its shareholders as a whole. The remuneration package consists of a basic salary, annual performance related bonus, contributions to a pension scheme and benefits in kind, typical of a Group of this size. The executive Directors are entitled to an annual bonus based primarily on achievement of targets relating to the budgeted profits of the Group. The maximum bonus payable is capped at 50% of the executive Director's basic salary. In addition Executive Directors may be eligible to participate in the share option and long term incentive schemes. The remuneration of the non-executive Directors is set by the full board with each Director abstaining in relation to his own remuneration.

## DIRECTORS' REMUNERATION

The following table shows a breakdown of the remuneration of the individual Directors for the year ended 31 March 2000:

	Salary/Fees	Bonus	Benefits	Total	1999
	£000	£000	£000	£000	£000
J F G Pilkington	157	-	25	182	174
N A Stothard	86	5	13	104	100
B Cottingham	20	-	-	20	19
S J Doughty	20	-	-	20	19
P W Parkin	4	-	-	4	-
	287	5	38	330	312

## PENSIONS

Mr Pilkington is a member of the Vibroplant plc 1985 Pension Scheme. Under the scheme, a Directors' category, which is non-contributory, permits individualised arrangements to be incorporated. These arrangements currently provide for an annual pension entitlement accrual of one thirtieth of final pensionable salary, up to a maximum of two thirds, which includes annual bonuses but not long-term incentive plans. Annual bonuses are included within pensionable salary in accordance with the Scheme rules. The Remuneration Committee is mindful of Schedule A of Part 2 of Section 1 of the Combined Code relating to pension contributions. Whilst current arrangements form part of existing employment contracts, this is an area that will be kept under careful review. The provisions of the Code will, subject to legal obligations, be reflected in any future arrangements.

In addition, Mr Pilkington benefits from a long-standing contractual entitlement to retire at 50 years of age without actuarial reduction of pension. The present value cost to the Group of augmenting the fund to facilitate this entitlement is estimated at £606,000. However, Mr Pilkington has indicated to the Group in writing that he has no present intention of retiring before the age of 55 at the earliest. The present value cost of augmentation on the latter basis is estimated at approximately £371,000. This sum is being provided for over the relevant period.

The details of his benefits are as follows:

	Accumulated total accrued annual pension £	Increase in accrued pension over the year £	Increase in transfer value over the year £
J F G Pilkington	66,338	9,285	107,000

The increase in accrued pension over the year excludes the increase for inflation.

Mr Stothard benefited from the Company making a contribution to his personal pension plan. The contribution was £8,600 (1999: £8,539).

## DIRECTORS' INTERESTS

### Shareholdings

The beneficial interests of Directors serving at the end of the year and their families, in the ordinary share capital of the Company are set out below:

	31 March 2000	1 April 1999 or date of appointment
J F G Pilkington	8,122	8,122
B Cottingham	35,000	35,000
P W Parkin	-	-
N A Stothard	13,500	13,500

During the year Mr Pilkington was interested in 23,684,876 shares registered in the name of Ackers P Investment Company, a company controlled by him together with Trusts which are connected persons for the purposes of Section 346 of the Companies Act 1985.

There were no changes in the interests of the Directors between 31 March 2000 and 26 June 2000.

### Share Options

One Director, Mr Stothard, has share options and these are set out below:

Scheme	Holding at 1 April 1999	Granted	Exercised	Holding at 31 March 2000	Option Price
1998 SAYE scheme	7,500	-	-	7,500	52p
1999 SAYE scheme	-	8,244	-	8,244	47p
Approved Share Option Scheme	-	50,000	-	50,000	57p

The Approved Share Option Scheme awards are subject to three year targets as described in the Directors' Report. Details on the exercise dates are given in note 22.

### Long-term Incentive Scheme

Mr Pilkington benefits from a long-term cash bonus scheme set up in 1990/91 which is structured as a "phantom" share option arrangement. Under this scheme Mr Pilkington has an effective economic interest in options over 250,000 shares at a strike price of between 101p and 119p per share. The phantom option expires between August 2000 and July 2001. This scheme is designed to reflect the benefit to shareholders of an increased share price and is not subject to any additional performance criteria.

### Long-term Incentive Plan

Ordinary shares outstanding under the terms of the Long-term Incentive Plan were:

	At 1 April 1999	Granted in year	At 31 March 2000
J F G Pilkington	-	125,000*	125,000*
N A Stothard	-	125,000	125,000

\* The shares outstanding in respect of Mr Pilkington are notional shares which would be satisfied by a cash payment.

The above awards are subject to the achievement of performance targets as described in the Directors' report on page 7.

### Service Contracts

Mr Pilkington has a service contract terminable on fourteen months notice. Mr Stothard has a service contract terminable on six months notice.

Non-executive Directors do not have service contracts, however they are appointed by the Company for an initial period renewable for a maximum of two further periods of between two and three years.

On behalf of the Board



N A Stothard  
Company Secretary

26 June 2000

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## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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## AUDITORS' REPORT

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### AUDITORS' REPORT TO THE MEMBERS OF VIBROPLANT PLC

We have audited the financial statements on pages 13 to 28.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report. As described above this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on page 8 reflects the Company's compliance with the seven provisions of the combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risk and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 March 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Leeds

26 June 2000

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2000**

		Existing Operations 2000 £000	Acquisitions 2000 £000	Total 2000 £000	Total 1999 £000
	Note				
Turnover	2	53,671	1,331	55,002	52,510
Cost of sales		<u>(38,620)</u>	<u>(741)</u>	<u>(39,361)</u>	<u>(37,839)</u>
Gross profit		15,051	590	15,641	14,671
Administrative expenses		<u>(10,965)</u>	<u>(154)</u>	<u>(11,119)</u>	<u>(9,867)</u>
Goodwill		<u>(45)</u>	<u>(38)</u>	<u>(83)</u>	<u>(28)</u>
Total administrative expenses		<u>(11,010)</u>	<u>(192)</u>	<u>(11,202)</u>	<u>(9,895)</u>
Operating profit	3	4,041	398	4,439	4,776
Profit on disposal of subsidiary company	4			1,487	-
Loss on termination of businesses	4			<u>(1,770)</u>	-
Profit on ordinary activities before interest				4,156	4,776
Net interest payable	7			<u>(727)</u>	<u>(1,472)</u>
Profit on ordinary activities before taxation				3,429	3,304
Taxation on profit on ordinary activities	8			<u>(1,523)</u>	<u>(662)</u>
Profit for the financial year				1,906	2,642
Dividends paid and proposed	9			<u>(1,797)</u>	<u>(1,859)</u>
Retained profit for the financial year	23			<u>109</u>	<u>783</u>
Earnings and diluted earnings per 5p ordinary share	10			4.22p	5.77p
Earnings and diluted earnings per 5p ordinary share before exceptional items	10			5.94p	5.77p
Dividend per 5p ordinary share	9			4.05p	4.05p

**Note of Consolidated Historical Cost Profits and Losses**

	2000 £000	1999 £000
Reported profit on ordinary activities before taxation	3,429	3,304
Realisation of property revaluation gains of previous years	520	333
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>14</u>	<u>17</u>
Historical cost profit on ordinary activities before taxation	<u>3,963</u>	<u>3,654</u>
Historical cost profit for the year retained after taxation, minority interest and dividends	<u>643</u>	<u>1,133</u>

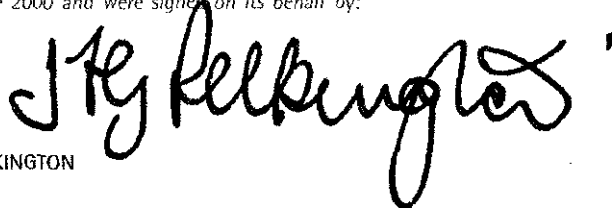
The profit and loss account reflects all recognised gains and losses for current and prior years. These all relate to continuing activities with the exception of the gain on the disposal of a subsidiary company.

A reconciliation of the movement in consolidated shareholders' funds is provided in note 24.

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2000

	Note	2000		1999	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets - goodwill	11	2,013		877	
Tangible assets	12	54,382		57,912	
Investments - own shares	13	<u>796</u>		<u>552</u>	
			57,191		59,341
<b>Current assets</b>					
Stocks	14	2,026		2,024	
Debtors	15	15,580		16,236	
Cash at bank and in hand		<u>193</u>		<u>43</u>	
		17,799		18,303	
Creditors: amounts falling due within one year	16	<u>(17,677)</u>		<u>(17,843)</u>	
Net current assets			<u>122</u>		<u>460</u>
Total assets less current liabilities			57,313		59,801
Creditors: amounts falling due after more than one year	17		(10,043)		(13,250)
Provisions for liabilities and charges	19		<u>(754)</u>		<u>(133)</u>
Net assets			<u>46,516</u>		<u>46,418</u>
<b>Equity capital and reserves</b>					
Called up share capital	21		2,309		2,309
Share premium account	23		16,192		16,192
Revaluation reserve	23		1,646		2,180
Profit and loss account	23		<u>26,342</u>		<u>25,710</u>
Equity shareholders' funds			46,489		46,391
Equity minority interests	25		<u>27</u>		<u>27</u>
			46,516		46,418

These financial statements were approved by the Board of Directors  
on 26 June 2000 and were signed on its behalf by:



J F G PILKINGTON  
Chairman

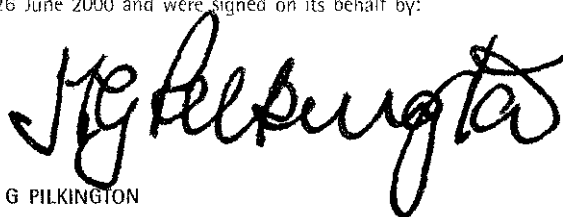
N A STOTHARD  
Director



PARENT COMPANY BALANCE SHEET AT 31 MARCH 2000


	Note	2000 £000	1999 £000
<b>Fixed assets</b>			
Tangible assets	12	43,071	49,201
Investments	13	<u>12,537</u>	<u>10,447</u>
		55,608	59,648
<b>Current assets</b>			
Stocks	14	929	1,161
Debtors	15	17,819	19,868
Cash at bank and in hand		<u>18</u>	<u>20</u>
		18,766	21,049
Creditors: amounts falling due within one year	16	<u>(21,978)</u>	<u>(22,935)</u>
Net current liabilities		(3,212)	(1,886)
Total assets less current liabilities		52,396	57,762
Creditors: amounts falling due after more than one year	17	(9,688)	(13,016)
Provisions for liabilities and charges	19	<u>(666)</u>	<u>(578)</u>
Net assets		<u>42,042</u>	<u>44,168</u>
<b>Equity capital and reserves</b>			
Called up share capital	21	2,309	2,309
Share premium account	23	16,192	16,192
Revaluation reserve	23	1,646	2,180
Profit and loss account	23	21,895	23,487
Equity shareholders' funds		<u>42,042</u>	<u>44,168</u>

These financial statements were approved by the Board of Directors on 26 June 2000 and were signed on its behalf by:



J F G PILKINGTON  
Chairman

N A STOTHARD  
Director



**CONSOLIDATED CASH FLOW STATEMENT FOR  
THE YEAR ENDED 31 MARCH 2000**

		2000	1999
	Note	£000	£000
Net cash inflow from operating activities	31	14,351	13,805
<b>Return on investments and servicing of finance</b>			
Interest paid		(475)	(710)
Interest received		201	52
Interest element of finance lease rental payments		(453)	(814)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(727)	(1,472)
<b>Taxation</b>			
UK corporation tax paid		(494)	(172)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(8,905)	(14,332)
Purchase of investments		(275)	(552)
Sale of tangible fixed assets		5,994	6,430
<b>Net cash outflow from capital expenditure and financial investment</b>		(3,186)	(8,454)
<b>Acquisitions and disposals</b>			
Purchase of subsidiaries and businesses (net of cash and overdraft purchased)	28	(1,827)	(1,628)
<b>Equity dividends paid</b>		(1,831)	(1,859)
<b>Cash inflow before financing</b>		6,286	220
<b>Financing</b>			
Medium-term loan		-	6,000
Loan notes		(107)	42
Capital element of finance lease rental payments		(3,296)	(3,730)
<b>Net cash (outflow) / inflow from financing</b>		(3,403)	2,312
<b>Increase in cash in the year</b>		<u>2,883</u>	<u>2,532</u>

A reconciliation of the net cash flow to movement in net debt is provided in note 29 and an analysis of net debt in note 30.



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**NOTES**  
(forming part of the financial statements)

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## 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements. During the year the Group adopted the new Financial Report Standard 15, details are provided in the Tangible Fixed Assets accounting policy note.

### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules, modified to include the revaluation of freehold and long leasehold land and buildings.

### Basis of consolidation

The Group financial statements consolidate the financial statements of Vibroplant plc and all its subsidiary undertakings. All subsidiary financial statements have year ends which are coterminous with those of the parent company.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the Company's financial statements, investments in subsidiary undertakings are stated at the lower of cost or net recoverable value. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company.

In accordance with Section 230 (4) of the Companies Act 1985 Vibroplant plc is exempt from the requirement to present its own profit and loss account.

The amount of the profit / (loss) for the financial year dealt with in the financial statements of Vibroplant plc is disclosed in note 23 to these financial statements.

### Investment in own shares

Investment in own shares is disclosed at cost less a provision for the cost, spread over time, to the Group of providing the shares under the SAYE scheme at a discount to purchase price.

### Goodwill

Goodwill represents the excess of the fair value of the consideration and associated acquisition costs in respect of investments in subsidiary undertakings or businesses over the fair value of the separable net assets acquired.

Goodwill relating to businesses acquired is capitalised as an intangible asset and amortised over its useful economic life of 20 years.

Prior to 1 April 1998, goodwill arising on consolidation was written off to reserves in the year it arose. In accordance with the transitional provisions of FRS10 such goodwill remains eliminated against reserves. In the event that a subsidiary undertaking or business which gave rise to such goodwill is disposed of, the attributable goodwill will be charged to the profit and loss account as a component of the profit or loss on disposal.

### Tangible fixed assets

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. During the year the Group amended its accounting policies to take account of Financial Reporting Standard 15. In accordance with the new Standard the Group will not adopt a policy of revaluation of Land and Buildings. However, as permitted by the transitional arrangements, it will retain the current book values for properties which have previously been revalued. Land and buildings for own use are therefore included in the financial statements at historical cost, or at Directors' valuation as at 31 March 1996, which was last reviewed at 31 March 1999.

### Depreciation

Depreciation is provided by the Group to write off the cost or valuation less the estimated residual value of tangible assets using the following annual rates:

Freehold buildings	-	2% straight line
Leasehold land and buildings	-	Term of lease
Rental equipment	-	10% - 25% straight line and 20% reducing balance
Motor vehicles	-	25% reducing balance
Computers	-	50% reducing balance and 25% straight line
Fixtures, fittings and other equipment	-	10% - 20% reducing balance

No depreciation is provided on freehold land.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Leases**

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

**Pensions**

The Group operates defined contribution and defined benefit pension schemes. The cost of pensions in respect of the defined contribution schemes is fixed in relation to the emoluments of the membership and is charged to the profit and loss account as incurred.

The pension contributions to the defined benefit scheme are assessed by a qualified actuary and charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees participating in the scheme.

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Taxation**

Taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise.

**Turnover**

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to third party customers during the year.

**2. SEGMENTAL INFORMATION**

All of the Group's activities relate to equipment rental and associated activities with customers mainly based within the United Kingdom. Turnover outside the United Kingdom either by source or destination is not material.

**3. OPERATING PROFIT**

	2000	1999
	£000	£000
<b>Operating profit is stated after charging:</b>		
Auditors' remuneration:		
Audit - Group auditors	61	68
- Other auditors	13	13
Other services (paid to Group auditors and their associates)	67	25
Depreciation and other amounts written off tangible fixed assets:		
Owned	8,691	8,440
Leased	1,900	2,001
Amortisation of goodwill	83	28
Rent of land and buildings	644	695
Hire of other assets	5,558	4,696
<b>after crediting:</b>		
Profit on sale of tangible fixed assets	2,106	2,371

In addition to the auditors' remuneration stated above, £2,000 (1999: £10,000) was paid to the Group auditors and their associates which is included in the goodwill capitalised or written off to reserves in the year ended 31 March 2000. The audit fee of the Company was £43,000 (1999: £43,000).

#### 4. EXCEPTIONAL ITEMS

The profit before tax is after the following exceptional credits / (charges):

	£000
Profit on disposal of subsidiary company	<u>1,487</u>

The environmental warranties under the contract for the sale of the US business in 1996 expired in February 2000, allowing the recognition of this element of the profit on the sale of the business, which was not recognised at the time of the transaction. This is the final element of the profit from the sale of the US business in 1996 and has no cash effect in the current year.

#### Loss on termination of businesses

	£000
Write down of fixed assets and stock relating to the termination of part of the business	(1,373)
Accrual for costs associated with the termination of part of the business	<u>(397)</u>
	<u>(1,770)</u>

The exceptional loss relates to the termination of part of the business. This includes the Powered Access fleet sold to Lavendon plc, and other product groups. The termination of these activities followed a strategic review of the business which commenced in November 1999.

#### 5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Plant hire	564	623
Tool hire	309	250
Rail	78	94
	<u>951</u>	<u>967</u>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£000	£000
Wages and salaries	15,689	15,119
Social security costs	1,371	1,390
Other pension costs (see note 27)	368	300
	<u>17,428</u>	<u>16,809</u>

#### 6. REMUNERATION OF DIRECTORS

	2000	1999
	£000	£000
Directors' emoluments comprise the following:		
Fees	20	19
Salaries and other emoluments	310	293
	<u>330</u>	<u>312</u>
Money purchase pension contributions	9	9
	<u>339</u>	<u>321</u>

The emoluments, including the estimated monetary value of benefits in kind, but excluding pension contributions, of the highest paid Director were £181,706 (1999: £173,935).

Details of Directors' remuneration are given in the Remuneration Report on pages 10 and 11.

At no time during the year has any Director had a material interest in a contract with any company in the Group, being a contract which was significant in relation to the business of that company.

#### 7. NET INTEREST PAYABLE

	2000	1999
	£000	£000
Interest payable:		
On bank loans and overdrafts	(440)	(704)
Finance charges payable in respect of finance lease and hire purchase contracts	(453)	(814)
Other	<u>(35)</u>	<u>(6)</u>
	<u>(928)</u>	<u>(1,524)</u>
Interest receivable:		
Bank and other interest receivable	201	52
	<u>(727)</u>	<u>(1,472)</u>

## 8. TAXATION

	2000	1999
	£000	£000
UK Corporation tax charge at 30% (1999: 31%)	966	642
Deferred taxation	618	655
Adjustments relating to prior years	(61)	(635)
	<u>1,523</u>	<u>662</u>

The high effective tax rate of 44% (1999: 20%) of the profit before tax is due to the low estimated tax credit on the exceptional costs. The tax charge on the exceptional items is £493,000. The low rate in 1999 reflected the benefit to the tax charge of an agreement with the Inland Revenue relating to the tax on the sale of the US business in 1996.

## 9. DIVIDENDS

	2000	1999
	£000	£000
Ordinary shares:		
Interim paid 1.40p (1999: 1.40p) per share	607	635
Final proposed 2.65p (1999: 2.65p) per share	<u>1,190</u>	<u>1,224</u>
	<u>1,797</u>	<u>1,859</u>

This year's dividend charge is after dividends were waived to the value of £74,000 (1999: nil) in relation to the shares held by Vibroplant Employee Trust. These dividends will continue to be waived in the future. In 1999 £12,000 of dividends were eliminated on consolidation.

## 10. EARNINGS PER SHARE

The calculation of earnings per 5 pence ordinary share is based on a profit of £1,906,000 (1999: £2,642,000) and on 45,162,965 (1999: 45,770,479) shares, being the weighted average number of shares in issue during the year. The diluted earnings per share is based on 45,204,777 shares.

The earnings per share before exceptional items is based on a profit of £2,682,000 calculated as follows:

	£000	Earnings per Share
Profit after tax	1,906	4.22p
Net exceptional pre tax charge	283	0.63p
Tax charge on exceptional items	493	1.09p
	<u>2,682</u>	<u>5.94p</u>

## 11. INTANGIBLE FIXED ASSETS - GOODWILL

	£000
<b>Cost</b>	
At beginning of year	905
Acquisitions (see note 28)	1,219
At end of year	<u>2,124</u>
<b>Amortisation</b>	
At beginning of year	28
Charge	83
At end of year	<u>111</u>
<b>Net book value</b>	
At 31 March 2000	<u>2,013</u>
At 31 March 1999	<u>877</u>

In accordance with the accounting policy for goodwill set out on page 17, goodwill arising after 1 April 1998 has been capitalised and is being amortised over its estimated useful life.

Goodwill arising on consolidation prior to 1 April 1998 remains eliminated against reserves.

# NOTES

## 12. TANGIBLE FIXED ASSETS

	Land and buildings £000	Rental equipment £000	Motor vehicles £000	Other assets £000	Total £000
<b>GROUP</b>					
<b>Cost or valuation</b>					
At beginning of year	12,036	92,572	2,033	7,594	114,235
Additions	162	10,228	911	597	11,898
On acquisition	-	331	39	28	398
Disposals	(1,408)	(9,963)	(611)	-	(11,982)
At end of year	<u>10,790</u>	<u>93,168</u>	<u>2,372</u>	<u>8,219</u>	<u>114,549</u>
<b>Depreciation</b>					
At beginning of year	1,852	48,287	1,039	5,145	56,323
Charge for year	162	9,324	389	716	10,591
Exceptional charge for the year	-	1,347	-	-	1,347
On disposals	(181)	(7,507)	(406)	-	(8,094)
At end of year	<u>1,833</u>	<u>51,451</u>	<u>1,022</u>	<u>5,861</u>	<u>60,167</u>
<b>Net book value</b>					
At 31 March 2000	<u>8,957</u>	<u>41,717</u>	<u>1,350</u>	<u>2,358</u>	<u>54,382</u>
At 31 March 1999	<u>10,184</u>	<u>44,285</u>	<u>994</u>	<u>2,449</u>	<u>57,912</u>
	Land and buildings £000	Rental equipment £000	Motor vehicles £000	Other assets £000	Total £000
<b>COMPANY</b>					
<b>Cost or valuation</b>					
At beginning of year	11,200	80,451	791	6,429	98,871
Additions	5	4,751	228	306	5,290
Disposals	(1,408)	(7,426)	(391)	-	(9,225)
At end of year	<u>9,797</u>	<u>77,776</u>	<u>628</u>	<u>6,735</u>	<u>94,936</u>
<b>Depreciation</b>					
At beginning of year	1,745	42,694	545	4,686	49,670
Charge for year	122	6,698	70	497	7,387
Exceptional charge for the year	-	1,347	-	-	1,347
On disposals	(181)	(6,108)	(250)	-	(6,539)
At end of year	<u>1,686</u>	<u>44,631</u>	<u>365</u>	<u>5,183</u>	<u>51,865</u>
<b>Net book value</b>					
At 31 March 2000	<u>8,111</u>	<u>33,145</u>	<u>263</u>	<u>1,552</u>	<u>43,071</u>
At 31 March 1999	<u>9,455</u>	<u>37,757</u>	<u>246</u>	<u>1,743</u>	<u>49,201</u>

## NOTES

The net book value of land and buildings is analysed as follows:

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Freehold	7,914	8,941	7,339	8,351
Long leasehold	334	549	257	549
Short leasehold	709	694	515	555
	<u>8,957</u>	<u>10,184</u>	<u>8,111</u>	<u>9,455</u>

The Group has adopted Financial Reporting Standard 15 during the year. In accordance with the Standard the Group will not adopt a policy of revaluation of Land and Buildings, however as permitted by the transitional arrangements in the Standard it will retain the current book values for properties which have previously been revalued. Land and Buildings are therefore included in the Financial Statements at historical cost or Directors' valuations from 31 March 1996, which were last reviewed at 31 March 1999.

If the properties had not been included in these financial statements based on valuation they would have been stated at the following amounts:

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Historical cost of land and buildings	8,993	9,696	8,000	8,860
Aggregate depreciation based on historical cost	(1,682)	(1,692)	(1,535)	(1,585)
Historical cost net book value	<u>7,311</u>	<u>8,004</u>	<u>6,465</u>	<u>7,275</u>

The cost or valuation of land and buildings for both the Group and Company includes £8,307,000 (1999: £9,660,000) at valuation. Other tangible fixed assets are included at cost.

The gross book value of land and buildings for the Group includes £3,876,000 (1999: £4,446,000) of freehold land not subject to depreciation, Company: £3,876,000 (1999: £4,446,000).

Included in the total net book value of fixed assets of the Group is £8,919,000 (1999: £10,937,000) in respect of assets held under finance leases and similar hire purchase contracts, Company £7,927,000 (1999: £10,053,000). Depreciation for the year on these Group assets was £1,900,000 (1999: £2,001,000) and £1,638,000 (1999: £1,749,000) for the Company. In addition £152,000 of the exceptional depreciation charge in the Group and Company relates to these assets.

### 13. FIXED ASSET INVESTMENTS

Fixed asset investments are as follows:

Group	Own shares		
	£000		
<b>Cost</b>			
At beginning of year			552
Purchases			275
At end of year			<u>827</u>
<b>Provision</b>			
At beginning of year			-
Charge			31
At end of year			<u>31</u>
<b>Net book value</b>			
At 31 March 2000			<u>796</u>
At 31 March 1999			<u>552</u>
<b>Company</b>	<b>Subsidiaries</b>	<b>Own shares</b>	<b>Total</b>
	£000	£000	£000
<b>Cost</b>			
At beginning of year	11,582	552	12,134
Purchases	1,846	275	2,121
At end of year	<u>13,428</u>	<u>827</u>	<u>14,255</u>
<b>Provision</b>			
At beginning of year	1,687	-	1,687
Charge	-	31	31
At end of year	<u>1,687</u>	<u>31</u>	<u>1,718</u>
<b>Net book value</b>			
At 31 March 2000	<u>11,741</u>	<u>796</u>	<u>12,537</u>
At 31 March 1999	<u>9,895</u>	<u>552</u>	<u>10,447</u>

## NOTES

The provision for subsidiaries relates to two of the dormant subsidiaries.

The investment in own shares, in both the Group and Company, relates to the shares held for the SAYE scheme, Approved Share Option Scheme and the Long Term Incentive Plan. A further 450,000 shares were acquired during the year at prices between 61 pence and 62 pence. The total holding at 31 March 2000 was 1,339,154 shares at a market value of £816,884.

The charge represents the cost, spread over the term of the SAYE schemes, to the Group of providing the SAYE shares at a discount to purchase price.

The Company's principal subsidiary undertakings are:

	Country of Registration or Incorporation	Principal Activity	Country of Principal Operation	Class and Percentage of Shares Held
Vibroplant Investments Limited	England	Holding Company	UK	Ordinary shares 100%
Cannon Tool Hire Limited	England	Tool Hire	UK	Ordinary shares 100%
Instant Tool Hire Limited	England	Tool Hire	UK	Ordinary shares 100%
Torrent Trackside Limited	England	Tool Hire	UK	Ordinary shares 100%
Domindo Tool Hire Limited	England	Tool Hire	UK	Ordinary shares 100%
727 Plant Limited	England	Tool Hire	UK	Ordinary shares 100%
The Hire Station Limited	England	Tool Hire	UK	Ordinary shares 100%

Further subsidiaries have not been shown because they are either not material or are dormant. Their particulars will be included in the next annual return.

### 14. STOCKS

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Raw materials and consumables	1,379	1,469	929	1,161
Finished goods and goods for resale	647	555	-	-
	<u>2,026</u>	<u>2,024</u>	<u>929</u>	<u>1,161</u>

### 15. DEBTORS

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
<b>Amounts falling due within one year</b>				
Trade debtors	14,257	12,158	8,310	8,110
Amounts owed by subsidiary undertakings	-	-	8,607	7,958
Advance corporation tax recoverable	100	648	62	631
Other debtors	33	2,043	-	2,000
Prepayments and accrued income	1,190	1,387	840	1,169
	<u>15,580</u>	<u>16,236</u>	<u>17,819</u>	<u>19,868</u>

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Bank overdrafts (see note 18)	-	2,733	932	3,340
Obligations under finance leases and hire purchase contracts (see note 17)	2,408	2,646	2,033	2,351
Loan notes	235	42	235	42
Trade creditors	9,860	6,230	5,523	3,986
Amounts owed to subsidiary undertakings	-	-	9,696	9,699
Corporation tax	705	653	281	326
Advance corporation tax	-	162	-	161
Other taxes and social security	1,011	1,213	488	880
Other creditors	55	21	-	-
Accruals and deferred income	1,463	2,919	850	926
Deferred consideration	750	-	750	-
Dividend proposed	1,190	1,224	1,190	1,224
	<u>17,677</u>	<u>17,843</u>	<u>21,978</u>	<u>22,935</u>

## 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Medium term bank loan	6,000	6,000	6,000	6,000
Obligations under finance leases and hire purchase contracts (see below)	3,888	6,342	3,533	6,108
Deferred consideration	-	750	-	750
Accruals and deferred income	155	158	155	158
	<u>10,043</u>	<u>13,250</u>	<u>9,688</u>	<u>13,016</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Within one year	2,408	2,646	2,033	2,351
In the second to fifth years	3,888	6,342	3,533	6,108
	<u>6,296</u>	<u>8,988</u>	<u>5,566</u>	<u>8,459</u>

The Group's finance lease and hire purchase liabilities are fixed rate instruments with interest rates ranging from 5% to 9%. There is no material difference between the book value and fair value of the Group's finance lease and hire purchase liabilities.

## 18. BANK LOANS AND OVERDRAFTS

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Payable within one year or on demand	-	2,733	932	3,340
Payable within 1-2 years	6,000	-	6,000	-
Payable in 2-5 years	-	6,000	-	6,000
	<u>6,000</u>	<u>8,733</u>	<u>6,932</u>	<u>9,340</u>

The Group's bank accounts are subject to set off arrangements covered by cross guarantees and are presented accordingly. The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Group and are at variable interest rates linked to current bank base rate and LIBOR. The unutilised bank facility available to the Group is £7,500,000. There is no material difference between the book value and fair value of the Group's bank borrowings. Further details relating to the Group's funding strategy are provided in the Financial Review on page 6.

## 19. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	£000
<b>Group</b>	
At beginning of year	133
Charge for the year in the profit and loss account	618
Deferred tax included in purchase of subsidiaries	3
At end of year	<u>754</u>
<b>Company</b>	
At beginning of year	578
Charge for the year in the profit and loss account	88
At end of year	<u>666</u>



## 20. DEFERRED TAXATION

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000		1999	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
<b>Group</b>				
Accelerated capital allowances	754	3,505	626	3,526
Short term timing differences	-	(85)	(493)	(86)
Deferred taxation liability	<u>754</u>	<u>3,420</u>	<u>133</u>	<u>3,440</u>
<b>Company</b>				
Accelerated capital allowances	666	3,271	578	3,352
Short term timing differences	-	(57)	-	(73)
Deferred taxation liability	<u>666</u>	<u>3,214</u>	<u>578</u>	<u>3,279</u>

## 21. CALLED UP SHARE CAPITAL

	2000 £000	1999 £000
<b>Authorised</b>		
60,000,000 Ordinary shares of 5 pence each	<u>3,000</u>	<u>3,000</u>
<b>Allotted, called up and fully paid</b>		
46,185,000 Ordinary shares of 5 pence each (1999: 46,185,000)	<u>2,309</u>	<u>2,309</u>

## 22. SHARE OPTION SCHEMES

## Executive Share Option Scheme

During the year the remaining options under the Executive Share Option Scheme lapsed.

## SAYE Scheme

A further 370,870 options were granted during the year under the SAYE scheme at an option price of 47 pence. The outstanding options at the year end were:

Date of Grant	Price per share	Number of shares
October 1998	52p	561,750
December 1999	47p	<u>370,870</u>
		<u>932,620</u>

All the options are exercisable after 3 years. At 31 March 2000 there were 235 employees saving on average £51 per month in respect of options under the SAYE scheme.

## Approved Share Option Scheme

Options over 330,000 shares were granted in the year under the terms of the Approved Share Option Scheme, at an option price of 57 pence per share. These options are exercisable between the third and tenth anniversary of the grant. None of the options had lapsed by the year end. The awards are subject to achievement of performance targets over a three year period to 31 March 2002.

## Long Term Incentive Plan

Under the Long Term Incentive Plan awards were made in the year in relation to 250,000 shares. The vesting of the awards is subject to the achievement of performance targets over a three year period to 31 March 2002.

The market value of the ordinary shares at 31 March 2000 was 61 pence (1999: 51 pence), the highest market value in the year to 31 March 2000 was 69 pence and the lowest 51 pence.

## 23. SHARE PREMIUM AND RESERVES

	Share Premium Account	Revaluation Reserve	Profit and Loss Account
	£000	£000	£000
<b>Group</b>			
At beginning of year	16,192	2,180	25,710
Retained profit for year	-	-	109
Goodwill written off	-	-	(11)
Realised on sale of revalued assets	-	(520)	520
Depreciation of revalued assets	-	(14)	14
At end of year	<u>16,192</u>	<u>1,646</u>	<u>26,342</u>
<b>Company</b>			
At beginning of year	16,192	2,180	23,487
Retained loss for year	-	-	(2,126)
Realised on sale of revalued assets	-	(520)	520
Depreciation of revalued assets	-	(14)	14
At end of year	<u>16,192</u>	<u>1,646</u>	<u>21,895</u>

The cumulative amount of goodwill resulting from acquisitions prior to 1 April 1998 which has been written off directly to reserves is £7,697,000 (1999: £7,686,000). This amount excludes goodwill attributable to subsidiary undertakings or businesses disposed of prior to the balance sheet date.

The amount of the loss for the financial year dealt with in the accounts of the holding company was £329,000 (1999: profit of £1,459,000).

## 24. RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

	2000 £000	1999 £000
Profit for the financial year	1,906	2,642
Dividends	<u>(1,797)</u>	<u>(1,859)</u>
	109	783
Goodwill (written off) / written back	<u>(11)</u>	<u>325</u>
Net increase in shareholders' funds	98	1,108
Opening shareholders' funds	<u>46,391</u>	<u>45,283</u>
Closing shareholders' funds	<u>46,489</u>	<u>46,391</u>

## 25. EQUITY MINORITY INTERESTS

	Group	
	2000 £000	1999 £000
At beginning and end of year	<u>27</u>	<u>27</u>

## 26. COMMITMENTS

(i) Capital commitments at the end of the financial year for which no provision has been made are as follows:

	Group		Company	
	2000 £000	1999 £000	2000 £000	1999 £000
Contracted	<u>1,458</u>	<u>1,058</u>	<u>1,079</u>	<u>900</u>

(ii) Annual commitments under non-cancellable operating leases are as follows:

	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
<b>Group</b>				
Operating leases which expire:				
Within one year	70	283	76	356
In the second to fifth years inclusive	104	2,086	74	1,913
Over five years	<u>610</u>	<u>-</u>	<u>492</u>	<u>-</u>
	<u>784</u>	<u>2,369</u>	<u>642</u>	<u>2,269</u>
<b>Company</b>				
Operating leases which expire:				
Within one year	-	239	-	339
In the second to fifth years inclusive	-	1,872	-	1,820
Over five years	<u>222</u>	<u>-</u>	<u>222</u>	<u>-</u>
	<u>222</u>	<u>2,111</u>	<u>222</u>	<u>2,159</u>

## 27. PENSION SCHEMES

The Group operates defined contribution schemes and a defined benefit scheme providing benefits based on final pensionable earnings. The defined benefit scheme contains both defined benefit and defined contribution categories. The assets of the schemes are held in separate trustee administered funds.

Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The latest actuarial assessment of the defined benefit scheme was made as at 1 April 1999 using the attained age method. The main assumptions adopted for pension cost purposes were that the long term investment return would be 6% per annum, that pensionable earnings would increase by 4% per annum and that post 6 April 1997 pensions in payment would increase by 3% per annum. At 1 April 1999 the market value of the assets of the Scheme was £6,015,000 which was sufficient to cover 109% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The pensions charge for the year was £368,000 (1999: £300,000). This is exclusive of £57,000 (1999: £65,000) in respect of the amortisation of surpluses of the defined benefit scheme that are recognised over 14 years, the average expected remaining lifetime of employees.

A provision of £155,000 (1999: £158,000) is included in creditors, this being the excess of accumulated pension costs over the amount funded.

## 28. PURCHASE OF SUBSIDIARIES

The group acquired three new subsidiaries during the year. Vibroplant plc acquired Praisefirst Limited, trading as Renter Center, on 1 April 1999, Aytee Portable Equipment Limited on 7 May 1999 and Thanet (Hire) Plant Limited on 27 October 1999. In addition Domindo Tool Hire Limited acquired the business and certain assets of Trademaster Tool Hire Limited on 9 December 1999. None of these acquisitions was individually material in Group terms and therefore details of these are provided in aggregate below:

	£000
Fixed assets	605
Stocks	91
Debtors	280
Cash	442
Bank overdraft	(75)
Creditors	(169)
Provisions for liabilities and charges	(3)
<b>Book value of assets acquired</b>	<u>1,171</u>
Fair value adjustment: revaluation of fixed assets	(207)
<b>Fair value of assets acquired</b>	<u>964</u>
Goodwill	1,219
<b>Cost of acquisitions</b>	<u>2,183</u>
<b>Satisfied by</b>	
Consideration	2,108
Acquisition costs	75
	<u>2,183</u>
<b>Analysis of cash flow for acquisitions</b>	
Cost of acquisition	2,183
Additional costs for prior year acquisitions	11
Cash net of overdrafts included in acquisitions	(367)
	<u>1,827</u>
<b>Goodwill capitalised</b>	
On current year acquisitions	<u>1,219</u>
<b>Goodwill adjustment to reserves</b>	
Additional costs for prior year acquisitions	<u>11</u>

## 29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000	1999
	£000	£000
Increase in cash in the year	2,883	2,532
Cash outflow / (inflow) from movement in debt and lease finance	3,403	(2,312)
Change in net debt resulting from cash flows	6,286	220
New finance leases	(604)	(853)
Finance leases included in purchase of subsidiaries and businesses	-	(186)
New loan notes	(300)	-
Movement in net debt in the year	5,382	(819)
Net debt at the start of the year	(17,720)	(16,901)
Net debt at the end of the year	(12,338)	(17,720)

## 30. ANALYSIS OF NET DEBT

	As at 1 April 1999	Cash Flow	Other Non-Cash Changes	As at 31 March 2000
	£000	£000	£000	£000
Cash at bank and in hand	43	150	-	193
Overdraft	(2,733)	2,733	-	-
Medium term loan	(6,000)	-	-	(6,000)
Loan notes	(42)	107	(300)	(235)
Finance leases and hire purchase	(8,988)	3,296	(604)	(6,296)
	(17,720)	6,286	(904)	(12,338)

## 31. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£000	£000
Operating profit	4,439	4,776
Depreciation and amortisation of goodwill	10,674	10,469
Profit on sale of tangible fixed assets	(2,106)	(2,371)
Decrease / (increase) in stocks	63	(179)
Decrease in debtors	388	1,168
Increase / (decrease) in creditors	893	(58)
Net cash inflow from operating activities	14,351	13,805

The exceptional items disclosed in the profit and loss account have no cash effect in the current year.

## 32. POST BALANCE SHEET EVENTS

On 31 May 2000 the Group acquired The Handi Hire Group Limited for consideration of £2.58m, to be satisfied by a combination of cash and loan notes. The Group has also assumed the net debt of Handi Hire which, at 31 December 1999, was £2.1m. Handi Hire operates from 24 depots in the East Midlands and South Yorkshire and provides tool hire and related services.

## 33. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Ackers P Investment Company which is the ultimate parent company registered in England. Consolidated accounts are not prepared for this company.

# FIVE YEAR SUMMARY

	1996	1997	1998	1999	2000
	£000	£000	£000	£000	£000
Turnover	<u>64,422</u>	<u>36,819</u>	<u>49,250</u>	<u>52,510</u>	<u>55,002</u>
Profit / (loss) on ordinary activities before taxation	2,379	(2,878)	2,188	3,304	3,429
Taxation	<u>(4,534)</u>	<u>937</u>	<u>(630)</u>	<u>(662)</u>	<u>(1,523)</u>
Profit / (loss) on ordinary activities after taxation	<u>(2,155)</u>	<u>(1,941)</u>	<u>1,558</u>	<u>2,642</u>	<u>1,906</u>
Dividends	<u>(1,871)</u>	<u>(1,871)</u>	<u>(1,871)</u>	<u>(1,859)</u>	<u>(1,797)</u>
Share capital	2,309	2,309	2,309	2,309	2,309
Reserves	<u>53,829</u>	<u>47,434</u>	<u>42,974</u>	<u>44,082</u>	<u>44,180</u>
Equity shareholders' funds	<u>56,138</u>	<u>49,743</u>	<u>45,283</u>	<u>46,391</u>	<u>46,489</u>

## SHARE STATISTICS

Asset value	<u>122p</u>	<u>108p</u>	<u>98p</u>	<u>101p</u>	<u>101p</u>
Earnings / (loss)	<u>(4.67)p</u>	<u>(4.20)p</u>	<u>3.37p</u>	<u>5.77p</u>	<u>4.22p</u>
Dividend	<u>4.05p</u>	<u>4.05p</u>	<u>4.05p</u>	<u>4.05p</u>	<u>4.05p</u>
Times covered	<u>-</u>	<u>-</u>	<u>0.83</u>	<u>1.42</u>	<u>1.04</u>

## NOTICE OF MEETING

Notice is hereby given that the twenty eighth Annual General Meeting of the Company will be held at Central House, Beckwith Knowle, Otley Road, Harrogate on Thursday 28 September 2000 at 10am for the following purposes:

### As ordinary business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2000.
2. To declare a final dividend.
3. To re-elect B Cottingham as a Director.
4. To re-elect P W Parkin as a Director.
5. To re-appoint KPMG Audit Plc as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration.

### As special business

To consider and, if thought fit, pass the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolutions 7 and 8 will be proposed as Special Resolutions:

6. That for the purposes of Section 80 of the Companies Act 1985 (and so that expressions defined in that Section shall bear the same meanings as in this Resolution) the Directors be, and they are, generally authorised to allot relevant securities up to a maximum nominal amount of £690,750 to such persons at such times and on such terms as they think proper during the period expiring on the date of the next Annual General Meeting after the passing of this Resolution (or any adjournment thereof) save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
7. That the Directors be and they are hereby generally authorised to allot for cash or otherwise equity securities (as defined in Section 94 of the Companies Act 1985 "the Act") of the Company pursuant to the authority conferred by Resolution 6 above as if Section 89 of the Act did not apply to such allotment provided that this power shall be limited:
  - (a) to the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of Ordinary Shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such allotment but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements, of any recognised regulatory body or any stock exchange in any territory;
  - (b) to the allotment of equity securities pursuant to the terms of any share schemes for Directors and employees of the Company or any of its subsidiaries approved by the Company in General Meeting; and
  - (c) to the allotment otherwise than pursuant to subparagraphs (a) and (b) above of equity securities not exceeding in aggregate the nominal amount of £115,000provided further that the authority hereby granted shall expire at the conclusion of the next Annual General Meeting after the passing of this Resolution (or any adjournment thereof) save that the Directors shall be entitled to make at any time before the expiry of the power hereby conferred any offer or agreement which might require equity securities to be allotted after the expiry of such power.
8. That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Act) of Ordinary shares of 5 pence each in the capital of the Company ("Ordinary shares") provided that:
  - (a) the maximum number of Ordinary shares hereby authorised to be purchased is 2,309,250 being 5% of the issued share capital of the Company;
  - (b) the minimum price which may be paid for Ordinary shares is 5 pence per Ordinary share exclusive of expenses;
  - (c) the maximum price which may be paid for an Ordinary share is the amount equal to 5% above the average of the middle market quotations derived from the Stock Exchange Daily Official List for the 5 business days immediately preceding the day of purchase, exclusive of expenses;
  - (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and
  - (e) the Company may make a contract to purchase Ordinary shares under the authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary shares in pursuance of any such contract.

By Order of the Board.

N A STOTHARD

Secretary

21 July 2000

### Notes

A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, vote instead of him and that proxy need not also be a member. A form of proxy is enclosed for this purpose. It must be deposited at the offices of the Company's registrars not less than 48 hours before the time fixed for the meeting.

In accordance with Regulation 34 of the Uncertificated Securities Regulations 1995, only those members entered on the register of members of the Company as at the close of business 26 September 2000 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after close of business on 26 September 2000 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

I/We .....

(BLOCK LETTERS)

of .....

being a registered holder(s) of \* ..... Ordinary Shares in the capital of Vibroplant plc hereby appoint the Chairman of the Meeting, or (note 2) ..... as my/our Proxy to attend and on a poll (and in the case of a Corporation on a show of hands and a poll) vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 28 September 2000 and at any adjournment thereof. I/we request the Proxy to vote on the following resolutions as indicated.

**Resolution**

		For	Against
1	To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2000	<input type="checkbox"/>	<input type="checkbox"/>
2	To declare a final dividend	<input type="checkbox"/>	<input type="checkbox"/>
3	To re-elect B Cottingham as a Director	<input type="checkbox"/>	<input type="checkbox"/>
4	To re-elect P W Parkin as a Director	<input type="checkbox"/>	<input type="checkbox"/>
5	To re-appoint KPMG Audit plc as Auditors and to authorise the Directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
6	To approve the authority to allot shares	<input type="checkbox"/>	<input type="checkbox"/>
7	To approve the disapplication of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>
8	To approve the purchase of own shares	<input type="checkbox"/>	<input type="checkbox"/>

Signature ..... Date .....

**Notes**

- Please indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to use your vote on any particular matter the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting.
- If you prefer to appoint some other person or persons as your proxy, strike out the words "the Chairman of the Meeting", and insert in the blank space the name or names preferred and initial the alteration. A proxy need not be a member of the Company.
- In the case of joint holders only one need sign as the vote of the senior holder who tenders a vote will alone be counted.
- If the member is a Corporation this form must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
- To be effective this Proxy must be completed, signed and must be lodged (together with any power of attorney or duly certified copy thereof under which this proxy is signed) at the offices of the Company's Registrars at Capita IRG plc, Proxy Dept, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time appointed for the meeting.

\* Insert the number of Ordinary Shares in respect of which the form of Proxy is given. If the number is not inserted, the form of Proxy will be taken to have been given in respect of all Ordinary Shares held.

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FIRST FOLD

Capita IRG plc  
Proxy Department  
P.O. Box 25  
Beckenham  
Kent  
BR3 4BR

SECOND FOLD