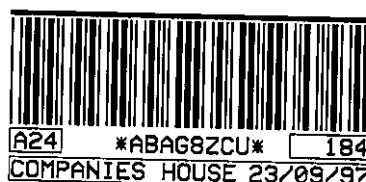


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Co. No. 481833



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.

Stuart J Doughty, B.Sc., M.I.C.E., C. Eng., F.I.H.T.

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

Independent Registrars Group Limited, Balfour House, 390/398 High Road,

Ilford, Essex, IG1 1NQ.

Bankers

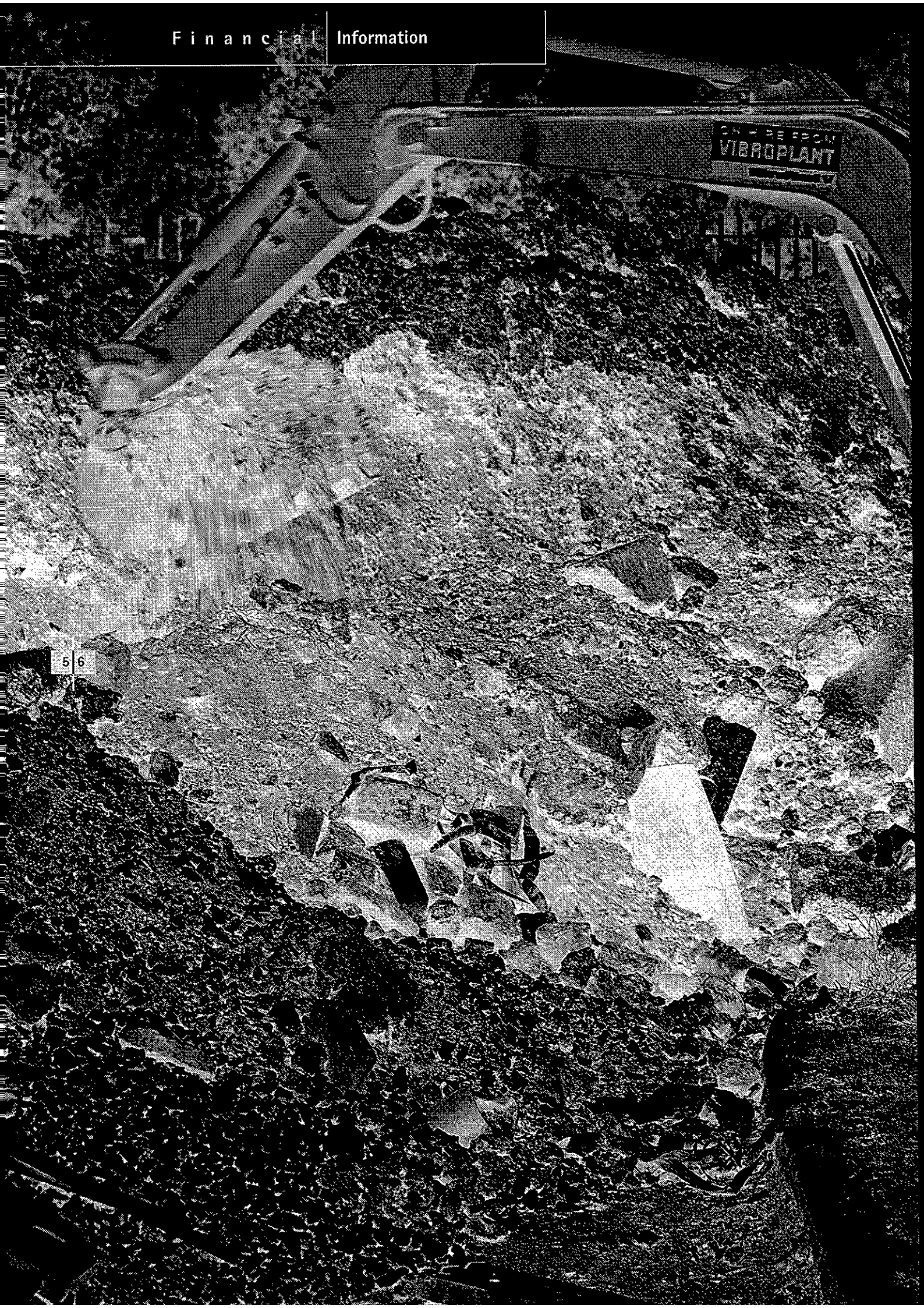
National Westminster Bank Plc.

Merchant Bankers

N M Rothschild & Sons Limited.

Stockbrokers

HSBC James Capel.

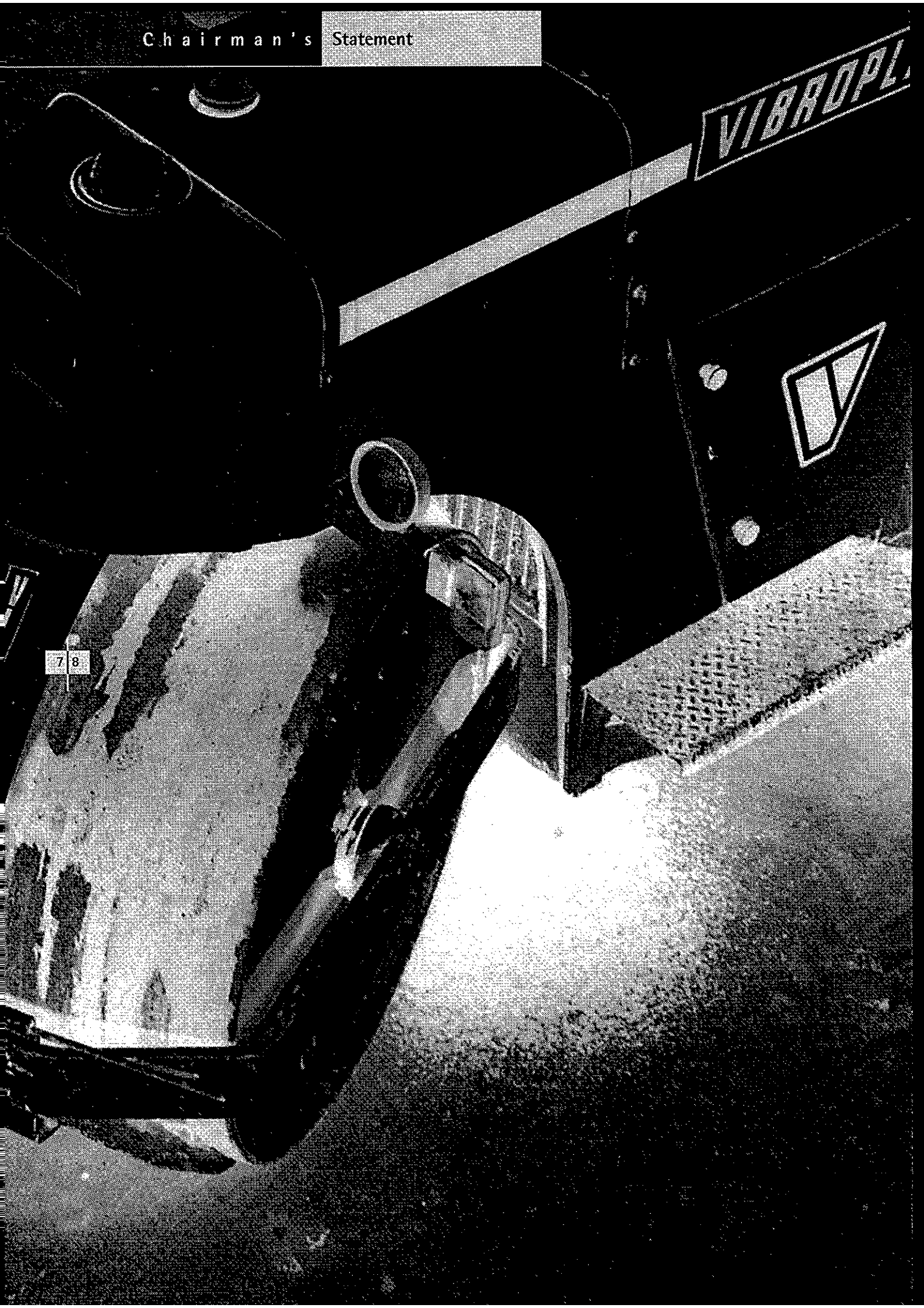


Financial Highlights

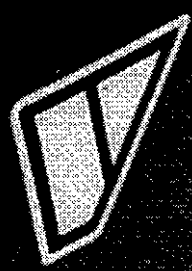
	1997	1996
Turnover	£36.8m	£64.4m
(Loss)/profit on ordinary activities before taxation	£(2.9)m	£2.4m
Loss per share	(4.20)p	(4.67)p
Dividend per share	4.05p	4.05p
Shareholders' funds	£49.7m	£56.1m
Net cash and liquid resources	£10.6m	£23.0m
Net debt	£4.1m	£(15.8)m
Net debt/shareholders' funds	8.2%	-
Expenditure in the year on hire plant	£13.5m	£21.4m
Purchase of subsidiaries	£2.9m	-

Financial Calendar

Annual General Meeting	September
Dividend Payments	
Interim	January
Final	October
Results Announced	
Half year	November
Full year	June/July
Report and Accounts issued	August



VIBROPL



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All our businesses traded profitably during the year with the major exception of Construction Services, our largest division, and despite the difficult background of a generally weak market. The Group pre-tax loss of £2.9m (1996 : loss of £897,000 on continuing operations, profit of £2.4m including discontinued operations) was in line with market expectations of a £2.0m loss before the charge for exceptional items of £875,000. Turnover for the Group was up 1.4% to £36.8m (1996 : £36.3m on continuing operations).

In the year, an exceptional charge of £875,000 has arisen, principally in respect of redundancy costs and other charges associated with our programme of significantly reducing the size of the Construction Services cost base. That we can now reduce this cost base is a direct result of our service strategy which provides both significantly improved levels of service and intrinsically lower operating costs.

During the year the Group made two acquisitions in the small tools sector; Cannon Tool Hire and Instant Tool Hire. These acquisitions are discussed in more detail in the trading review and represent an important step in the redeployment of capital following the sale last year of our U.S. operations. Together with the recent acquisition of Hire & Sales and the more substantial acquisition of Torrent announced on 22 May 1997, these measures will improve the quality of Group earnings and reduce our dependency on the more cyclical and lower margin general plant market. Our investment programme and acquisition strategy targets specialist equipment serving more discriminating industrial and niche markets together with the more service conscious elements of the construction sector. This refocusing is at the heart of our strategy of Regional Hire Centres and targeted customer account management.

At 31 March 1997, the Group had net cash balances and gearing, after finance leases, of only 8%. The recent acquisitions of Hire & Sales and Torrent since the year end have affected this position but your Group continues to enjoy a strong balance sheet and the associated flexibility to pursue further opportunities as they arise.

The Board believes that the benefits of the strategic re-alignment of your Group are becoming evident in improved trading. More customers are recognising the attractions of our new business approach and our enhanced service levels are securing improved levels of account retention and penetration. It is in the light of these prospects that the Board believes that, as forecast in the announcement of the proposed acquisition of Torrent, it should maintain the final dividend at 2.65p per share, resulting in an unchanged full year pay-out of 4.05p per share.

TRADING REVIEW

Following the disposal of our U.S. business in February 1996 the Group's business is now entirely derived from within the U.K.

Construction Services

With this division representing approximately 60% of turnover and capital employed, Construction Services' under-performance had a dominating effect on the Group result last year. Construction Services made a substantial operating loss, largely attributable to price deterioration and capacity under-utilisation although specific transitional costs, as new operational systems were introduced, compounded the problems of a weak market.

Bad debt experience within this division was significantly worse than the prior year with notable insolvencies in the cable contracting sector. These losses were less a reflection of the size or age of the debtor balance but more an unfortunate result of the ease with which plant is stolen from customers' sites following an announcement of insolvency. The division has subsequently reduced its exposure to this sector.

I indicated last year, and would emphasise again, that many of our traditional construction plant products do not currently earn sufficient levels of return to support reinvestment in new plant. While this situation persists it is likely that the Group's other divisions will continue to compete more effectively for the capital funding available. It is this fundamental economic issue that is driving our programme to introduce additional identifiable value for the customer in the service we provide. There is evidence that this is now being achieved with important new preferred supplier agreements being negotiated. Some £7.6m was invested in new plant for the Construction Services division in order to maintain its operating capability and to take advantage of these particular opportunities.

As we have re-aligned this business we have, at the same time, undertaken a thorough review of the appropriateness of its cost structure to the new way we now transact business. This has enabled us to move towards a significantly lower cost base for the current year and the one-off costs associated with this programme have been taken as an exceptional charge in 1996/97.

There have recently been two encouraging developments in the general construction sector. The improved activity levels in the private housing sector will, we anticipate, soon be augmented by the release of local authority receipts to fund the Government's £5bn social housing initiative. Also, we welcome the re-launch of the Private Finance Initiative as a positive development after its disappointment to fulfil initial high expectations.

Industrial Services

The Industrial Services division continued its strong first half performance. Its greater exposure to non-construction markets, together with an asset profile generating higher per unit revenues and a longer average length of hire, critically differentiates the margin and cost structure of this business. As in all parts of the Group, the division pursues partnership orientated, value sharing relationships with target customers, capitalising on the benefits of our national hire centre structure. Of particular interest to industrial customers, is our soon to be launched 24 hour, 365 day field service and plant sourcing capability. Industrial Services' bespoke arrangements based on guaranteed service levels differentiate the services we can offer from those available more generally within the plant hire sector.

We have improved the earning profile of the division's assets considerably during the year, replacing older plant on a routine basis and adding new lines of scissor lifts and larger air compressors. Capital expenditure in 1996/97, together with the current year, is anticipated to exceed £7m reflecting the importance we attach to the development of this division.

Our specialist welding unit suffered from customer deferral of certain projects scheduled to commence in the second half of the year. However, these contracts are now underway and are having a beneficial impact on the start of the current financial year. Welding Services will be less exposed to such factors in future as its business mix matures. Capital expenditure of some £1.3m was made in this unit with further significant expansion planned for the current year.

Groundforce

Groundforce's strategy is to provide services to the more technically advanced sectors of the market where engineering performance will deliver significant added value. Last year saw the division make valuable progress in the development of new products which broaden our offering into these more highly engineered applications. The larger span bracing systems are proving highly effective and the division will benefit



from having these new product introductions available for a full financial year. Groundforce's proprietary engineering design software is being installed by an increasing number of customers and an upgraded Windows based version will be released later this year. During the last financial year Groundforce invested in excess of £1.3m in plant additions.

Small Tools

The Group made two acquisitions during the second half of the year which have provided an attractive initial presence in this sector of the plant hire market. Cannon Tool Hire enjoys a strong regional presence with six depots in the Medway area of Kent. Instant Tool Hire has three depots in the North West. Both companies benefit from a strong reputation for quality of service in their local market areas. In May 1997, Cannon Tool Hire acquired Hire & Sales Limited, a long established hirer with depots in Canterbury and Sittingbourne. Hire & Sales has already been integrated within Cannon Tool Hire and the appropriate operational synergies are being secured.

Small tool businesses benefit from a counter-cyclical exposure to the repair, maintenance and improvement sector of the construction industry and therefore compliment Vibroplant's traditional heavy end markets. They also offer superior levels of return on capital employed. Other plant hire companies have long benefited from these advantages within their mix of businesses but Vibroplant's geographic diversification into the United States and resultant balance sheet gearing, has previously restricted our ability to develop a presence in this sector.

I am particularly pleased to have been able to announce the acquisition of Torrent, a specialist supplier of small tools and equipment, predominantly to the rail industry. The acquisition was completed on 9 June 1997. Torrent is a leading hirer to the railtrack renewal and maintenance sector and has in a short time, built a respected record of outstanding service and performance within this particular market segment. In this regard, Torrent already shares the Group's underlying strategic approach to the plant hire business. The planned £10bn investment in rail infrastructure improvements and maintenance to the year 2001 represents a unique opportunity to build value within a highly safety and quality sensitive market. I refer shareholders to the circular sent to you recently which describes Torrent and our reasons for its acquisition in more detail.

In acquiring Cannon, Instant and Torrent, Vibroplant has created a valuable divisional activity with attractive growth potential, both organically and by further acquisition.

Other Capital Expenditure

Shortly before the year-end, the Group acquired a substantial site in Harlow which will become a hub distribution point for North London and the Northern Home Counties. This is a geographic region in which the Group has been comparatively less well represented and this depot will be a valuable extension to our national network.

BOARD AND SENIOR MANAGEMENT CHANGES

I announced in March that Eric Woolley would be leaving the Group to take up a new appointment. Eric has made a very valuable contribution to the Group over the last two years and I shall miss his presence, both professionally and personally. The Board wish him every success in his new appointment.

I am pleased to announce that Neil Stothard joined Vibroplant as Group Finance Director on 7th July. Neil has direct experience of the plant hire sector, having worked for some years in TDG plc's Hire

Division, Cox Plant, from where he progressed to become Finance Director of TDG plc's larger Distribution Division. More recently, Neil has been Finance Director of Gray Dawes Group Limited.

I am also pleased to announce the appointment of John Tull to the newly created senior management position of Divisional Managing Director - Construction and Industrial Services. John joins the Company on 4 August 1997 and has extensive previous experience in contracting and plant management, most recently as Managing Director of Alfred McAlpine Plant. The new reporting relationship of the profit accountable business units no longer requires a main Board Engineering Director and Rodney Swarbrick resigned with effect from 29 July 1997.

OUTLOOK

The opening months of the new financial year have seen some improvement in sentiment in the plant hire industry and associated markets and we have experienced a modest but perceptible improvement in price and utilisation. This trend, the cost reduction programme that follows our restructuring, and the contribution from our newly acquired businesses should enable the Group to improve its trading performance substantially in the current year as the first step towards creating real increases in shareholder value in future years.

As I noted in connection with the Construction Services division, adequate levels of return on capital employed in that area are still some way off. Your Group still has very significant resources invested in those activities and it is in this respect that I sound a note of caution with respect to the short term outlook. We will improve the underlying profitability of these activities as we achieve our new lower cost base progressively during 1997/98, but over the longer term, absent a significant improvement in spot hire rates, capital will migrate to those units offering more attractive returns. Vibroplant's new operating structure anticipates these challenges and gives the Group the flexibility to pursue opportunities as they arise.



JEREMY F G PILKINGTON
Chairman & Chief Executive



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FINANCIAL SUMMARY

The loss before tax for the year ended 31 March 1997 was £2.9m after an exceptional charge of £0.9m (1996: loss on continuing operations of £0.9m, profit of £2.4m including discontinued operations). The exceptional charge results from a cost reduction exercise, principally in the Construction Services Division, and includes redundancy and other, mainly depot related, rationalisation costs. These are discussed in more detail below.

During the year the Group has made significant investments for the future, both in terms of additions to fixed assets and acquisitions. Additions to fixed assets were £15.0m, including £13.5m on hire fleet and the addition of a new depot at Harlow. In addition £2.9m, before deferred consideration, has been invested in the acquisition of Cannon Tool Hire and Instant Tool Hire. Despite these substantial investments net debt at the year end, after finance leases, was £4.1m (1996: net cash of £15.8m) representing only 8% of shareholders' funds.

REVIEW OF THE FINANCIAL STATEMENTS

Operating results before exceptional items

The PBITD (profit before interest, depreciation and tax) margin, a generally accepted measure of performance in the plant hire industry, fell in the year to 18.1%, before exceptional charges (1996: continuing operations 24.4%). This fall has resulted from a combination of reduced turnover and increased costs of sales in the existing operations, before acquisitions, as shown in the consolidated profit and loss account on page 23.

The reduced turnover reflects the weak market conditions, as indicated by a 1.5 percentage point drop in monetary utilisation (hire revenue/potential hire revenue). This under performance was particularly apparent in the Construction Services Division, which as noted in the Chairman's Statement, experienced price deterioration and capacity under-utilisation.

The two main elements affecting cost of sales were a fall in the profit on disposal of fixed assets and an increase in the cost of re-hired equipment.

Plant disposals are an integral part of the planned re-investment programme in the hire fleet and therefore the profit on disposal is influenced by a number of factors including particularly the volume and value of trade back deals with plant suppliers. It was also affected in 1996/97 by the write off of some obsolete Groundforce equipment.

Our objective to provide a "seamless" re-hire facility to our target customers where their requirements fall outside our normal plant portfolio has resulted in increased re-hire activity which by its nature is at a significantly reduced margin.

The operating results of the divisions are discussed in greater detail in the Chairman's Statement.

Exceptional charge for reorganisation

As described in the Chairman's statement we are currently undertaking a programme to significantly reduce the cost base of the Construction Services Division. The cost of this exercise, some £0.9m, is exceptional in nature and value and therefore is separately identified in the profit and loss account under cost of sales. The charge includes £0.1m of costs already incurred and a further £0.8m for costs which the Board has committed to incur in the current financial year. The costs fall under two main headings, redundancy and depot rationalisation. A proportion of the redundancy element of the year end provision has already been utilised in the current year and work is continuing on other aspects of the reorganisation.

Dividend

A final dividend of 2.65 pence has been proposed. Subject to approval at the Annual General Meeting, shareholders will therefore receive a dividend for the year of 4.05 pence per share (1996: 4.05 pence per share), a total payment of £1.87m. Whilst this dividend is uncovered, the final proposed dividend reflects the Board's belief that in the medium term the strategic changes that have been implemented in the Group to date, together with further planned changes, will return the Group to a position which justifies this continuing level of dividend.

Performance of new subsidiaries

Both Cannon and Instant are relatively new acquisitions, being acquired in October 1996 and February 1997 respectively. Their performance has been largely in line with expectations with combined turnover of £1.7m and operating profit of £0.2m since acquisition.

Shareholders' funds

As shown by the consolidated profit and loss account on page 23 the retained loss for the year was £3.8m which, together with the goodwill write off of £2.6m on the acquisitions of Cannon and Instant, has led to a reduction in shareholders' funds of £6.4m to £49.7m. The goodwill write off is after allowing for £1.2m of deferred consideration which is potentially payable over the next three years, largely based on the performance of the acquisitions. The assets and liabilities of these subsidiaries are included in the Group balance sheet at fair values, being the equivalent of their book value. Details of these acquisitions are provided in the Chairman's Statement and note 28.

Cash flow

The Group has adopted the revised presentation of the cash flow statement as required under Financial Reporting Standard 1 (Revised). The 1996 comparatives have been adjusted accordingly.

The consolidated cash flow statement on pages 27 and 28 shows net cash outflow before use of liquid resources and financing of £9.9m. The key factors affecting this are discussed below.

Cash generated from operating activities was £4.2m (1996: £18.8m). Two main factors contributed to this significant fall. Firstly the difficult trading conditions in 1996/97, which led to the operating loss of £3.0m. Secondly, the 1995/96 figure benefited from the strong performance of the US business in that year which accounted for some £10.4m of the operating profit before depreciation.

Taxation paid in the year was £2.5m. The majority of this payment was in relation to the tax charge on the disposal of the US business.

The Group continued to invest substantially in fixed assets during the year. Payments for the purchase of fixed assets were £9.8m (1996: £17.0m), after adjustment for capital creditors. However, cash generated from the sale of fixed assets fell substantially in the year to £2.9m (1996: £11.0m). Expenditure on acquisitions, before deferred consideration, was £2.9m.

The cash outflow, described above, has been funded by a net inflow of £10.6m from the Group's liquid resources. These incorporate bank managed funds and fixed term US dollar deposits. The bank managed funds include short term deposits, short term notes and money market deposits. The US dollar deposits are held as a partial hedge against exchange movements for potential liabilities under the terms of the sale of the US business.



Net debt and interest

As at 31 March 1997 the Group had net cash and liquid funds available of £10.6m (1996: £23.0m). These were offset by finance lease obligations of £14.7m leaving a net debt position of £4.1m (1996: net cash of £15.8m). As shown by the analysis of net debt on page 28 this movement mainly comprises the £9.9m cash outflow described above and the inception of a further £9.7m of finance leases. The significant increase in finance leases is a result of the Board's decision to take advantage of the historically low interest rates available during the year to provide fixed interest rate funding for the period of the leases. The Group's finance and operating leases are generally fixed rate.

In addition to the above cash balances the Group has access to additional funds by way of an overdraft facility with National Westminster Bank Plc on a floating rate basis. The new subsidiaries have maintained their existing bank relationships.

During the year the Group has benefited from net interest receivable of £0.1m, after interest charges for finance leases of £0.9m.

Since the year end the acquisition of two new subsidiaries, for initial consideration of £7m, has affected the Group's net debt position, however the facilities available continue to provide the flexibility required to consider future opportunities.

Taxation

The Group's tax credit of £0.9m represents approximately 33% of the loss before tax for the year. The 1996 effective tax rate of 191% was substantially impacted by the tax treatment of the US disposal and hence is in no way comparable.

The 1997 tax credit has been beneficially affected by net prior year adjustments of £0.2m. These reflect primarily changes in the estimates and timing of the tax payable on the disposal of the US business.



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The Directors of Vibroplant plc present their annual report and the audited financial statements for the year ended 31 March 1997.

Principal activities and business review

The principal activity of the Group is plant and small tool hire conducted almost entirely in the United Kingdom. During the year two small tool hire companies were acquired; details are provided in note 28.

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

Dividends

The following dividends have been paid and are proposed in respect of the year:

		£000
Interim paid 1.40p	(1996: 1.40p)	647
Final proposed 2.65p	(1996: 2.65p)	<u>1,224</u>
		<u>1,871</u>

The final dividend will be paid to shareholders on the register of members of the Company on 5 September 1997 and it is proposed that dividend warrants be posted on 1 October 1997.

Fixed assets

The Directors carried out a valuation of the Group's properties as at 31 March 1996. The Directors, after taking appropriate professional advice, reviewed this valuation at 31 March 1997, taking into account current market conditions, and consider that it is still an appropriate reflection of the value of the properties to the Group. Additional details of the valuation are provided in note 12 to the financial statements.

Directors

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

J F G Pilkington (46) was appointed Chairman and Chief Executive in 1979. J F G Pilkington is a member of the Audit and Remuneration Committees.

B Cottingham (63) was appointed a non-executive Director on 1 March 1996. Until his retirement in 1995 he was a senior partner at Coopers & Lybrand. Currently, he is non-executive Chairman of SIG plc and a non-executive director of Cattles plc. He is Chairman of the Audit Committee and a member of the Remuneration Committee.

S J Doughty (53) was appointed a non-executive Director on 10 June 1996. He is Group Engineering Services Director of Hyder plc (formerly Welsh Water plc). He has extensive experience of the construction industry in which he has held a number of senior executive appointments. He is Chairman of the Remuneration Committee and a member of the Audit Committee.

Mrs M A Pilkington - resigned 11 October 1996.

E R Woolley - resigned 31 May 1997.

R V Swarbrick - resigned 29 July 1997.

Since the year end the following Director has been appointed:

N A Stothard (39) was appointed Group Finance Director on 7 July 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.

N A Stothard, 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 has a service contract with the company terminable by 6 months notice.

B 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 note 22 to the financial statements.

Share option schemes

Details of the Company's executive share option scheme are shown in notes 6 and 21 to the financial statements.

Substantial shareholders

As at 4 July 1997 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 Ordinary Shares %
Ackers P Investment Company	23,684,876	51.28
Robert Fleming Holdings' Limited	7,188,000	15.56
Baring Trust Company Limited	1,673,852	3.62

J F G 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. To this end information is provided by various means including a quarterly in-house journal. There is also a suggestion scheme to develop and encourage employee participation in the Group's affairs.

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 £11,911.

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 at 31 March 1997 was 46 days.



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.

Corporate governance

In the opinion of the Board, the Group has complied with the Code of Best Practice issued by the committee on the Financial Aspects of Corporate Governance ("the Code") throughout the financial year with the following exceptions:

- Until the appointment of Stuart Doughty on 10 June 1996 the Group had only one independent non-executive director. The Group therefore has not fulfilled paragraph 1.3 of the code for the entire year which requires a minimum of two independent non-executive Directors.

- Jeremy Pilkington, who serves as both Chairman and Chief Executive, is a member of the Audit and Remuneration Committees, although both committees are chaired by a non-executive Director. As the Group has only two non-executive Directors on the Audit Committee it has not complied with paragraph 4.3 of the code.

The relatively small size of the Group influences these exceptions, particularly the restriction of the number of independent non-executive Directors to two.

The Board has sought to ensure that high standards of Corporate Governance are maintained by appointing experienced and professionally qualified non-executive Directors. Both Barrie Cottingham and Stuart Doughty have wide-ranging business responsibilities in other publicly quoted companies and bring authoritative objectivity to the Board. The Audit and Remuneration Committees, chaired by Barrie Cottingham and Stuart Doughty respectively, are formally constituted Committees of the Board with written terms of reference.

In relation to paragraph 1.4 of the code, the Board of Directors adopted a schedule of matters reserved for its approval, ensuring that full and effective control on appropriate financial, strategic and compliance matters is maintained.

Internal financial control

The Board is responsible for the Group's system of internal financial control. This system 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 mis-statement or loss.

During the year the Board, in conjunction with its Audit Committee, reviewed the operation and effectiveness of the system of internal financial control. This review included an assessment of the control environment within the company 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 Internal Audit Department, the Board monitors continuing compliance with control systems as well as their improvement or modification as appropriate.

During the year the Group has continued to implement a substantial re-organisation of its business processes and information systems which in itself introduces risk, particularly during the transitional phase. However, the new business model and management structure, which is

now largely in place, will assist in increasing levels of control through use of centralised functional management teams together with greater segregation of duties and responsibilities.

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. Monthly financial and management accounts are reported against budget and prior year and variances investigated. A check of rental fleet assets is conducted at all the Group's depots each month.

During the year the Group acquired two new subsidiaries. All acquisitions are subject to a detailed due diligence review. Furthermore, once a new subsidiary is acquired the Group takes the appropriate steps to extend its internal financial controls to that company's operations. However, it should be noted that these smaller companies do not necessarily require the sophistication of internal control that is appropriate for larger organisations.

Going concern

As at 31 March 1997 the Group had substantial cash balances with its bankers and, after finance leases, net borrowings of £4.1m. In compliance with paragraph 4.6 of the Code and 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.

KPMG Audit Plc has reviewed the statements contained within the Directors' Report in connection with the Group's compliance with the Code and have reported the results of the review on page 22.

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

1 August 1997



The Remuneration Committee is chaired by Stuart Doughty and includes two other members, Barrie Cottingham and Jeremy Pilkington. The Committee meets formally once a year and also on an ad hoc basis.

With the exception of Jeremy Pilkington's membership of the Committee, the Company has throughout the year complied with Section A of the Best Practice provisions annexed to the listing rules. As noted in the Directors' Report in connection with Corporate governance matters, Jeremy Pilkington's membership of the committee is considered justifiable. In framing its remuneration policy the committee has given full consideration to Section B of the Best Practice provisions annexed to the listing rules.

Policy on Directors' Remuneration

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 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, membership of the Vibroplant plc 1985 Pension Scheme and benefits in kind, typical of a Group of this size, such as a fully expensed car and permanent health insurance.

The remuneration of the non-executive Directors is set by the full Board.

Details of Remuneration

Full details of the remuneration package of the Group's Directors for the year ended 31 March 1997 are provided in note 5 to the financial statements. No bonuses were accrued for the year ended 31 March 1997.

Share Options

No share options were held by Directors at any time during the last financial year nor are any held at the present time.

Long-Term Incentive Schemes

Jeremy 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. There are no other long term schemes.

Pensions

The Executive Directors are members 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 up to a maximum of one thirtieth of final pensionable salary, which includes annual bonuses but not long term incentive plans, if applicable, up to a maximum of 20 years. Annual bonuses are included within pensionable salary to the extent that they comprise an important element of the recurring remuneration package. The Remuneration Committee reserves the right to exclude bonus payment from pensionable salary where they are considered to be extraordinary in nature or size.

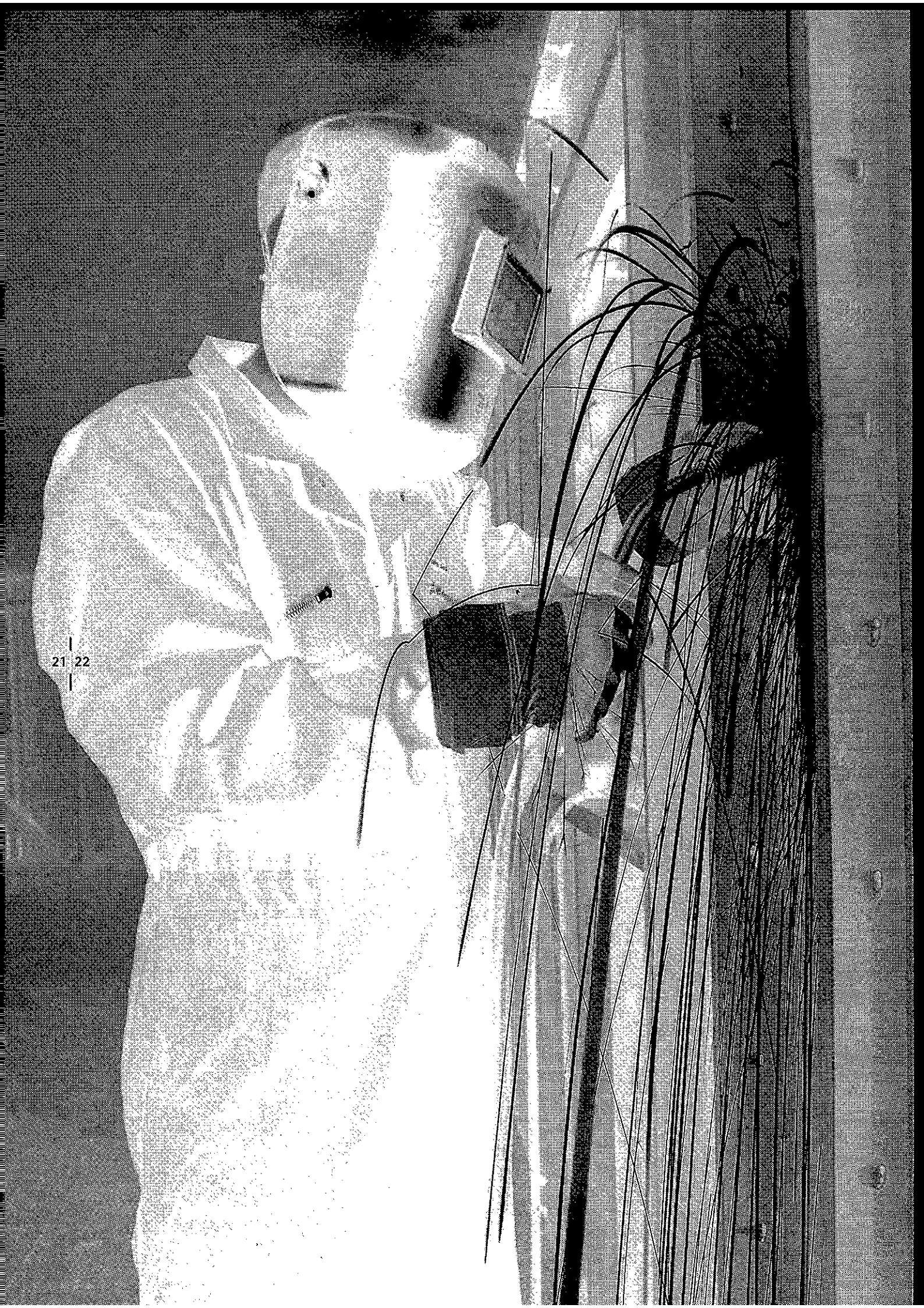
In addition, Mr Pilkington benefits from a long standing contractual entitlement to retire at 50 years of age without actuarial reduction of pension. The present value cost to the Group of augmenting the fund to facilitate this entitlement is estimated at £275,000. However, Mr Pilkington has indicated 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 £150,000.

Service Contracts

Mr Pilkington has a service contract terminable by twelve months notice. Mr Stothard has a service contract terminable by 6 months notice.

Non-executive Directors have fixed term contracts based on an initial period renewable for a maximum of two further periods. The maximum period before any renewal is three years.

On behalf of the Remuneration Committee.



Statement of Directors' Responsibilities

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.

Auditors' Reports

Report of the auditors to the members of Vibroplant plc

We have audited the financial statements on pages 23 to 38.

Respective responsibilities of Directors and Auditors

As described on this page the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 1997 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Leeds

KPMG Audit Plc

1 August 1997

Review report by KPMG Audit Plc to Vibroplant plc on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on page 18 on the Company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the accounts. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v).

Basis of opinion

We carried out our review in accordance with the guidance issued by the Auditing Practices Board. This guidance does not require us to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or the Company's corporate governance procedures, or on the ability of the Group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control and going concern on page 18, in our opinion the Directors have provided the disclosures required by the Listing Rules and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Directors and officers of the Company, and examination of relevant documents, in our opinion the Directors' statement on page 18 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review by the Listing Rules.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants

Leeds

1 August 1997

Consolidated profit and loss account for the year ended 31 March 1997

		Continuing					
		Existing Operations	Acquisitions	Total	Continuing Operations	Discontinued Operations	Total
		1997	1997	1997	1996	1996	1996
	Note	£000	£000	£000	£000	£000	£000
Turnover	2	35,142	1,677	36,819	36,303	28,119	64,422
Cost of sales							
- Ordinary trading		(30,122)	(978)	(31,100)	(29,178)	(16,374)	(45,552)
- Exceptional items	4	(875)	-	(875)	-	-	-
Total cost of sales		<u>(30,997)</u>	<u>(978)</u>	<u>(31,975)</u>	<u>(29,178)</u>	<u>(16,374)</u>	<u>(45,552)</u>
Gross profit		4,145	699	4,844	7,125	11,745	18,870
Administrative and other operating expenses		<u>(7,320)</u>	<u>(503)</u>	<u>(7,823)</u>	<u>(7,275)</u>	<u>(6,113)</u>	<u>(13,388)</u>
Operating (loss)/profit		<u>(3,175)</u>	<u>196</u>	<u>(2,979)</u>	<u>(150)</u>	<u>5,632</u>	<u>5,482</u>
Loss on the sale of Vibroplant US Inc. (after charging goodwill of £2,285,000)				-	-	(1,388)	(1,388)
(Loss)/profit on ordinary activities before interest				<u>(2,979)</u>	<u>(150)</u>	<u>4,244</u>	<u>4,094</u>
Net interest receivable/(payable)	8			101	(747)	(968)	(1,715)
(Loss)/profit on ordinary activities before taxation	3			<u>(2,878)</u>	<u>(897)</u>	<u>3,276</u>	<u>2,379</u>
Taxation on loss/(profit) on ordinary activities	10						
- Ordinary trading				937	213	(2,217)	(2,004)
- Sale of Vibroplant US Inc.				-	-	(2,530)	(2,530)
Total taxation on loss/(profit) on ordinary activities				<u>937</u>	<u>213</u>	<u>(4,747)</u>	<u>(4,534)</u>
Loss for the financial year				<u>(1,941)</u>	<u>(684)</u>	<u>(1,471)</u>	<u>(2,155)</u>
Dividends paid and proposed	11			<u>(1,871)</u>	<u>(1,871)</u>	-	<u>(1,871)</u>
Retained loss for the financial year				<u>(3,812)</u>	<u>(2,555)</u>	<u>(1,471)</u>	<u>(4,026)</u>
Loss per 5p ordinary share	9			(4.20)p			(4.67)p
Dividend per 5p ordinary share	11			4.05p			4.05p

Consolidated statement of total recognised gains and losses for the year ended 31 March 1997

	1997 £000	1996 £000
Loss for the financial year	(1,941)	(2,155)
Foreign currency translation differences	-	1,258
Property valuation	-	(2,394)
Total recognised gains and losses relating to the financial year	<u>(1,941)</u>	<u>(3,291)</u>

Reconciliation of movements in consolidated shareholders' funds for the year ended 31 March 1997

Loss for the financial year	(1,941)	(2,155)
Dividends	<u>(1,871)</u>	<u>(1,871)</u>
	(3,812)	(4,026)
Other recognised gains and losses relating to the year (net)	-	(1,136)
Goodwill on acquisitions	(2,583)	-
Goodwill arising on disposal transferred to profit and loss account	-	2,285
Net reduction in shareholders' funds	<u>(6,395)</u>	<u>(2,877)</u>
Opening shareholders' funds	56,138	59,015
Closing shareholders' funds	<u>49,743</u>	<u>56,138</u>

Note of consolidated historical cost profits and losses for the year ended 31 March 1997

Reported (loss)/profit on ordinary activities before taxation	(2,878)	2,379
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	19	36
Historical cost (loss)/profit on ordinary activities before taxation	<u>(2,859)</u>	<u>2,415</u>
Historical cost loss for the year retained after taxation, minority interest and dividends	<u>(3,793)</u>	<u>(3,990)</u>

Consolidated balance sheet at 31 March 1997

		1997		1996	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	12		52,155		46,168
Current assets					
Stocks	14	1,325		1,016	
Debtors	15	13,255		10,821	
Cash at bank and in hand		<u>10,736</u>		<u>23,033</u>	
		25,316		34,870	
Creditors: amounts falling due within one year	16	<u>(14,009)</u>		<u>(19,710)</u>	
Net current assets			<u>11,307</u>		<u>15,160</u>
Total assets less current liabilities			<u>63,462</u>		<u>61,328</u>
Creditors: amounts falling due after more than one year	17		(12,916)		(5,046)
Provisions for liabilities and charges	18		<u>(776)</u>		<u>(117)</u>
Net assets			<u>49,770</u>		<u>56,165</u>
Equity capital and reserves					
Called up share capital	20		2,309		2,309
Share premium account	23		16,192		16,192
Revaluation reserve	23		2,548		2,567
Profit and loss account	23		<u>28,694</u>		<u>35,070</u>
Equity shareholders' funds			<u>49,743</u>		<u>56,138</u>
Equity minority interests	24		<u>27</u>		<u>27</u>
			<u>49,770</u>		<u>56,165</u>

These financial statements were approved by the Board of Directors on 1 August 1997 and were signed on its behalf by

J F G Pilkington
Chairman

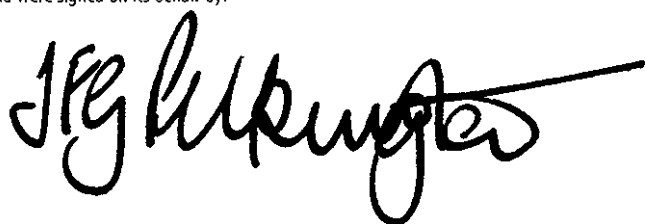


Parent Company balance sheet at 31 March 1997

		1997		1996	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	12		50,420		46,168
Investments	13		<u>4,979</u>		<u>1,346</u>
			55,399		47,514
Current assets					
Stocks	14	1,092		1,016	
Debtors	15	12,086		9,731	
Cash at bank and in hand		<u>9,109</u>		<u>24,752</u>	
		22,287		35,499	
Creditors: amounts falling due within one year	16	<u>(18,265)</u>		<u>(27,695)</u>	
Net current assets			<u>4,022</u>		<u>7,804</u>
Total assets less current liabilities			<u>59,421</u>		<u>55,318</u>
Creditors: amounts falling due after more than one year	17		(12,798)		(5,046)
Provisions for liabilities and charges	18		<u>(779)</u>		<u>(181)</u>
Net assets			<u>45,844</u>		<u>50,091</u>
Equity capital and reserves					
Called up share capital	20		2,309		2,309
Share premium account	23		16,192		16,192
Revaluation reserve	23		2,548		2,567
Profit and loss account	23		<u>24,795</u>		<u>29,023</u>
Equity shareholders' funds			<u>45,844</u>		<u>50,091</u>

These financial statements were approved by the Board of Directors on 1 August 1997 and were signed on its behalf by:

J F G Pilkington
Chairman



Consolidated cash flow statement for the year ended 31 March 1997

	Note	1997		1996	
		£000	£000	£000	£000
Net cash inflow from operating activities			4,220		18,842
Returns on investments and servicing of finance					
Interest paid		(35)		(1,304)	
Interest received		963		196	
Interest element of finance lease rental payments		(940)		(630)	
Net cash outflow from returns on investments and servicing of finance			(12)		(1,738)
Taxation					
UK corporation tax paid		(2,498)		(1,411)	
Overseas tax paid		-		(480)	
Taxation paid			(2,498)		(1,891)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(9,761)		(17,008)	
Sale of tangible fixed assets		2,937		11,040	
Net cash outflow for capital expenditure and financial investment			(6,824)		(5,968)
Acquisitions and disposals					
Purchase of subsidiaries (net of cash and overdraft purchased)	28	(2,931)		-	
Sale of subsidiary (net of cash and overdraft sold)		-		22,569	
Net cash (outflow)/inflow from acquisitions and disposals			(2,931)		22,569
Equity dividends paid			(1,871)		(1,871)
Cash (outflow)/inflow before use of liquid resources and financing			(9,916)		29,943
Management of liquid resources					
Investments in bank managed funds		12,128		(20,028)	
Fixed term US dollar deposit		(1,527)		-	
Net cash inflow/(outflow) from management of liquid resources			10,601		(20,028)
Financing					
Repayment of amounts borrowed		-		(2,393)	
Capital element of finance lease rental payments		(2,473)		(2,068)	
Net cash outflow from financing			(2,473)		(4,461)
(Decrease)/increase in cash in the year			(1,788)		5,454

Note:

The Group has adopted the FRS 1 (revised) presentation for the consolidated cash flow statement and the 1996 figures have been adjusted accordingly.

Notes to the consolidated cash flow statement for the year ended 31 March 1997

Reconciliation of net cash flow to movements in net debt

	1997 £000	1996 £000
(Decrease)/increase in cash in the year	(1,788)	5,454
Cash outflow from decrease in debt and lease finance	2,473	4,461
Cash (inflow)/outflow from increase in liquid resources	(10,601)	20,028
Change in net debt resulting from cash flows	(9,916)	29,943
Medium term loans included in sale of business	-	13,482
Finance leases included in sale of business	-	358
New finance leases	(9,727)	(3,435)
Finance leases included in purchase of subsidiaries	(231)	-
Exchange difference	-	(718)
Movement in net debt in the year	(19,874)	39,630
Net debt at the start of the year	15,809	(23,821)
Net debt at the end of the year	(4,065)	15,809

Analysis of net debt

	As at 1 April 1996 £000	Cash Flow £000	Acquisitions £000	Other non- cash changes £000	As at 31 March 1997 £000
Cash at bank and in hand	3,005	(1,696)	-	-	1,309
Overdraft	-	(92)	-	-	(92)
Bank managed funds	20,028	(12,128)	-	-	7,900
US fixed term dollar deposits	-	1,527	-	-	1,527
Finance leases and hire purchases	(7,224)	2,473	(231)	(9,727)	(14,709)
	15,809	(9,916)	(231)	(9,727)	(4,065)

Note:

Cash in the balance sheet comprises cash at bank and in hand, bank managed funds and US fixed term dollar deposits.

Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	1997 £000	1996 £000
Operating (loss)/profit	(2,979)	5,482
Depreciation charge	8,770	13,807
Profit on sale of tangible fixed assets	(1,051)	(3,523)
Increase in stocks	(95)	(164)
(Increase)/decrease in debtors	(731)	2,100
Increase in creditors	306	1,140
Net cash inflow from operating activities	4,220	18,842

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.

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, with the exception of Cannon Tool Hire Limited which was acquired on 1 October 1996 and has a 31 December year end. Cannon's management accounts for 31 March 1997 have been used for the production of the Group's consolidated financial statements. Cannon has a non-coterminous year end to facilitate the calculation of the deferred consideration payable on its purchase.

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. Goodwill arising on acquisition (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves in the year of acquisition. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the gross amount of any related goodwill previously taken to reserves.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost or net asset value, if lower. 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 loss for the financial year dealt with in the financial statements of Vibroplant plc is disclosed in note 23 to these financial statements.

New financial reporting standards

The Group has adopted the FRS 1 (revised) presentation for the consolidated cash flow statement and the 1996 figures have been adjusted accordingly.

The Group has also complied with FRS 8 with regard to the disclosure of related party transactions.

Tangible fixed assets

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. Land and buildings for own use are included in the financial statements at historical cost, or at Directors' valuation. The Directors consider the value of land and buildings each year with the assistance of professionally qualified valuers. Where a permanent diminution in value has arisen provision is made in the financial statements. To the extent that a surplus has been created on the same asset in the past a transfer is made from the revaluation reserve to the profit and loss account.

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
Hire plant	-	10% - 25% reducing balance
Small Tools	-	20% reducing balance and 25% straight line
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.

For consolidation purposes, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange prevailing during the year.

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.

Notes

1. ACCOUNTING POLICIES (continued)

Pensions

The Group operates defined contribution and defined benefit pension schemes. The cost of pensions in respect of the defined contribution scheme 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

The table below sets out information on the Group's geographic areas of operation.

Geographical segments	Turnover		Operating (Loss)/Profit		(Loss)/Profit on ordinary activities before tax		Net Assets	
	1997 £000	1996 £000	1997 £000	1996 £000	1997 £000	1996 £000	1997 £000	1996 £000
UK - Continuing	36,819	36,303	(2,979)	(150)	(2,979)	(150)	49,770	56,165
USA - Discontinued	-	28,119	-	5,632	-	5,632	-	-
	<u>36,819</u>	<u>64,422</u>	<u>(2,979)</u>	<u>5,482</u>	<u>(2,979)</u>	<u>5,482</u>	<u>49,770</u>	<u>56,165</u>
Loss on sale of business					-	(1,388)		
Interest					101	(1,715)		
					<u>(2,878)</u>	<u>2,379</u>		

The geographical analysis of turnover and profit is by source. The analysis of turnover by destination is not materially different. Sales between geographical segments are immaterial.

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £000	1996 £000
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit - Company	39	39
- Subsidiaries (firms other than the Group auditors)	9	-
Other services (paid to Group auditors and their associates)	11	262
Depreciation and other amounts written off tangible fixed assets:		
Owned	6,287	11,724
Leased	2,483	2,083
Hire of plant, machinery and motor vehicles under operating leases	3,359	3,060
Hire of other assets under operating leases	341	451
after crediting:		
Profit on sale of tangible assets	1,051	3,523
Other rental receivable under operating leases	31,774	53,204

In addition to the auditors remuneration stated above £22,000 was paid to the Group auditors and their associates which is included in the goodwill written off in the year ended 31 March 1997.

Notes

4. EXCEPTIONAL COST OF SALES

The exceptional cost of sales of £875,000 for the year ended 31 March 1997 (1996: £nil) results from a cost reduction exercise, principally in the Construction Services Division, and includes redundancy and other, mainly depot related, rationalisation costs.

5. REMUNERATION OF DIRECTORS

	1997	1996
	£000	£000
Directors' emoluments comprise the following:		
Fees	18	42
Other emoluments	373	455
	<u>391</u>	<u>497</u>
Compensation for loss of office	-	95
	<u>391</u>	<u>592</u>

The emoluments, including the estimated monetary value of benefits in kind, but excluding pension contributions, of the Chairman who was also the highest paid Director, were £169,112 (1996: £145,114).

The following table shows a breakdown of the remuneration of the individual Directors for the year ended 31 March 1997:

	Salary/Fees	Benefits	Total	1996
	£	£	£	£
J F G Pilkington	125,000	44,112	169,112	145,114
R V Swarbrick	67,500	6,212	73,712	71,207
E R Woolley	95,000	7,479	102,479	98,380
B Cottingham	17,500	-	17,500	-
S J Doughty (from 10 June 1996)	14,375	-	14,375	-
Mrs M A Pilkington (to 11 October 1996)	11,294	2,250	13,544	19,426
	<u>330,669</u>	<u>60,053</u>	<u>390,722</u>	<u>334,127</u>

During both the current and preceding year all three executive Directors benefited from membership of the Company's defined benefit scheme; no benefits were accrued under money purchase schemes. At 31 March 1997 the accrued pension of J F G Pilkington, the highest paid Director, was £46,300 (1996: £41,900); no lump sum is payable unless part of the accrued pension is commuted.

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.

6. DIRECTORS' SHARE OPTIONS

No executive share options were held by any Director during the year.

7. 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	
		1997	1996
UK	- Head Office	110	110
	- Plant hire depots	668	670
	- Small Tools	36	-
US	- Head office and regional offices	-	50
	- Depots	-	229
		<u>814</u>	<u>1,059</u>

The aggregate payroll costs of these persons were as follows:

	1997	1996
	£000	£000
Wages and salaries	12,011	17,802
Social security costs	1,082	1,557
Other pension costs (see note 27)	349	402
	<u>13,442</u>	<u>19,761</u>

Notes

8. NET INTEREST RECEIVABLE/(PAYABLE)

	1997 £000	1996 £000
Interest payable:		
On bank loans and overdrafts	(34)	(1,299)
Finance charges payable in respect of finance lease and hire purchase contracts	(933)	(632)
Other	(1)	(41)
	<u>(968)</u>	<u>(1,972)</u>
Interest receivable:		
Bank and other interest receivable	<u>1,069</u>	<u>257</u>
	<u>101</u>	<u>(1,715)</u>

9. LOSS PER SHARE

The calculation of loss per 5 pence ordinary share is based on a loss of £1,941,000 (1996: a loss of £2,155,000) and on 46,185,000 (1996: 46,185,000) shares, being the weighted average number of shares in issue during the year.

A fully diluted loss per share figure based on share options in issue is not provided as the effect on the loss per share is not material.

10. TAXATION

	1997 £000	1996 £000
UK Corporation tax (credit)/charge at 33% (1996: 33%) on the (loss)/profit for the year on ordinary activities	(681)	3,751
Deferred taxation - current year	(43)	421
Deferred taxation - prior year	362	-
Overseas taxation	-	366
Adjustments relating to an earlier year	<u>(575)</u>	<u>(4)</u>
	<u>(937)</u>	<u>4,534</u>

The tax credit, being 33% of the loss before tax, reflects net adjustments relating to earlier years of £213,000. This is covered in more detail in the Financial Review.

The 1996 tax charge in the consolidated profit and loss account was split between continuing and discontinued operations based on a detailed calculation of the taxable income appropriate to each category.

11. DIVIDENDS

	1997 £000	1996 £000
Ordinary shares:		
Interim paid 1.40 pence (1996: 1.40p) per share	647	647
Final proposed 2.65 pence (1996: 2.65p) per share	<u>1,224</u>	<u>1,224</u>
	<u>1,871</u>	<u>1,871</u>

12. TANGIBLE FIXED ASSETS

	Land and buildings £000	Hire plant £000	Motor vehicles £000	Other assets £000	Total £000
GROUP					
Cost or valuation					
At beginning of year	11,025	78,050	2,225	4,815	96,115
Transfers between items	-	(153)	-	153	-
Additions	937	13,454	51	564	15,006
On acquisitions	15	2,148	425	135	2,723
Disposals	(8)	(8,265)	(514)	(101)	(8,888)
At end of year	<u>11,969</u>	<u>85,234</u>	<u>2,187</u>	<u>5,566</u>	<u>104,956</u>
Depreciation					
At beginning of year	1,509	43,955	1,512	2,971	49,947
Transfers between items	-	(137)	-	137	-
Charge for year	130	7,944	214	482	8,770
On acquisitions	-	932	116	38	1,086
On disposals	(2)	(6,518)	(382)	(100)	(7,002)
At end of year	<u>1,637</u>	<u>46,176</u>	<u>1,460</u>	<u>3,528</u>	<u>52,801</u>
Net book value					
At 31 March 1997	<u>10,332</u>	<u>39,058</u>	<u>727</u>	<u>2,038</u>	<u>52,155</u>
At 31 March 1996	<u>9,516</u>	<u>34,095</u>	<u>713</u>	<u>1,844</u>	<u>46,168</u>

Notes

12. TANGIBLE FIXED ASSETS (continued)

	Land and buildings £000	Hire plant £000	Motor vehicles £000	Other assets £000	Total £000
COMPANY					
Cost or valuation					
At beginning of year	11,025	78,050	2,225	4,815	96,115
Transfers between items	-	(153)	-	153	-
Additions	937	13,138	40	560	14,675
Disposals	(8)	(8,125)	(488)	(101)	(8,722)
At end of year	<u>11,954</u>	<u>82,910</u>	<u>1,777</u>	<u>5,427</u>	<u>102,068</u>
Depreciation					
At beginning of year	1,509	43,955	1,512	2,971	49,947
Transfers between items	-	(137)	-	137	-
Charge for year	130	7,817	186	483	8,616
On disposals	(2)	(6,439)	(374)	(100)	(6,915)
At end of year	<u>1,637</u>	<u>45,196</u>	<u>1,324</u>	<u>3,491</u>	<u>51,648</u>
Net book value					
At 31 March 1997	<u>10,317</u>	<u>37,714</u>	<u>453</u>	<u>1,936</u>	<u>50,420</u>
At 31 March 1996	<u>9,516</u>	<u>34,095</u>	<u>713</u>	<u>1,844</u>	<u>46,168</u>

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

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Freehold	9,016	8,200	9,016	8,200
Long leasehold	665	679	665	679
Short leasehold	651	637	636	637
	<u>10,332</u>	<u>9,516</u>	<u>10,317</u>	<u>9,516</u>

The Directors carried out a valuation of the Group's properties as at 31 March 1996 in conjunction with Carter Jonas Property Consultants (formerly Cluttons). The valuation, which was incorporated in the financial statements for last year was performed on an open market basis for existing use, except where the Directors, after taking advice, considered it appropriate to reflect the economic value of a property to the business. Such distinctions have only been made where the Directors believe open market value would substantially understate the economic value of the property to the Group. The Directors have reviewed this valuation as at 31 March 1997, after taking appropriate professional advice, and have concluded that the valuation is still appropriate.

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	
	1997	1996	1997	1996
	£000	£000	£000	£000
Historical cost of land and buildings	9,281	8,337	9,266	8,337
Aggregate depreciation based on historical cost	(1,497)	(1,388)	(1,497)	(1,388)
Historical cost net book value	<u>7,784</u>	<u>6,949</u>	<u>7,769</u>	<u>6,949</u>

Other tangible fixed assets are included at cost.

The gross book value of land and buildings includes £5,122,000 (1996: £4,393,000) (Company: £5,122,000 (1996: £4,393,000)) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets is £14,347,000 (1996: £7,141,000) (Company: £14,049,000 (1996: £7,141,000)) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £2,483,000 (1996: £2,090,000) (Company: £2,446,000 (1996: £1,700,000)).

The amount of assets held for use under operating lease contracts to third parties is as follows:

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Cost	85,234	78,050	82,910	78,050
Accumulated depreciation	(46,176)	(43,955)	(45,196)	(43,955)
Net book value	<u>39,058</u>	<u>34,095</u>	<u>37,714</u>	<u>34,095</u>

Notes

13. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings are as follows:

	Company
Cost	£000
At beginning of year	3,033
Acquisitions	3,633
At end of year	<u>6,666</u>
Provision	
At beginning of year and end of year	<u>1,687</u>
Net book value	
At 31 March 1997	<u>4,979</u>
At 31 March 1996	<u>1,346</u>

The provision is in relation to two of the dormant subsidiaries.

The Company's principal subsidiary undertakings are:

	Country of registration or incorporation	Principal activity	Country of principal operation	Class and percentage of shares held
Subsidiaries at year end				
Vibroplant Investment 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%
Acquisitions since the year end				
Hire & Sales (Canterbury) Limited	England	Tool Hire	UK	Ordinary shares 100%
Torrent (Rugeley) 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	
	1997	1996	1997	1996
	£000	£000	£000	£000
Raw materials and consumables	1,131	1,013	1,092	1,013
Finished goods and goods for resale	194	3	-	3
	<u>1,325</u>	<u>1,016</u>	<u>1,092</u>	<u>1,016</u>

15. DEBTORS

	Group		Company	
Amounts falling due within one year	1997	1996	1997	1996
	£000	£000	£000	£000
Trade debtors	9,448	7,903	8,519	7,903
Amounts owed by subsidiary undertakings	-	-	595	-
Tax recoverable	889	-	807	-
Advance corporation tax recoverable	468	306	468	306
Other debtors	210	235	210	235
Prepayments and accrued income	1,554	1,287	1,487	1,287
Deferred taxation (see note 19)	686	1,090	-	-
	<u>13,255</u>	<u>10,821</u>	<u>12,086</u>	<u>9,731</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Bank overdrafts	92	-	-	-
Obligations under finance leases and hire purchase contracts (see note 17)	3,201	2,298	3,103	2,298
Trade creditors	5,292	9,188	4,676	9,188
Amounts owed to subsidiary undertakings	-	-	7,071	12,892
Corporation tax	282	2,450	-	147
Advance corporation tax	468	769	468	-
Other taxes and social security	831	483	714	483
Other creditors	230	590	230	590
Accruals and deferred income	2,389	2,708	779	873
Dividend proposed	1,224	1,224	1,224	1,224
	<u>14,009</u>	<u>19,710</u>	<u>18,265</u>	<u>27,695</u>

Notes

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

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts (see below)	11,508	4,926	11,390	4,926
Deferred consideration	1,240	-	1,240	-
Accruals and deferred income	168	120	168	120
	<u>12,916</u>	<u>5,046</u>	<u>12,798</u>	<u>5,046</u>

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

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Within one year	3,201	2,298	3,103	2,298
In the second to fifth years	11,508	4,926	11,390	4,926
	<u>14,709</u>	<u>7,224</u>	<u>14,493</u>	<u>7,224</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Taxation including deferred taxation £000	Reorganisation Provision £000	Total £000
Group			
At beginning of year	-	117	117
Charge for the year in the profit and loss account	319	875	1,194
Utilised	-	(216)	(216)
Deferred tax included in purchase of subsidiaries	89	-	89
Movement in advance corporation tax	(4)	-	(4)
Transfer to debtors	(404)	-	(404)
At end of year	<u>-</u>	<u>776</u>	<u>776</u>
Company			
At beginning of year	64	117	181
Charge for the year in the profit and loss account	(57)	875	818
Utilised	-	(216)	(216)
Movement in advance corporation tax	(4)	-	(4)
At end of year	<u>3</u>	<u>776</u>	<u>779</u>

19. DEFERRED TAXATION

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

	1997		1996	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Group				
Difference between accumulated depreciation and amortisation and capital allowances	278	3,456	346	3,605
Short term timing differences	(960)	(84)	(1,436)	-
Advance corporation tax recoverable	(4)	-	-	-
Deferred taxation (asset)/liability	<u>(686)</u>	<u>3,372</u>	<u>(1,090)</u>	<u>3,605</u>
Company				
Difference between accumulated depreciation and amortisation and capital allowances	255	3,362	346	3,605
Short term timing differences	(248)	(84)	(282)	-
Advance corporation tax recoverable	(4)	-	-	-
Deferred taxation liability	<u>3</u>	<u>3,278</u>	<u>64</u>	<u>3,605</u>

Notes

20. CALLED UP SHARE CAPITAL

	1997 £000	1996 £000
Authorised		
60,000,000 Ordinary shares of 5 pence each	3,000	3,000
Allotted, called up and fully paid		
46,185,000 Ordinary shares of 5 pence each (1996: 46,185,000)	<u>2,309</u>	<u>2,309</u>

21. EXECUTIVE SHARE OPTION SCHEME

During the year under review, no further options were granted in respect of ordinary shares under the Vibroplant Executive Share Option Scheme. It is not the Board's intention to grant any further options under this scheme.

At 31 March 1997 share options were outstanding as follows:

Date of Grant	Option price per ordinary share	Number of shares
1 September 1988	148p	2,250
1 December 1989	152p	18,300

Options are normally exercisable between the third and tenth anniversary of the date of grant.

Currently there are 10 participants in the Executive Share Option Scheme.

The market value of the ordinary shares at 31 March 1997 was 65.5p (1996: 93.5p).

22. DIRECTORS' INTERESTS

No Director nor his or her spouse or infant children held any shares in the Company's subsidiaries. The beneficial interest of each Director, including those of his or her spouse and infant children, in the shares of the Company itself at the beginning and end of the financial year is set out below:

	31 March 1997	1 April 1996 or date of appointment
J F G Pilkington	-	-
B Cottingham	35,000	35,000
S J Doughty	-	-
R V Swarbrick	43,792	36,064
E R Woolley	10,000	10,000

During the year J F G 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 1997 and 4 July 1997.

23. SHARE PREMIUM AND RESERVES

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
Group			
At beginning of year	16,192	2,567	35,070
Retained loss for year	-	-	(3,812)
Goodwill written off	-	-	(2,583)
Depreciation of revalued assets	-	(19)	19
At end of year	<u>16,192</u>	<u>2,548</u>	<u>28,694</u>
Company			
At beginning of year	16,192	2,567	29,023
Retained loss for year	-	-	(4,247)
Depreciation on revalued assets	-	(19)	19
At end of year	<u>16,192</u>	<u>2,548</u>	<u>24,795</u>

The cumulative amount of goodwill resulting from acquisitions which has been written off is £3,864,000 (1996: £1,281,000). 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 £2,376,000 (1996: profit of £1,461,000).

Notes

24. EQUITY MINORITY INTERESTS

	Group	
	1997	1996
	£000	£000
At beginning and end of year	<u>27</u>	<u>27</u>

25. CONTINGENT LIABILITIES

As a result of the sale of the United States business there are potential liabilities under the contract for environmental costs, warranties and legal actions. Provision has been made in these accounts to the extent that these liabilities can reasonably be expected to occur based on appropriate professional advice.

26. COMMITMENTS

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

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Contracted	<u>3,007</u>	<u>534</u>	<u>2,987</u>	<u>534</u>

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

	1997		1996	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Group				
Operating leases which expire:				
Within one year	-	93	-	74
In the second to fifth years inclusive	33	2,090	15	1,837
Over five years	<u>288</u>	<u>-</u>	<u>129</u>	<u>-</u>
	<u>321</u>	<u>2,183</u>	<u>144</u>	<u>1,911</u>
Company				
Operating leases which expire:				
Within one year	-	93	-	74
In the second to fifth years inclusive	-	2,090	15	1,837
Over five years	<u>288</u>	<u>-</u>	<u>129</u>	<u>-</u>
	<u>288</u>	<u>2,183</u>	<u>144</u>	<u>1,911</u>

27. PENSION SCHEME

The Group operates defined contribution schemes and a defined benefit scheme providing benefits based on final pensionable earnings. 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 1996 using the projected unit method. The main assumptions adopted for pension cost purposes were that the long term investment return would be 9% per annum, that pensionable earnings would increase by 7% per annum and that dividends on equities would increase by 4% per annum. At 1 April 1996 the market value of the assets of the Scheme was £5,030,000 and the actuarial value of the assets was sufficient to cover 143% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The Government's July 1997 Budget introduced changes which will affect the future income on UK equities held by pension funds. The Company is considering the likely impact of these changes on the financing of the defined benefit scheme in conjunction with its pension advisors.

The pensions charge for the year was £349,000 (1996: £402,000). This is exclusive of £103,000 (1996: £70,000) in respect of the amortisation of surpluses of the defined benefit scheme that are recognised over 16 years, the average expected remaining lifetime of employees.

A provision of £168,000 (1996: £120,000) is included in creditors, this being the excess of the accumulated pension costs over the amount funded.

The total contributions made to all schemes during the financial year amounted to £642,000 (1996: £482,000) inclusive of employee contributions.

Notes

28. PURCHASE OF SUBSIDIARIES

The Group acquired two new subsidiaries during the year. Cannon Tool Hire Limited was acquired on 1 October 1996 and Instant Tool Hire Limited was acquired on 7 February 1997. Both have been accounted for using the acquisition method of accounting. Neither acquisition is individually material in Group terms and therefore the details set out below are provided in aggregate.

	£000
Fixed Assets	1,637
Stocks	214
Debtors	1,095
Cash	140
Bank overdraft	(98)
Creditors	(1,849)
Provisions for liabilities and charges	(89)
	<u>1,050</u>
Goodwill	2,583
Total consideration	<u>3,633</u>
Analysis of consideration	
Consideration paid	2,224
Acquisition costs	169
Deferred consideration	1,240
	<u>3,633</u>
Analysis of cash flow for acquisitions	
Consideration paid	2,224
Acquisition costs	169
Payment of pre acquisition dividend	580
Cash net of overdrafts included in acquisitions	(42)
	<u>2,931</u>

The assets and liabilities stated above are at fair values being the equivalent of their book values.

29. POST BALANCE SHEET EVENTS

Since the year end the Group has acquired two further subsidiaries, Hire & Sales (Canterbury) Limited and Torrent (Rugeley) Limited.

Hire & Sales (Canterbury) Limited was acquired on 1 May 1997 by Cannon Tool Hire Limited and is a long established small tool and equipment company with two depots in Kent. The consideration was £0.95m payable in cash, of which £0.2m was paid into a retention account.

Torrent (Rugeley) Limited was acquired with a completion date of 9 June 1997. Torrent is a specialist supplier of small plant and equipment to the rail track and maintenance sector. The consideration is six times the adjusted post-tax profit of Torrent for the year ending 30 September 1997. The maximum consideration is £9.95m of which £5.95m was payable in cash on completion and the balance is payable in Convertible Loan Notes which are convertible into Ordinary Shares. Full details of this acquisition were provided in the Shareholders' circular dated 23 May 1997.

30. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year which required disclosure.

31. 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

	1993 restated £000	1994 restated £000	1995 £000	1996 £000	1997 £000
Turnover	<u>64,691</u>	<u>66,951</u>	<u>67,727</u>	<u>64,422</u>	<u>36,819</u>
Profit/(loss) on ordinary activities before taxation	1,900	2,796	9,429	2,379	(2,878)
Taxation	<u>(692)</u>	<u>(1,050)</u>	<u>(4,187)</u>	<u>(4,534)</u>	<u>937</u>
Profit/(loss) on ordinary activities after taxation	1,208	1,746	5,242	(2,155)	(1,941)
Minority interests	<u>16</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) attributable to members	<u>1,224</u>	<u>1,742</u>	<u>5,242</u>	<u>(2,155)</u>	<u>(1,941)</u>
Dividends	<u>(1,150)</u>	<u>(1,657)</u>	<u>(1,851)</u>	<u>(1,871)</u>	<u>(1,871)</u>
Share capital	2,301	2,301	2,309	2,309	2,309
Reserves	<u>55,008</u>	<u>54,831</u>	<u>56,706</u>	<u>53,829</u>	<u>47,434</u>
Equity shareholders' funds	<u>57,309</u>	<u>57,132</u>	<u>59,015</u>	<u>56,138</u>	<u>49,743</u>
Share Statistics					
Asset value	<u>124p</u>	<u>124p</u>	<u>128p</u>	<u>122p</u>	<u>108p</u>
Earnings/(loss)	<u>2.66p</u>	<u>3.78p</u>	<u>11.37p</u>	<u>(4.67)p</u>	<u>(4.20)p</u>
Dividend	<u>2.50p</u>	<u>3.60p</u>	<u>4.00p</u>	<u>4.05p</u>	<u>4.05p</u>
Times covered	<u>1.06</u>	<u>1.05</u>	<u>2.83</u>	<u>-</u>	<u>-</u>

Notice is hereby given that the twenty fifth Annual General Meeting of the Company will be held at Central House, Beckwith Knowle, Otley Road, Harrogate on Wednesday 17 September 1997 at 10.00am for the following purposes:

As ordinary business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 1997.
2. To declare a Final Dividend.
3. To re-elect Directors.
4. 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 fix their remuneration.

As special business

To consider and, if thought fit, pass the following resolutions of which Resolution 5 will be proposed as an Ordinary Resolution and Resolution 6 will be proposed as a Special Resolution:

5. 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.
6. 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 5 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 having regard to the interests of the

Company as a whole) 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 Exchanges 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 £115,000.

Provided 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.

By Order of the Board.

N A Stothard
Secretary



1 August 1997

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 Company's registered office not less than 48 hours before the time fixed for 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 Wednesday 17 September 1997 and at any adjournment thereof. I/we request the Proxy to vote on the following resolutions as indicated.

Resolutions

		FOR	AGAINST
1	To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 1997.	<input type="checkbox"/>	<input type="checkbox"/>
2	To declare a final dividend.	<input type="checkbox"/>	<input type="checkbox"/>
3	To re-elect Directors - Mr N A Stothard - Mr B Cottingham	<input type="checkbox"/>	<input type="checkbox"/>
4	To re-appoint KPMG Audit Plc as Auditors and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5	To approve the authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>
6	To approve the disapplication of pre-emption rights.	<input type="checkbox"/>	<input type="checkbox"/>

Dated this _____ day of _____ 1997

Signature _____

Notes

- 1 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.
- 2 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.
- 3 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.
- 4 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.
- 5 To be effective this Proxy must be completed, signed and lodged (together with any power of attorney or duly certified copy thereof under which this proxy is signed) at the Registered Office of the Company at Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UD 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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BUSINESS REPLY SERVICE
Licence Number LS 1583

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FIRST FOLD

The Company Secretary,
Vibroplant plc,
Central House,
Beckwith Knowle,
Otley Road,
Harrogate,
North Yorkshire,
HG3 1BR

SECOND FOLD