



The Equipment  
Rental Specialists

**Interim Report**  
**2010/11**

[www.vpplc.com](http://www.vpplc.com)

# Chairman's Statement

I am pleased to be able to report a very satisfactory set of results for the six months to 30 September 2010, given the difficult trading environment in which the Group has operated.

Revenues of £71.1 million were at the same level as the corresponding period last year and delivered profit before amortisation and taxation of £8.6 million (2009: £9.8m). We are very pleased to have been able to maintain top line revenues and have experienced a generally stable market since the beginning of the financial year. Volatilities and uncertainties do exist in particular markets and combined with pricing pressure, activity mix and shorter rental periods, this has led to the erosion of operating margins in some divisions.

Capital investment in the fleet rose to £9.7 million (2009: £7.6 million) as the Group supported specific opportunities and contract wins. A net cash inflow of £8 million saw net debt reduce to £40 million at the period end, compared with £55 million at this time last year and £48 million at the year end. This represents financial gearing of 35% (2009: 53%). This strong cash performance underscores the quality of our businesses and the resilience of our operating model.

During the period, the Group successfully renewed its maturing debt facilities, on favourable terms, for a further three year period.

In light of these very satisfactory results, your Board is declaring a maintained interim dividend of 3.1 pence per share payable on 5 January 2011 to shareholders registered as at 10 December 2010.

## Groundforce

Groundforce was once again the Group's largest profit contributor and continued to deliver excellent margins. Revenues and operating profit reduced due to the completion of the AMP4 programme and the generally subdued construction and property markets. We had anticipated this interruption in activity and measures were taken where possible to mitigate the impact of the revenue loss. As private sector investment has weakened, the Olympics and other public infrastructure programmes have provided a useful support to revenues.

The investment in marketing Groundforce solutions in mainland Europe has started to pay dividends with a number of large propping schemes secured. Sales of new equipment to North America continued at useful, albeit slightly reduced levels. The specialist sub divisional businesses generally performed well and the Harbray acquisition, made in May 2010, is performing in line with our expectations.

As the AMP5 programme builds up next year and beyond, its work bank should provide good opportunities for Groundforce.

## UK Forks

After two very difficult trading years, it was pleasing to experience an increase in demand from the housing sector. Hire revenues have increased substantially and with the benefit of our reduced cost base and the supply constraints in the marketplace, this has had a very positive impact on profitability. The decrease in reported top line revenues reflects a significant reduction in the level of rental fleet disposals when compared with the same period last year. For the first time in nearly two years, as fleet physical utilisation levels have recovered to more optimal levels, the Group is once again reinvesting in fleet to meet contract opportunities.

After the period end, we completed the acquisition of 150 telehandlers from one of our larger customers secured by a three year exclusive hire arrangement.

## Airpac Bukom

Airpac Bukom experienced a quiet first half. With subdued demand from the international well testing market, profits reduced against the prior year but this was primarily due to exchange rate fluctuations in US and Australian dollars. Pleasingly, the major LNG air and manpower supply contract in Australia is now building up to its full potential and should make a stronger contribution in the second half of this year and beyond. Our African operations also enjoyed strong demand. We remain very positive about the medium term prospects for the oilfield services sector and have recently strengthened senior management to take best advantage of future opportunities.

## Torrent Trackside

An improvement in revenues derived from our key customer relationships and the benefit of the cost reduction measures taken last year, have delivered a significant turnaround for this business. We were very pleased to see Torrent's credentials as the leading specialist within the sector recognised in the award by Network Rail of a five year contract commencing in December 2010 for the maintenance of their trackside plant. Torrent's activity levels on the London Underground have also picked up this year in support of new contract wins. Although the timing and quantum of work release in the rail sector is always difficult to predict, we look towards the future with a greater degree of confidence than has been possible for the last couple of years.

## TPA

TPA produced another good set of results. Revenues, both in the UK and Germany, held up well but job mix and higher costs, particularly within transportation and logistics, have caused a small reduction in margins. TPA remains a seasonal business and whilst significant progress has been made to create a more flexible overhead structure, the challenge for the second half is, as always, to find compensating revenues to substitute for the loss of the summer events work bank.

## Hire Station

Hire Station has faced a particularly challenging marketplace but still produced a profitable and cash positive result. Although revenues were maintained in the tools business, a combination of price erosion and increased transaction volumes created some pressure on margins. Within the specialist businesses, revenues and margins moved ahead with ESS Safeforce, the safety equipment rental business, performing particularly strongly.

Very pleasingly, we have recently secured the Network Rail non-rail specific equipment contract. This exclusive five year contract will provide important opportunities for Hire Station as it is implemented from early next year.

## Outlook

Despite the adverse conditions which have existed in some of our core markets, the Group has delivered very satisfactory profits and margins. These results reinforce our confidence in the quality of our business model, which has demonstrated once again its ability to smooth the impact of individual sector weaknesses. It is particularly pleasing to see UK Forks and Torrent Trackside, who suffered more than most over the last two years, starting to recover to better levels of profitability and to justify new capital investment. The Group has delivered further significant debt reductions and our balance sheet is again stronger than at the same time last year. This financial strength will continue to be a great asset to the Group in its future development.

The Group has experienced a period of general stability over the last six months and this has been continued since the end of the half year. We believe any recovery in the economy will be slow and that there will be further challenges along the way. However, the Board remains confident of the Group's ability to capitalise on opportunities as they arise.

As previously announced, Mike Holt, our Group Finance Director for six years, left the company on the 19 November 2010. On behalf of the Board, I am pleased to thank Mike for his valued contribution to the Group. The process for the appointment of his successor is progressing well.

As always, it is my pleasure to record our thanks and appreciation of the efforts of all members of the Group, whose commitment and professionalism have made these impressive results possible.

Jeremy Pilkington  
Chairman  
30 November 2010

# Condensed Consolidated Income Statement

for the period ended 30 September 2010

		Six months to 30 Sept 2010	Six months to 30 Sept 2009	Full year to 31 Mar 2010
		(unaudited)	(unaudited)	(audited)
	Note	£000	£000	£000
<b>Revenue</b>	3	<b>71,095</b>	71,113	134,163
Cost of sales		<b>(51,501)</b>	(51,195)	(99,350)
<b>Gross profit</b>		<b>19,594</b>	19,918	34,813
Administrative expenses		<b>(9,967)</b>	(9,761)	(17,869)
<b>Operating profit</b>	3	<b>9,627</b>	10,157	16,944
Net financial expenses		<b>(1,400)</b>	(1,339)	(2,605)
Profit before amortisation, exceptional items and taxation		<b>8,586</b>	8,818	16,005
Amortisation of intangibles		<b>(359)</b>	(975)	(1,323)
Exceptional items	4	-	(164)	(343)
<b>Profit before taxation</b>		<b>8,227</b>	8,818	14,339
Income tax expense	5	<b>(2,040)</b>	(2,475)	(4,094)
<b>Net profit for the period</b>		<b>6,187</b>	6,343	10,245
Basic earnings per share	7	<b>14.81p</b>	15.42p	24.68p
Diluted earnings per share	7	<b>14.60p</b>	15.11p	24.36p
Dividend per share	8	<b>3.10p</b>	3.10p	10.80p
Dividends paid and proposed (£000)		<b>1,294</b>	1,299	4,510

# Condensed Consolidated Statement of Comprehensive Income

for the period ended 30 September 2010

	Six months to 30 Sept 2010 (unaudited)	Six months to 30 Sept 2009 (unaudited)	Full year to 31 Mar 2010 (audited)
	£000	£000	£000
<b>Profit for the period</b>	<b>6,187</b>	6,343	10,245
Other comprehensive income:			
Actuarial losses on defined benefit pension scheme	-	-	726
Tax on items taken direct to equity	(44)	-	(203)
Effective portion of changes in fair value of cash flow hedges	634	997	439
Foreign exchange translation difference	(105)	(26)	(39)
<b>Other comprehensive income</b>	<b>485</b>	971	923
<b>Total comprehensive income for the period</b>	<b>6,672</b>	7,314	11,168

# Condensed Consolidated Statement of Changes in Equity

for the period ended 30 September 2010

	Six months to 30 Sept 2010 (unaudited)	Six months to 30 Sept 2009 (unaudited)	Full year to 31 Mar 2010 (audited)
	£000	£000	£000
<b>Total comprehensive income for the period</b>	<b>6,672</b>	7,314	11,168
Tax movements to equity	-	-	1
Share option charge in the period	542	273	434
Net movement relating to Treasury Shares and shares held by Vp Employee Trust	(282)	3	(85)
Dividends to shareholders	(3,215)	(3,212)	(4,510)
<b>Change in equity during the period</b>	<b>3,717</b>	4,378	7,008
Equity at the start of the period	84,187	77,179	77,179
<b>Equity at the end of the period</b>	<b>87,904</b>	81,557	84,187

# Condensed Consolidated Balance Sheet

at 30 September 2010

		30 Sept 2010	31 Mar 2010	30 Sept 2009
		(unaudited)	(audited)	(Restated)
	Note	£000	£000	(unaudited)
				£000
<b>Non-current assets</b>				
Property, plant and equipment	6	96,234	98,635	102,730
Goodwill		34,269	33,798	33,754
Intangible assets		5,933	6,028	6,376
<b>Total non-current assets</b>		<b>136,436</b>	<b>138,461</b>	<b>142,860</b>
<b>Current assets</b>				
Inventories		4,114	3,813	4,007
Trade and other receivables		31,446	27,330	29,562
Cash and cash equivalents		3,603	1,385	712
<b>Total current assets</b>		<b>39,163</b>	<b>32,528</b>	<b>34,281</b>
<b>Total assets</b>		<b>175,599</b>	<b>170,989</b>	<b>177,141</b>
<b>Current liabilities</b>				
Interest bearing loans and borrowings		(18,037)	(49,692)	(448)
Income tax payable		(2,936)	(263)	(2,500)
Trade and other payables		(30,460)	(25,493)	(27,494)
<b>Total current liabilities</b>		<b>(51,433)</b>	<b>(75,448)</b>	<b>(30,442)</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		(26,005)	(18)	(55,042)
Employee benefits		(919)	(1,127)	(1,814)
Deferred tax liabilities		(9,338)	(10,209)	(8,286)
<b>Total non-current liabilities</b>		<b>(36,262)</b>	<b>(11,354)</b>	<b>(65,142)</b>
<b>Total liabilities</b>		<b>(87,695)</b>	<b>(86,802)</b>	<b>(95,584)</b>
<b>Net assets</b>		<b>87,904</b>	<b>84,187</b>	<b>81,557</b>
<b>Equity</b>				
Issued capital		2,309	2,309	2,309
Share premium		16,192	16,192	16,192
Hedging reserve		(2,533)	(3,167)	(2,609)
Retained earnings		71,909	68,826	65,638
<b>Total equity attributable to equity holders of parent</b>		<b>87,877</b>	<b>84,160</b>	<b>81,530</b>
<b>Minority interest</b>		<b>27</b>	<b>27</b>	<b>27</b>
<b>Total equity</b>		<b>87,904</b>	<b>84,187</b>	<b>81,557</b>

# Condensed Consolidated Statement of Cash Flows

for the period ended 30 September 2010

		Six months to 30 Sept 2010 (unaudited)	Six months to 30 Sept 2009 (unaudited)	Full year to 31 Mar 2010 (audited)
	Note	£000	£000	£000
<b>Cash flows from operating activities</b>				
Profit before taxation		8,227	8,818	14,339
Adjustment for:				
Pension fund contributions in excess of service cost		(208)	(2,253)	(2,214)
Share based payment charges		542	273	434
Depreciation	6	9,208	9,536	18,901
Amortisation of intangibles		359	975	1,323
Net financial expense		1,400	1,339	2,605
Profit on sale of property, plant and equipment		(1,280)	(2,021)	(3,375)
<b>Operating cash flow before changes in working capital and provisions</b>		<b>18,248</b>	<b>16,667</b>	<b>32,013</b>
(Increase)/decrease in inventories		(297)	1,456	1,650
(Increase)/decrease in trade and other receivables		(4,037)	3,294	5,484
(Increase)/decrease in trade and other payables		2,542	(1,808)	(1,919)
<b>Cash generated from operations</b>		<b>16,456</b>	<b>19,609</b>	<b>37,228</b>
Interest paid		(1,287)	(21,260)	(2,453)
Interest element of finance lease rental payments		(76)	(84)	(156)
Interest received		-	11	17
Income tax paid		(394)	(2,411)	(4,546)
<b>Net cash from operating activities</b>		<b>14,699</b>	<b>15,865</b>	<b>30,090</b>
<b>Investing activities</b>				
Proceeds from sale of property, plant and equipment		4,105	5,201	8,718
Purchase of property, plant and equipment		(9,884)	(10,034)	(16,744)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)		(690)	17	19
<b>Net cash from investing activities</b>		<b>(6,469)</b>	<b>(4,816)</b>	<b>(8,007)</b>
<b>Cash flows from financing activities</b>				
(Purchase)/sale of Treasury Shares and own shares by Employee Trust		(282)	3	(85)
Repayment of loans		(40,500)	(14,500)	(20,000)
New loans		35,000	4,000	4,000
Payment of hire purchase and finance lease liabilities		(168)	(398)	(678)
Dividends paid	8	-	-	(4,510)
<b>Net cash from financing activities</b>		<b>(5,950)</b>	<b>(10,895)</b>	<b>(21,273)</b>
Net increase in cash and cash equivalents		2,280	154	810
Effect of exchange rate fluctuations on cash held		(62)	7	24
Cash and cash equivalents at beginning of period		1,385	551	551
<b>Cash and cash equivalents at end of period</b>		<b>3,603</b>	<b>712</b>	<b>1,385</b>

# Notes to the Condensed Financial Statements

## 1. Basis of Preparation

Vp plc (the "Company") is a company domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company for the half year ended 30 September 2010 comprise the Company and its subsidiaries (together referred to as the "Group").

This interim announcement has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS34 ("Interim Financial Reporting") as adopted by the EU. The accounting policies applied are consistent for all periods presented and are in line with those applied in the annual financial statements for the year ended 31 March 2010, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The interim announcement was approved by the Board of Directors on 29 November 2010.

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

The comparative figures for the financial year ended 31 March 2010 are extracted from the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

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

As stated in the year end accounts, despite the current economic conditions and uncertain global outlook, the Group continues to be in a healthy financial position. Since the year end net debt has reduced by a further £7.9m to £40.4m and the Group has put in place a £35m committed revolving facility to replace the existing £50m committed five year revolving facility which was due to expire in November 2010. The Group's total banking facilities are now £65m. The Board has evaluated these facilities and the associated covenants on the basis of current forecasts, taking into account the current economic climate, with a reasonable level of sensitivity analysis. On this basis the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and to manage its business risks. For this reason the going concern basis has been adopted in the preparation of these financial statements.

The Balance Sheet at 30 September 2009 has been restated to reflect minor hindsight adjustments on acquisitions made in that year.

## 2. Risks and Uncertainties

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

Taking into account these risk mitigation actions and the treasury management policies described in the 31 March 2010 accounts, the Group's exposure to market, liquidity and credit risk is considered by the Board to be within normal parameters and represents an acceptable level of risk.

## 3. Summarised Segmental Analysis

	Revenue		Operating Profit	
	Sept 2010	Sept 2009 Restated	Sept 2010	Sept 2009
	£000	£000	£000	£000
Groundforce	15,572	17,217	3,506	5,092
UK Forks	5,256	5,685	590	(297)
Airpac Bukom	8,544	8,157	1,451	2,028
Torrent Trackside	6,196	5,129	577	6
TPA	9,349	9,345	2,146	2,434
Hire Station	26,178	25,580	1,706	2,033
	<u>71,095</u>	<u>71,113</u>	<u>9,986</u>	<u>11,296</u>
Amortisation			(359)	(975)
Exceptional items			-	(164)
			<u>9,627</u>	<u>10,157</u>

# Notes to the Condensed Financial Statements

## 4. Exceptional Items

There were no exceptional items during the current period. In the prior year period the Group made a profit of £113,000 from the disposal of a freehold property and incurred £277,000 of employment termination costs.

## 5. Income Tax

The effective tax rate of 24.8% in the period to 30 September 2010 (30 September 2009: 28.1%) is made up of two elements. Firstly, an estimated underlying tax rate of 29.8% which reflects the current standard rate of tax of 28% as adjusted for estimated permanent differences for tax purposes and adjustments to prior year provisions. Secondly there is a release of £0.4m (5.0%) from the opening deferred tax balance as a result of the change in the future UK corporation tax rate from 28% to 27% with effect from 1 April 2011.

## 6. Property, Plant and Equipment

	Sept 2010 £000	Sept 2009 £000	Mar 2010 £000
Carrying amount 1 April	98,635	107,889	107,889
Additions	9,677	15,055	7,590
Acquisitions	4	-	-
Depreciation	(9,208)	(18,901)	(9,536)
Disposals	(2,825)	(5,343)	(3,180)
Effect of movements in exchange rates	(49)	(65)	(33)
Closing carrying amount	96,234	98,635	102,730

The value of capital commitments at 30 September 2010 was £1,246,000 (31 March 2010: £916,000).

## 7. Earnings Per Share

Earnings per share have been calculated on 41,772,783 shares (2009: 41,123,633) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 42,388,177 shares (2009: 41,977,858) adjusted to reflect conversion of all potentially dilutive ordinary shares. Basic earnings per share before the amortisation of intangibles and exceptional items was 15.43 pence (2009: 17.42 pence) and was based on an after tax add back of £258,000 (2009: £820,000). Diluted earnings per share before amortisation of intangibles and exceptional items was 15.21 pence (2009: 17.06 pence).

## 8. Dividends

The Directors have declared an interim dividend of 3.10 pence (2009: 3.10 pence) per share payable on 5 January 2011 to shareholders on the register at 10 December 2010. The dividend proposed at the year end was subsequently approved at the AGM in September and therefore accrued, but was not paid in the period (2009 paid: nil). The cost of dividends in the Statement of Changes in Equity is after adjustments for the interim and final dividends waived by the Vp Employee Trust in relation to the shares it holds for the Group's share option schemes together with dividends waived in relation to treasury shares.

## 9. Analysis of Net Debt

	As at 1 Apr 10 £000	Cash Flow £000	As at 30 Sept 10 £000
Cash in hand and at bank less overdrafts	1,385	2,218	3,603
Revolving credit facilities	(49,500)	5,500	(44,000)
Finance leases and hire purchase contracts	(210)	168	(42)
	(48,325)	7,886	(40,439)

The Group's bank facilities comprise a £35m committed three year revolving credit facility which expires in May 2013, a £20m committed three year revolving credit facility expiring in September 2011 and overdraft facilities totalling £10m.

## 10. Related Party Transactions

Transactions between Group Companies, which are related parties, have been eliminated on consolidation and therefore do not require disclosure.

## 11. Forward Looking Statements

The Chairman's Statement includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, review or change any forward looking statements to reflect events or developments occurring after the date of this report.



# Notes to the Condensed Financial Statements

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

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU
- the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

**By order of the Board**  
**30 November 2010**

### The Board

The Board of Directors who served during the 6 months to 30 September 2010 was:

• Jeremy FG Pilkington (Chairman) • Neil A Stothard • Michael J Holt • Peter W Parkin • Stephen Rogers

## Independent Review Report to Vp plc

### 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 2010 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim balance sheet, the condensed consolidated interim statement of changes in shareholders' equity, the condensed consolidated interim cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Chris Hearld  
For and on behalf of KPMG Audit Plc

**Chartered Accountants**

Leeds

30 November 2010