

IBRO

ANNUAL REPORT

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COMPANIES HOUSE 23/09/98

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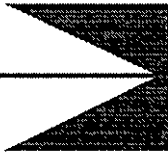
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Honorary President

Margaret A Pilkington

Executive Directors

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

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

Non-Executive Directors

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

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

Secretary

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

Registered Office

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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

IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Bankers


National Westminster Bank Plc

Merchant Bankers

N M Rothschild & Sons Limited

Stockbrokers


Credit Lyonnais Securities



FINANCIAL

Highlights

	1998	1997
Turnover	£49.3m	£36.8m
Profit / (loss) on ordinary activities before taxation	£2.2m	£(2.9)m
Profit / (loss) on ordinary activities before taxation and exceptional items	£1.5m	£(2.0)m
Earnings / (loss) per share	3.37 p	(4.20)p
Dividend per share	4.05 p	4.05p
Shareholders' funds	£45.3m	£49.7m
Net debt	£16.9m	£4.1m
Net debt / shareholders' funds	37.3%	8.2%
Expenditure on hire plant	£14.0m	£13.5m
Acquisitions	£8.9m	£2.9m



Our existing businesses achieved significant improvements in performance and our acquisition strategy in the tool hire sector is now contributing materially to overall Group results.

CHAIRMAN'S

Statement

SUMMARY

The year ended 31 March 1998 represented a period of substantial progress for the Group. Our existing businesses achieved significant improvements in performance and our acquisition strategy in the tool hire sector is now contributing materially to overall Group results.

Group profit before tax recovered to £2.19 million (1997: £2.88 million loss), or £1.46 million before exceptional credits (1997: £2.0 million loss), on turnover ahead by 34 per cent to £49.25 million (1997: £36.82 million). Organic growth from existing operations, before the contribution from new acquisitions, lifted turnover by 18 per cent to £43.27 million (1997: £36.82 million) and produced an operating profit of £2.64 million (1997: £2.98 million loss).

The exceptional credits arise from a

partial release of the provision made at the time of the disposal of our US activities and from a change in depreciation method following a review of book values and expected useful lives of our rental fleet assets. This change brings our depreciation method into line with that applied by most other major plant hire companies and should better reflect the contribution from these assets over their periods of use.

At 31 March 1998, the Group had net gearing of 37 per cent (1997: 8 per cent), reflecting our policy of continuing investment for growth, both through organic expansion and acquisition. The write-off of goodwill in relation to the acquisitions in the year is the principal reason for the reduction in net assets to £45.31 million.

During the year we significantly expanded our tool hire activities: five

new branches were opened and a further three businesses acquired. We now operate from 32 tool hire outlets nationally. This sector represents over 20 per cent of Group revenue.

The Directors are recommending a final dividend of 2.65 pence per share, payable on 2 October to shareholders on the register at 7 September, giving a maintained total dividend for the year of 4.05 pence per share.

TRADING REVIEW

Construction Services

Although this division recorded further losses, its recovery continued and the scale of improvement has been encouraging. The recovery process is not yet complete and we see the potential for further margin improvements from this business. It is pleasing in this regard to report a

growing awareness amongst our customers of the value of an efficient procurement process. Our success in securing a larger spend over the last year from our target markets is a direct result of our increased focus on customer satisfaction and retention.

As our customer and activity base has been realigned, we have been able to consolidate our depot network, releasing capital and redeploying equipment and, where possible, staff.

The Construction Services division is now structured around four regional hire centres, each having full profit accountability. We believe that this structure will improve operating efficiency and facilitate still closer relationships with our clients. Capital expenditure on new equipment for the general plant fleet in the year was £4.4 million, supporting continued product rationalisation which

contributed to the improvement in gross margin.

Industrial Services

Our Industrial Services division operates in specialist markets, supplying compressed air, powered access, power generation and welding equipment. Both revenue and profits advanced in the year.

I am pleased to report a major success by Industrial Services in a partnering arrangement with one of our specialist engineering customers. In addition to providing a single source for their external plant hire requirements, we have taken over a substantial portion of their "in-house" plant fleet and are now providing a full asset and facilities management service. We are using the experience gained in establishing this framework to promote the model to other customers and industries.

The division has now invested heavily in upgrading its fleet of air compressors, serving the offshore oil and gas markets. We enjoy a strong leadership position in this market and both domestic and international demand remains firm.

During the year, over £3 million was invested in the powered access fleet to meet growing demand for these products. The safety and productivity advantages of powered access over traditional methods of working are becoming more widely appreciated and we anticipate continuing growth in this area.

The welding business performed satisfactorily and has now established a good customer and revenue base.

Power generation continues to support our welding and other Industrial Services customers to provide integrated plant supply solutions.



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Groundforce - Shoring and Safety Services

Groundforce maintained its strong first-half performance. High quality products, such as our very successful large bracing system, helped to ensure that Groundforce maintained its share of what has been a relatively buoyant market. Capital expenditure of £1.5 million provided continued support for the new products and higher value-added services.

The installation of our proprietary CAD temporary works software within larger customer organisations has helped to differentiate our service and continues to provide a major competitive advantage. The new Windows-based version launched recently has been well received and further enhancements continue to be made.

The Safety Services activity performed very satisfactorily and we believe this business is well placed for further expansion in the coming year.

Tool Hire

Our tool hire activities expanded considerably in the year, both by acquisition and investment in new branch openings. Significantly, most of the new branches were located within existing Vibroplant premises. This delivers the synergy benefits of multi-disciplinary sites and ensures low set-up costs, although the cost of establishing these start-ups does have a negative impact on profitability in the first year of trading. Capital expenditure on fleet for the tool hire businesses totalled £3.8 million in the year.

Cannon Tool Hire, operating from seven locations in Kent, strengthened its market position with the integration of the Canterbury based Hire & Sales acquisition made in May 1997. The business performed well and is positioned to grow its operations further.

Instant Tool Hire expanded its original three depot base in the north-west,

with new openings in Liverpool, Birmingham, Preston, Leeds and Coventry - the latter three within existing Vibroplant depots. More depot openings are planned for later this year.

Since our acquisition of Domindo Tool Hire in October 1997, this business has enjoyed strong year-on-year growth in revenue. Expansion and renewal of the hire fleet, together with a close working relationship with Instant in their adjoining territories, gives us the opportunity to enhance performance further.

As announced since the year end, in April we acquired a further tool hire business, 727 Plant, which operates from five locations in the south-east. 727 further enhances our participation in the largest tool hire market in the UK.

In last year's accounts I reported the acquisition of Torrent. This has given

Outlook

The results for 1997/98 reflect the early benefits of the major realignment of the Group's activities undertaken over the past two years. The turnaround made in our traditional business, together with the growing contribution from acquisitions, position the Group well to achieve further strong progress in the future.

the Group a valuable presence in the rail track maintenance sector and since acquisition we have taken significant steps to strengthen the position of the business. New senior management has been appointed and Torrent has established additional locations, once again principally within Vibroplant premises, to provide an effective national coverage. Significant investment in new products and systems has taken place.

Delays in the awarding of the new four year contracts have affected the timing of new work and impacted revenue levels at Torrent. Increased competition has had a negative impact on pricing and margins in certain sectors of the market. However, work levels are projected to grow significantly this year and will provide growth opportunities in this very promising but competitive market. Joint initiatives with other Vibroplant divisions to provide general plant in addition to Torrent's specialist

equipment are being well received.

Outlook

The results for 1997/98 reflect the early benefits of the major realignment of the Group's activities undertaken over the past two years. The turnaround made in our traditional business, together with the growing contribution from acquisitions, position the Group well to achieve further strong progress in the future.

Employees

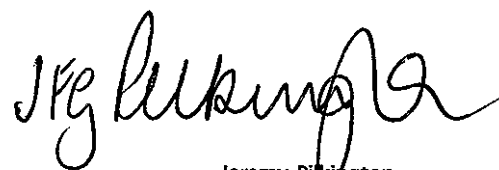
The progress we have made this year is due to the efforts of everyone throughout the Group and I welcome this opportunity to express the Board's thanks.

I also take this opportunity to welcome to the Group the many new employees who have joined us as a result of acquisitions. They join us at a time when the Group enjoys exciting prospects and I look forward

to their full participation in our future successes.

I am pleased to bring shareholders attention to a proposal regarding the establishment of a Save As You Earn scheme for employees.

The Board recommends the scheme as a means for all employees to participate in the longer term performance of the Group. Such a close identity with the Group's prosperity must, we believe, benefit staff motivation and therefore ultimately corporate performance.



Jeremy Pilkington
Chairman & Chief Executive
3 August 1998



FINANCIAL

Review

Summary

Group turnover increased by 34% from £36.8 million to £49.3 million, including a contribution from acquisitions in the year of £6.0 million.

Operating profit was £3.1 million, a margin of 6.2% on turnover. This compares with an operating loss of £3.0 million last year and represents a significant improvement.

Profit before tax (pre exceptional items) was £1.46 million (1997: £2.0 million loss). Exceptional credits totalling £732,000 arise from a release from the US disposal provision and a change in depreciation method, both of which are explained further below.

Vibroplant - Construction Services, Industrial Services and Groundforce

Turnover in the year was £37.9 million (1997: £35.1 million), an increase of 8%, generating operating profits of £1.9 million (1997: £3.2 million loss).

Gross capital investment in hire equipment in these businesses totalled £10.2 million (1997: £13.2 million).

The average number of employees was 679 (1997: 778).

Tool Hire

Turnover in the year was £11.4 million (1997: £1.7 million) generating operating profits of £1.2 million (1997: £0.2 million). Gross capital investment in hire equipment in these businesses totalled £3.8 million (1997: £0.3 million).

The average number of employees was 286 (1997: 36).

Release from US disposal provision

The exceptional credit of £435,000 in relation to the US disposal provision reflects a partial release of the provisions made when the US business was sold in 1996. These provisions were set up, based on appropriate professional

advice, to reflect potential liabilities under the sale contract for environmental costs, warranties and legal actions. These provisions are reviewed on a regular basis in association with our professional advisors and this release results mainly from the finalisation of a specific legal action.

Depreciation

The depreciation method for hire plant has been changed from reducing balance, at rates of 10% to 25%, to a straight line method based on asset lives of between 5 and 10 years and a nil residual value. The new method brings the Group into line with most major plant hire companies and better reflects the contribution of these assets over their period of use. This change gave rise to an exceptional credit of £297,000 in the year.

Cash Flow

The net cash inflow from operating

activities increased substantially in the year to £10.4 million, up from £4.2 million in 1997. Investment in the period was strong with gross capital expenditure of £16.6 million which, after taking into account disposals, translated into net capital expenditure of £10.7 million. In addition, cost of acquisitions totalled £8.9 million.

Net Debt and Interest

Continued capital expenditure to support organic growth in all of the Group's activities, and the acquisition of three tool hire businesses in the period increased gearing at 31 March 1998 to 37% (1997: 8%).

The net debt position at the year end was £16.9 million (1997: £4.1 million). The funds for investment were sourced from the net cash and liquid funds available at the previous year end and from an increase in the overdraft to £5.2 million (1997: net cash £10.6 million). The Group operates an overdraft facility on a floating rate basis.

The balance of net debt relates to fixed rate finance leases totalling £11.7 million at the year end (1997: £14.7 million).

During the period under review, the subsidiaries have been consolidated within the Group banking arrangements to facilitate more efficient and cost effective treasury management.

The Group net interest charge was £1.3 million (1997: net interest receivable £0.1 million) after interest on finance leases of £1.1million (1997: £0.9 million). Interest cover is 2.68 times.

Acquisitions

The Chairman's statement refers to the acquisition in the period of Hire & Sales (merged with Cannon), Torrent Trackside, Domindo Tool Hire and, since the year end, 727 Plant. They, together with the previously acquired Cannon Tool Hire and Instant Tool Hire, comprise the tool hire activities of the Group.

Economies of scale and best practice have been identified across the Group

including banking arrangements, insurance, payroll, human resources, purchasing and health and safety. A key initiative for the next financial year is to install a Group point of sale tool hire computer system which will facilitate common administrative systems and practices across the tool hire businesses.

Shareholders' Funds

Shareholders' funds at the year end totalled £45.3 million (1997: £49.7 million). The reduction in shareholders' funds arose from the retained loss of £0.3 million and goodwill written off totalling £4.1 million. Details of the goodwill written off can be found in note 28 on page 39 of the accounts.

Taxation

The tax charge of £0.6 million (1997: tax credit £0.9 million) represents an effective tax rate of 29% on the profit before tax for the year.



DIRECTORS

Report

The Directors of Vibroplant plc present their annual report and the audited financial statements for the year ended 31 March 1998.

Principal activities and business review

The principal activity of the Group is plant and tool hire conducted almost entirely in the United Kingdom. During the year three tool hire businesses 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.

Dividend

The Directors propose a final dividend of 2.65 pence (1997: 2.65 pence) per share. Subject to approval at the Annual General Meeting, shareholders will receive a dividend for the year of 4.05 pence (1997: 4.05 pence) per share, a total payment of £1,871,000.

The final dividend will be paid to shareholders on the register of members of the Company on 7 September 1998 and dividend warrants will be posted on 2 October 1998.

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 1998, 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.

Directors

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

Jeremy F G Pilkington (47) has been Chairman and Chief Executive for nearly 20 years. He is a member of the Audit and Remuneration Committees.

Neil A Stothard (40) 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 plc.

Barrie Cottingham (64) 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.

Stuart J Doughty (55) was appointed a non-executive Director on 10 June 1996. He is Chairman of Kennedy Construction Group and 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.

Eric R Woolley - resigned 31 May 1997

Rodney V Swarbrick - resigned 29 July 1997

Stuart Doughty retires by rotation and being eligible, offers himself for re-election. He does not have a service contract with the Company.

Directors' interests

The interests of each Director in the shares of Group companies are shown in note 22.

Share option schemes

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

Substantial shareholders

As at 10 July 1998 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

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



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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 half yearly in-house journal.

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 £9,439.

Supplier payment policy

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

the goods or services in accordance with the agreed terms and conditions.

The number of days purchases outstanding for the Company at 31 March 1998 was 36 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.

A resolution will also be proposed as special business for the approval and adoption of the Vibroplant Share Option Scheme, the Vibroplant Savings Related Share Option Scheme, the Vibroplant Long Term Incentive Plan and the Vibroplant Employee Trust. Further details of these schemes are provided in a separate circular.



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 exception. The Group has only two non-executive Directors, both of whom are on the Audit Committee. It has not therefore complied with paragraph 4.3 of the Code which requires three non-executive Directors on the Audit Committee. Jeremy Pilkington, who serves as both Chairman and Chief Executive, is also a member of the Audit and Remuneration Committees, although both committees are chaired by a non-executive Director. The relatively small size of the Group influences this exception.

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 experience from 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.

The Board is giving full consideration to the "Combined Code" and related listing rule recently published by the London Stock Exchange.

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 both 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 Group as a whole, the identification of key business and financial risks and an evaluation of the control procedures in place. Through



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the Audit Committee and Group Internal Audit Department, the Board monitors continuing compliance with control systems as well as their improvement or modification as appropriate.

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

During the year the Group made three acquisitions. All 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 1998 the Group had net debt including finance leases of £16.9 million. 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.

Year 2000

The Group is aware of the risks and uncertainties associated with the effect of Year 2000 on its operations and those of its customers and suppliers. To address these issues the Group has a defined Year 2000 policy based on British Computer Society guidelines and has also adopted the Society's Definition of Conformity (PD2000-1). The Year 2000 assessment project team, which the Group has set up, has two clear objectives:

- To ensure that the Year 2000 issues and the Group's

policy towards them are understood throughout the Group; and

- To compile a comprehensive inventory of all IT components and other services in use in the Group and ensure their compliance.

Those systems that have been identified as not complying are being addressed.

Due to the complex nature of the systems it is not possible to say with absolute certainty that all of the risks associated with Year 2000 have been resolved. However, significant progress has been made to date. It has not yet been possible to estimate the total cost of Year 2000 compliance.

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

3 August 1998



REPORT OF THE

Remuneration Committee

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 additionally as required.

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, contributions to a 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 of the Group's Directors for the year ended 31 March 1998 are provided in note 5

to the financial statements. No bonuses were accrued for the year ended 31 March 1998.

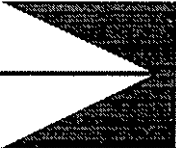
Share Options

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

It is not intended to grant any further options under the 1987 Vibroplant Executive Share Option Scheme. A resolution proposing the approval and adoption of the Vibroplant Share Option Scheme, a new scheme, has been included in the notice of the Annual General Meeting.

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 he 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.

A resolution proposing the approval and adoption of the Vibroplant Long Term Incentive Plan has been included in the notice of the Annual General Meeting.

Pensions

Jeremy Pilkington is a member of the Vibroplant plc 1985 Pension Scheme. Under the scheme, a Directors' category, which is non-contributory, permits individualised arrangements to be incorporated. These arrangements currently provide for an annual pension entitlement accrual of one thirtieth of final pensionable salary, up to a maximum of two thirds, which includes

annual bonuses but not long term incentive schemes. Annual bonuses are included within pensionable salary in accordance with the Scheme rules. The Remuneration Committee is mindful of Section B of the Best Practice Provisions of the London Stock Exchange relating to pension contributions. Whilst current arrangements form part of existing employment contracts, this is an area that will be kept under careful review. The provisions will therefore, subject to complying with legal obligations, be reflected in any future arrangements.

In addition, Jeremy 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 £400,000. However, he 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 £245,000. This sum will be provided for over the relevant period.

Neil Stothard has a personal pension plan to which the Company contributes.

Service Contracts

Jeremy Pilkington has a service contract terminable by fourteen months notice. Neil Stothard has a service contract terminable by six months notice. The non-executive Directors do not have service contracts, however, they do have fixed term agreements with the Company based on an initial period renewable for a maximum of two further periods of between two and three years.

On behalf of the Remuneration Committee.

S J Doughty

3 August 1998

STATEMENT OF

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.

Report of the auditors to the members of Vibroplant plc

We have audited the financial statements on pages 23 to 40.

Respective responsibilities of Directors and Auditors

As described on page 21, 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 1998 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

John G. Smith
KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds
3 August 1998

AUDITORS

Reports

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 pages 16 and 17 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. That

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 pages 16 and 17, 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 16 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
3 August 1998

Consolidated profit and loss account for the year ended 31 March 1998

		Continuing			
		Existing Operations	Acquisitions	Total	Total
	Note	1998 £000	1998 £000	1998 £000	1997 £000
Turnover	2	43,265	5,985	49,250	36,819
Cost of sales	4	<u>(32,790)</u>	<u>(4,250)</u>	<u>(37,040)</u>	<u>(31,975)</u>
Gross profit		10,475	1,735	12,210	4,844
Administrative expenses		<u>(7,835)</u>	<u>(1,321)</u>	<u>(9,156)</u>	<u>(7,823)</u>
Operating profit / (loss)		2,640	414	3,054	(2,979)
Release from US disposal provision	4			435	-
Profit / (loss) on ordinary activities before interest				<u>3,489</u>	<u>(2,979)</u>
Net interest (payable) / receivable	8			(1,301)	101
Profit / (loss) on ordinary activities before taxation	3			<u>2,188</u>	<u>(2,878)</u>
Taxation (charge) / credit on results from ordinary activities	9			(630)	937
Profit / (loss) for the financial year				<u>1,558</u>	<u>(1,941)</u>
Dividends paid and proposed	10			(1,871)	(1,871)
Retained loss for the financial year				<u>(313)</u>	<u>(3,812)</u>
Earnings / (loss) per 5p ordinary share	11			3.37p	(4.20)p
Dividend per 5p ordinary share	10			4.05p	4.05p

The consolidated profit and loss account reflects all recognised gains and losses for current and prior years.

Reconciliation of movements in consolidated shareholders' funds for the year ended 31 March 1998

	1998	1997
	£000	£000
Profit / (loss) for the financial year	1,558	(1,941)
Dividends	<u>(1,871)</u>	<u>(1,871)</u>
	(313)	(3,812)
Goodwill on acquisitions	<u>(4,147)</u>	<u>(2,583)</u>
Net reduction in shareholders' funds	(4,460)	(6,395)
Opening shareholders' funds	49,743	56,138
Closing shareholders' funds	<u>45,283</u>	<u>49,743</u>

Note of consolidated historical cost profits and losses for the year ended 31 March 1998

	1998	1997
	£000	£000
Reported profit / (loss) on ordinary activities before taxation	2,188	(2,878)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	18	19
Historical cost profit / (loss) on ordinary activities before taxation	<u>2,206</u>	<u>(2,859)</u>
Historical cost loss for the year retained after taxation, minority interest and dividends	<u>(295)</u>	<u>(3,793)</u>

Consolidated balance sheet at 31 March 1998

	Note	1998 £000	1997 £000
Fixed assets			
Tangible assets	12	55,687	52,155
Current assets			
Stocks	14	1,692	1,325
Debtors	15	17,686	13,255
Cash at bank and in hand		22	10,736
		<u>19,400</u>	<u>25,316</u>
Creditors: amounts falling due within one year	16	<u>(19,521)</u>	<u>(14,009)</u>
Net current (liabilities) / assets		(121)	11,307
Total assets less current liabilities		55,566	63,462
Creditors: amounts falling due after more than one year	17	<u>(10,049)</u>	<u>(12,916)</u>
Provisions for liabilities and charges	18	<u>(207)</u>	<u>(776)</u>
Net assets		<u>45,310</u>	<u>49,770</u>
Capital and reserves			
Called up share capital	20	2,309	2,309
Share premium account	23	16,192	16,192
Revaluation reserve	23	2,530	2,548
Profit and loss account	23	<u>24,252</u>	<u>28,694</u>
Equity shareholders' funds		45,283	49,743
Equity minority interests	24	<u>27</u>	<u>27</u>
		<u>45,310</u>	<u>49,770</u>

These financial statements were approved by the Board of Directors on 3 August 1998 and were signed on its behalf by:

J F G Pilkington
Chairman



N A Stothard
Director

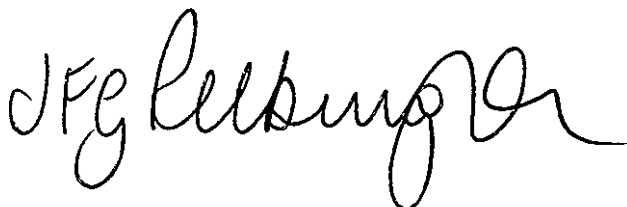


Parent Company balance sheet at 31 March 1998

	Note	1998 £000	1997 £000
Fixed assets			
Tangible assets	12	49,357	50,420
Investments	13	<u>9,225</u>	<u>4,979</u>
		58,582	55,399
Current assets			
Stocks	14	1,173	1,092
Debtors	15	19,197	12,086
Cash at bank and in hand		<u>-</u>	<u>9,109</u>
		20,370	22,287
Creditors: amounts falling due within one year	16	(24,281)	(18,265)
Net current (liabilities) / assets		(3,911)	4,022
Total assets less current liabilities		54,671	59,421
Creditors: amounts falling due after more than one year	17	(9,884)	(12,798)
Provisions for liabilities and charges	18	(207)	(779)
Net assets		<u>44,580</u>	<u>45,844</u>
Capital and reserves			
Called up share capital	20	2,309	2,309
Share premium account	23	16,192	16,192
Revaluation reserve	23	2,530	2,548
Profit and loss account	23	<u>23,549</u>	<u>24,795</u>
Equity shareholders' funds		<u>44,580</u>	<u>45,844</u>

These financial statements were approved by the Board of Directors on 3 August 1998 and were signed on its behalf by:

J F G Pilkington
Chairman



N A Stothard
Director



Consolidated cash flow statement for the year ended 31 March 1998

	Note	1998 £000	1997 £000
Net cash inflow from operating activities		10,365	4,220
Return on investments and servicing of finance			
Interest paid		(408)	(35)
Interest received		305	963
Interest element of finance lease rental payments		<u>(1,066)</u>	<u>(940)</u>
Net cash outflow from returns on investments and servicing of finance		(1,169)	(12)
Taxation			
UK corporation tax paid		(136)	(2,498)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(16,640)	(9,761)
Sale of tangible fixed assets		<u>5,903</u>	<u>2,937</u>
Net cash outflow from capital expenditure and financial investment		(10,737)	(6,824)
Acquisitions and disposals			
Acquisitions (net of cash and overdraft purchased)	28	(8,892)	(2,931)
Equity dividends paid		(1,871)	(1,871)
Cash outflow before use of liquid resources and financing		(12,440)	(9,916)
Management of liquid resources			
Investments in bank managed funds		7,900	12,128
Fixed term US dollar deposit		<u>1,527</u>	<u>(1,527)</u>
Net cash inflow from management of liquid resources		9,427	10,601
Financing			
Capital element of finance lease rental payments		(3,426)	(2,473)
Decrease in cash in the year		<u>(6,439)</u>	<u>(1,788)</u>

Notes to the consolidated cash flow statement for the year ended 31 March 1998

Reconciliation of net cash flow to movements in net debt

	1998 £000	1997 £000
Decrease in cash in the year	(6,439)	(1,788)
Cash outflow from decrease in debt and lease finance	3,426	2,473
Cash inflow from decrease in liquid resources	(9,427)	(10,601)
Change in net debt resulting from cash flows	(12,440)	(9,916)
New finance leases	(313)	(9,727)
Finance leases included in acquisitions	(83)	(231)
Movement in net debt in the year	(12,836)	(19,874)
Net debt at the start of the year	(4,065)	15,809
Net debt at the end of the year	(16,901)	(4,065)

Analysis of net debt

	As at 1 April 1997 £000	Cash flow £000	Acquisitions £000	Non-cash movements £000	As at 31 March 1998 £000
Cash at bank and in hand	1,309	(1,287)	-	-	22
Overdraft	(92)	(5,152)	-	-	(5,244)
Bank managed funds	7,900	(7,900)	-	-	-
US fixed term dollar deposits	1,527	(1,527)	-	-	-
Finance leases and hire purchases	(14,709)	3,426	(83)	(313)	(11,679)
	(4,065)	(12,440)	(83)	(313)	(16,901)

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

	1998 £000	1997 £000
Operating profit / (loss)	3,054	(2,979)
Depreciation charge	11,019	8,770
Profit on sale of tangible fixed assets	(2,129)	(1,051)
Increase in stocks	(156)	(95)
Increase in debtors	(1,338)	(731)
(Decrease) / increase in creditors	(85)	306
Net cash inflow from operating activities	10,365	4,220

Notes (forming part of the financial statements)

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently (with the exception of the change in depreciation method noted below) 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 certain 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 subsidiaries have financial year ends which are coterminous with those of the parent company, with the exception of Torrent Trackside Limited which has a 30 September year end to facilitate the calculation of the consideration to be paid for the company and Cannon Tool Hire Limited which has a 31 December year end to allow the continuation of its PRP scheme. In both cases the 31 March 1998 management accounts have been used for the production of the consolidated accounts. 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 is written off against reserves in the year of acquisition. 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 profit / (loss) for the financial year dealt with in the financial statements of Vibroplant plc is disclosed in note 23.

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 reserve.

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% - 20% straight line
Small tools	- 20% reducing balance and 20% - 25% straight line
Motor vehicles	- 25% reducing balance
Computers	- 50% reducing balance and 25% - 33% straight line
Fixtures, fittings and other equipment	- 10% - 20% reducing balance

No depreciation is provided on freehold land.

During the year the Group changed its depreciation method for hire plant. Details of the effect of this change are set out in note 4.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

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

Leases

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

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

Notes

Pensions

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

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

Stocks

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

Taxation

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

Turnover

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

2. SEGMENTAL INFORMATION

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

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

	1998 £000	1997 £000
Profit / (loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit - Group auditors	57	39
- Other auditors	10	9
Other services (paid to Group auditors and their associates)	33	11
Depreciation and other amounts written off tangible fixed assets:		
Owned	9,032	6,287
Leased	1,987	2,483
Rent of land and buildings	541	341
Hire of other assets	4,342	3,359
after crediting:		
Profit on sale of tangible assets	2,129	1,051

In addition to the Group auditors' remuneration stated above £73,000 (1997: £22,000) was paid to the Group auditors and their associates, in respect of other services, which is included in the goodwill written off in the year ended 31 March 1998. The audit fee for the Company was £42,000 (1997: £39,000)

The 1998 depreciation charge and profit on sale of tangible assets noted above are stated after taking account of the change in depreciation method noted in the Chairman's Statement. Further details are provided in note 4.

Notes

4. EXCEPTIONAL ITEMS

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

	1998 £000	1997 £000
Cost of sales	<u>297</u>	<u>(875)</u>

The exceptional cost of sales credit in the current year results from a change in depreciation method for hire plant. The method has been changed from reducing balance, at rates of 10% to 25%, to a straight line method based on asset lives of between 5 and 10 years and a nil residual value. The new method brings the Group in line with most other major plant hire companies and better reflects the contribution of these assets over their period of use.

The exceptional cost of sales charge of £875,000 for the year ended 31 March 1997 resulted from a cost reduction exercise, principally in the Construction Services division and includes redundancy and other, mainly depot related, rationalisation costs.

	1998 £000	1997 £000
Release from US disposal provision	<u>435</u>	<u>-</u>

The exceptional credit in relation to the US disposal provision reflects a partial release of the provisions set up when the US business was sold in 1996. These provisions were set up, based on appropriate professional advice, to reflect potential liabilities under the sale contract for environmental costs, warranties and legal actions. These provisions are reviewed on a regular basis in association with our professional advisors and this release results mainly from the finalisation of a specific legal action.

5. REMUNERATION OF DIRECTORS

	1998 £000	1997 £000
Directors' remuneration comprises the following:		
Fees	18	18
Salaries and other emoluments	<u>304</u>	<u>373</u>
	322	391
Money purchase pension contributions	6	-
Compensation for loss of office	<u>24</u>	<u>-</u>
	352	391

The emoluments, including the estimated monetary value of benefits in kind, of the Chairman, who was also the highest paid Director, were £159,801 (1997: £169,112).

The following table shows a breakdown of the remuneration of the individual Directors for the year ended 31 March 1998:

	Salary / fees £	Benefits £	Total £	1997 £	Termination Payment £
J F G Pilkington	136,667	23,134	159,801	169,112	-
N A Stothard (from 7 July 1997)	75,508	7,118	82,626	-	-
R V Swarbrick (to 29 July 1997)	22,500	1,992	24,492	73,712	24,375
E R Woolley (to 31 May 1997)	18,534	1,378	19,912	102,479	-
B Cottingham	17,500	-	17,500	17,500	-
S J Doughty	17,500	-	17,500	14,375	-
	<u>288,209</u>	<u>33,622</u>	<u>321,831</u>	<u>377,178</u>	<u>24,375</u>

One Director, Mr Stothard, benefited from the company making a contribution to his personal pension plan. The contribution in the year was £6,236.

Notes

During the year three Directors were members of the Vibroplant plc 1985 pension scheme. The details of their benefits are as follows:

	Accumulated total accrued annual pension	Increase in accrued pension over the year	Transfer value of increase in accrued pension
	£	£	£
J F G Pilkington	48,327	2,898	33,615
R V Swarbrick	10,524	1,349	20,156
E R Woolley	6,067	587	4,823

Where appropriate the increase in accrued pension over the year excludes the increase for inflation. The accumulated total accrued annual pension for Mr Swarbrick and Mr Woolley has been calculated as at their dates of resignation. Mr Swarbrick's early retirement pension was augmented by £2,614 per annum. The value of this augmentation, as at 31 March 1998 amounted to £50,000. No company contributions were made to this scheme in the year as a result of a surplus within the scheme.

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	
	1998	1997
Plant hire	679	778
Tool hire	286	36
	<u>965</u>	<u>814</u>

The aggregate payroll costs of these persons were as follows:

	1998	1997
	£000	£000
Wages and salaries	14,374	12,011
Social security costs	1,289	1,082
Other pension costs (note 27)	239	349
	<u>15,902</u>	<u>13,442</u>

8. NET INTEREST (PAYABLE) / RECEIVABLE

	1998	1997
	£000	£000
Interest payable:		
On bank loans and overdrafts	(373)	(34)
Finance lease and hire purchase interest	(1,069)	(933)
Other	(18)	(1)
	<u>(1,460)</u>	<u>(968)</u>
Interest receivable:		
Bank and other interest receivable	159	1,069
	<u>(1,301)</u>	<u>101</u>

Notes

9. TAXATION

	1998 £000	1997 £000
UK Corporation tax charge / (credit) at 31% (1997: 33%) on the profit / (loss) for the year on ordinary activities	297	(681)
Deferred taxation	107	319
Adjustments relating to an earlier year	226	(575)
	<u>630</u>	<u>(937)</u>

The tax charge represents 29% of the profit before tax. The tax effect of the exceptional items in note 4 is £137,000 (1997: £272,000 credit).

10. DIVIDENDS

	1998 £000	1997 £000
Ordinary shares:		
Interim paid 1.40p (1997: 1.40p) per share	647	647
Final proposed 2.65p (1997: 2.65p) per share	<u>1,224</u>	<u>1,224</u>
	<u>1,871</u>	<u>1,871</u>

11. EARNINGS PER SHARE

The calculation of earnings per 5 pence ordinary share is based on a profit of £1,558,000 (1997: a loss of £1,941,000) and on 46,185,000 (1997: 46,185,000) shares, being the weighted average number of shares in issue during the year.

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

12. TANGIBLE FIXED ASSETS

	Land and buildings £000	Hire plant and small tools £000	Motor vehicles £000	Other assets £000	Total £000
GROUP					
Cost or valuation					
At beginning of year	11,969	85,234	2,187	5,566	104,956
Transfers between items	-	(96)	-	96	-
Additions	263	14,040	436	571	15,310
On acquisitions	490	4,547	376	376	5,789
Disposals	(172)	(14,971)	(658)	(130)	(15,931)
At end of year	<u>12,550</u>	<u>88,754</u>	<u>2,341</u>	<u>6,479</u>	<u>110,124</u>
Depreciation					
At beginning of year	1,637	46,176	1,460	3,528	52,801
Transfers between items	-	(84)	-	84	-
Charge for year	146	10,002	234	637	11,019
On acquisitions	38	2,267	222	247	2,774
Disposals	(9)	(11,567)	(452)	(129)	(12,157)
At end of year	<u>1,812</u>	<u>46,794</u>	<u>1,464</u>	<u>4,367</u>	<u>54,437</u>
Net book value					
At 31 March 1998	<u>10,738</u>	<u>41,960</u>	<u>877</u>	<u>2,112</u>	<u>55,687</u>
At 31 March 1997	<u>10,332</u>	<u>39,058</u>	<u>727</u>	<u>2,038</u>	<u>52,155</u>

Notes

	Land and buildings £000	Hire plant £000	Motor vehicles £000	Other assets £000	Total £000
COMPANY					
Cost or valuation					
At beginning of year	11,954	82,910	1,777	5,427	102,068
Transfers between items	-	(96)	-	96	-
Additions	227	10,269	81	326	10,903
Disposals	(172)	(12,141)	(415)	(2)	(12,730)
At end of year	<u>12,009</u>	<u>80,942</u>	<u>1,443</u>	<u>5,847</u>	<u>100,241</u>
Depreciation					
At beginning of year	1,637	45,196	1,324	3,491	51,648
Transfers between items	-	(84)	-	84	-
Charge for year	132	8,473	110	531	9,246
Disposals	(9)	(9,688)	(311)	(2)	(10,010)
At end of year	<u>1,760</u>	<u>43,897</u>	<u>1,123</u>	<u>4,104</u>	<u>50,884</u>
Net book value					
At 31 March 1998	<u>10,249</u>	<u>37,045</u>	<u>320</u>	<u>1,743</u>	<u>49,357</u>
At 31 March 1997	<u>10,317</u>	<u>37,714</u>	<u>453</u>	<u>1,936</u>	<u>50,420</u>

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

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Freehold	9,380	9,016	9,006	9,016
Long leasehold	714	665	635	665
Short leasehold	644	651	608	636
	<u>10,738</u>	<u>10,332</u>	<u>10,249</u>	<u>10,317</u>

The Directors carried out a valuation of the Group's properties as at 31 March 1996 in conjunction with Carter Jonas Property Consultants. The valuation, which was incorporated in the financial statements for the year ended 31 March 1996 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 1998, 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	
	1998 £000	1997 £000	1998 £000	1997 £000
Historical cost of land and buildings	9,862	9,281	9,321	9,266
Aggregate depreciation based on historical cost	(1,654)	(1,497)	(1,602)	(1,497)
Historical cost net book value	<u>8,208</u>	<u>7,784</u>	<u>7,719</u>	<u>7,769</u>

Other tangible fixed assets are included at cost.

The gross book value of Group land and buildings includes £5,077,000 (1997: £5,122,000), Company: £5,077,000 (1997: £5,122,000) of freehold land not subject to depreciation.

Included in the total net book value of fixed assets of the Group is £12,422,000 (1997: £14,347,000), Company: £11,894,000 (1997: £14,049,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £1,987,000 (1997: £2,483,000) for the Group and £1,862,000 (1997: £2,446,000) for the Company.

Notes

13. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings are as follows:

	Company £000
Cost	
At beginning of year	6,666
Acquisitions	4,246
At end of year	<u>10,912</u>
Provision	
At beginning of year and end of year	<u>1,687</u>
Net book value	
At 31 March 1998	<u>9,225</u>
At 31 March 1997	<u>4,979</u>

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

The Company's principal subsidiary undertakings, all of which are incorporated and operate in the UK, are:

Subsidiaries at year end	Principal activity
Vibroplant Investments Limited	Holding Company
Cannon Tool Hire Limited	Tool Hire
Instant Tool Hire Limited	Tool Hire
Torrent Trackside Limited (formerly Torrent (Rugeley) Limited)	Tool Hire
Domindo Tool Hire Limited	Tool Hire
Acquisition since the year end	
727 Plant Limited	Tool Hire

The Company owns 100% of the ordinary shares of these subsidiaries.

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	
	1998 £000	1997 £000	1998 £000	1997 £000
Raw materials and consumables	1,404	1,131	1,173	1,092
Finished goods and goods for resale	288	194	-	-
	<u>1,692</u>	<u>1,325</u>	<u>1,173</u>	<u>1,092</u>

15. DEBTORS

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Trade debtors	11,995	9,448	8,483	8,519
Amounts owed by subsidiary undertakings	-	-	5,679	595
Tax recoverable	33	889	-	807
Advance corporation tax recoverable	940	468	940	468
Other debtors	2,395	210	2,371	210
Prepayments and accrued income	1,797	1,554	1,676	1,487
Deferred taxation (note 19)	526	686	48	-
	<u>17,686</u>	<u>13,255</u>	<u>19,197</u>	<u>12,086</u>

Advance corporation tax recoverable includes £306,000 (1997: £306,000) recoverable after more than one year.

Notes

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Bank overdrafts	5,244	92	5,910	-
Obligations under finance leases and hire purchase contracts (note 17)	3,083	3,201	2,894	3,103
Trade creditors	5,135	5,292	3,288	4,676
Amounts owed to subsidiary undertakings	-	-	8,976	7,071
Corporation tax	837	282	21	-
Advance corporation tax	468	468	468	468
Other taxes and social security	1,337	831	852	714
Other creditors	237	230	175	230
Accruals and deferred income	1,956	2,389	473	779
Dividend proposed	1,224	1,224	1,224	1,224
	<u>19,521</u>	<u>14,009</u>	<u>24,281</u>	<u>18,265</u>

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

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Obligations under finance leases and hire purchase contracts (see below)	8,596	11,508	8,431	11,390
Deferred consideration	1,240	1,240	1,240	1,240
Accruals and deferred income	213	168	213	168
	<u>10,049</u>	<u>12,916</u>	<u>9,884</u>	<u>12,798</u>

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

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Within one year	3,083	3,201	2,894	3,103
In the second to fifth years	8,596	11,508	8,431	11,390
	<u>11,679</u>	<u>14,709</u>	<u>11,325</u>	<u>14,493</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Taxation including deferred taxation £000	Reorganisation provision £000	Total £000
Group			
At beginning of year	-	776	776
Charge for the year in the profit and loss account	107	-	107
Utilised	-	(569)	(569)
Deferred tax included in acquisitions	49	-	49
Movement in advance corporation tax	4	-	4
Transfer from debtors	(160)	-	(160)
At end of year	<u>-</u>	<u>207</u>	<u>207</u>
Company			
At beginning of year	3	776	779
Credit for the year in the profit and loss account	(55)	-	(55)
Utilised	-	(569)	(569)
Movement in advance corporation tax	4	-	4
Transfer to debtors	48	-	48
At end of year	<u>-</u>	<u>207</u>	<u>207</u>

Notes

19. DEFERRED TAXATION

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

Group	1998		1997	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Accelerated capital allowances	18	3,553	278	3,456
Short term timing differences	(544)	(141)	(960)	(84)
Advance corporation tax recoverable	-	-	(4)	-
Deferred taxation (asset) / liability	<u>(526)</u>	<u>3,412</u>	<u>(686)</u>	<u>3,372</u>
Company				
Accelerated capital allowances	-	3,529	255	3,362
Short term timing differences	(48)	(98)	(248)	(84)
Advance corporation tax recoverable	-	-	(4)	-
Deferred taxation (asset) / liability	<u>(48)</u>	<u>3,431</u>	<u>3</u>	<u>3,278</u>

20. CALLED UP SHARE CAPITAL

	1998 £000	1997 £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	<u>2,309</u>	<u>2,309</u>

21. EXECUTIVE SHARE OPTION SCHEME

During the year under review, no 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 1998 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 1998 was 78.0p (1997: 65.5p), the highest market value in 1997/98 was 85.5p and the lowest was 62.0p.

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 1998	1 April 1997 or date of appointment
J F G Pilkington	8,122	8,122
B Cottingham	35,000	35,000
S J Doughty	-	-
N A Stothard	13,500	-

During the year J F G Pilkington was also 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 1998 and 10 July 1998.

Notes

23. RESERVES

Group	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At beginning of year	16,192	2,548	28,694
Retained loss for year	-	-	(313)
Goodwill written off	-	-	(4,147)
Depreciation of revalued assets	-	(18)	18
At end of year	16,192	2,530	24,252
Company			
At beginning of year	16,192	2,548	24,795
Retained loss for year	-	-	(1,264)
Depreciation of revalued assets	-	(18)	18
At end of year	16,192	2,530	23,549

The cumulative amount of goodwill resulting from acquisitions which has been written off is £8,011,000 (1997: £3,864,000).

The amount of the profit for the financial year dealt with in the accounts of the holding company was £607,000 (1997: loss of £2,376,000).

24. EQUITY MINORITY INTERESTS

	Group	
	1998 £000	1997 £000
At beginning and end of year	27	27

25. CONTINGENT LIABILITIES

As a result of the sale of the US 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. During the year a partial release has been made from these provisions as detailed in note 4.

26. COMMITMENTS

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

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Contracted	6,130	3,007	6,035	2,987

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

	1998		1997	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group				
Operating leases which expire:				
Within one year	33	103	-	93
In the second to fifth years inclusive	74	2,413	33	2,090
Over five years	449	-	288	-
	556	2,516	321	2,183
Company				
Operating leases which expire:				
Within one year	-	93	-	93
In the second to fifth years inclusive	-	2,373	-	2,090
Over five years	279	-	288	-
	279	2,466	288	2,183

Notes

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 1997 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 1997 the market value of the assets of the scheme was £5,477,000 and the actuarial value of the assets was sufficient to cover 126% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The pensions charge for the year relating to all schemes was £239,000 (1997: £349,000). This is exclusive of £73,000 (1997: £103,000) 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 £213,000 (1997: £168,000) is included in creditors, this being the excess of accumulated pension costs over the amount funded.

28. PURCHASE OF SUBSIDIARIES

The Group acquired two new subsidiaries during the year. Hire & Sales (Canterbury) Limited was acquired on 1 May 1997 by Cannon Tool Hire Limited and Torrent Trackside Limited (formerly Torrent (Rugeley) Limited) was acquired on 9 June 1997. In addition the business and assets of Domindo Tool Hire were acquired on 1 October 1997 and were transferred into a new subsidiary Domindo Tool Hire Limited. The acquisitions of Hire & Sales (Canterbury) Limited and Domindo Tool Hire were not individually material in Group terms and therefore details of these are provided in aggregate below. Torrent Trackside Limited was a substantial acquisition, as defined by FRS 6, and therefore further details are provided in relation to this transaction.

	Torrent £000	Other acquisitions £000	Total £000
Fixed assets	1,982	1,279	3,261
Stocks	60	151	211
Debtors	1,344	432	1,776
Cash	-	149	149
Bank overdraft	(590)	-	(590)
Creditors	(1,784)	(386)	(2,170)
Provisions for liabilities and charges	-	(49)	(49)
Book value of assets acquired	1,012	1,576	2,588
Fair value adjustments for:			
Revaluation of fixed assets	(197)	(49)	(246)
Fair value of assets acquired	815	1,527	2,342
Goodwill	3,435	678	4,113
Cost of acquisition	4,250	2,205	6,455
Comprising			
Consideration	3,950	2,106	6,056
Acquisition costs	300	99	399
	4,250	2,205	6,455
Analysis of cash flow for acquisitions			
Cost of acquisition			6,455
Consideration recoverable under the contract			2,000
Net overdraft acquired			441
Adjustment to prior year consideration			(4)
			8,892
Goodwill written off			
On current year acquisitions			4,113
Fair value adjustment on prior year acquisitions			38
Adjustment to prior year consideration			(4)
			4,147

Notes and Five Year Summary

The fair value adjustment on prior year acquisitions relates to the write down of certain items of plant which were owned by a subsidiary at the date of acquisition and which, based on information now available, were over valued in the acquisition balance sheet.

The results of Torrent Trackside Limited for the period from 1 October 1996, the beginning of its financial year, to the date of acquisition were: turnover £3,109,000, operating profit £957,000, exceptional charge for loss on disposal of fixed assets £1,205,000, loss before tax £311,000, tax credit £51,000 and therefore loss after tax £260,000. The profit before tax for the year to 30 September 1996 was £701,000.

29. POST BALANCE SHEET EVENT

On 24 April 1998 the Group acquired 727 Plant Limited. It is a well established tool hire and equipment rental company with five depots in Essex, London, Cambridgeshire and Kent. The consideration was £775,000 payable through a combination of cash and £42,000 of loan notes.

30. 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

(not forming part of the audited financial statements)

	1994 £000	1995 £000	1996 £000	1997 £000	1998 £000
Turnover	<u>66,951</u>	<u>67,727</u>	<u>64,422</u>	<u>36,819</u>	<u>49,250</u>
Profit / (loss) on ordinary activities before taxation	2,796	9,429	2,379	(2,878)	2,188
Taxation	<u>(1,050)</u>	<u>(4,187)</u>	<u>(4,534)</u>	<u>937</u>	<u>(630)</u>
Profit / (loss) on ordinary activities after taxation	1,746	5,242	(2,155)	(1,941)	1,558
Minority interests	(4)	-	-	-	-
Profit / (loss) attributable to members	<u>1,742</u>	<u>5,242</u>	<u>(2,155)</u>	<u>(1,941)</u>	<u>1,558</u>
Dividends	<u>(1,657)</u>	<u>(1,851)</u>	<u>(1,871)</u>	<u>(1,871)</u>	<u>(1,871)</u>
Share capital	2,301	2,309	2,309	2,309	2,309
Reserves	<u>54,831</u>	<u>56,706</u>	<u>53,829</u>	<u>47,434</u>	<u>42,974</u>
Equity shareholders' funds	<u>57,132</u>	<u>59,015</u>	<u>56,138</u>	<u>49,743</u>	<u>45,283</u>
Share Statistics					
Asset value	<u>124p</u>	<u>128p</u>	<u>122p</u>	<u>108p</u>	<u>98p</u>
Earnings / (loss)	<u>3.78p</u>	<u>11.37p</u>	<u>(4.67)p</u>	<u>(4.20)p</u>	<u>3.37p</u>
Dividend	<u>3.60p</u>	<u>4.00p</u>	<u>4.05p</u>	<u>4.05p</u>	<u>4.05p</u>
Times covered	<u>1.05</u>	<u>2.83</u>	<u>-</u>	<u>-</u>	<u>0.83</u>

Notice of Meeting

Notice is hereby given that the twenty sixth Annual General Meeting of the Company will be held at Rudding House, Rudding Park, Follifoot, Harrogate on Friday 18 September 1998 at 10am for the following purposes:

As ordinary business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 1998.
2. To declare a Final Dividend.
3. To re-elect a Director.
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 agree their remuneration.

As special business

To consider and, if though fit, pass the following resolutions of which Resolutions 5 and 7 will be proposed as Ordinary Resolutions 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 regards 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.
7. That the Vibroplant Share Option Scheme ("the Scheme"), the Vibroplant Savings Related Share Option Scheme ("the Sharesave Scheme"), the Vibroplant Long Term Incentive Plan and the Vibroplant Employee Trust, in the form tabled at the meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted and the Directors be and are hereby authorised to carry the same into effect subject, in the case of the Scheme and the Sharesave Scheme, to such amendments (if any) as may be required to obtain Inland Revenue approval.

By Order of the Board.

N A Stothard
Secretary



3 August 1998

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.

Vibroplant plc - Annual General Meeting - Form of Proxy

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 Friday 18 September 1998 and at any adjournment thereof. I/we request the Proxy to vote on the following resolutions as indicated.

Resolution

		For	Against
1	To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 1998	_____	_____
2	To declare a final dividend	_____	_____
3	To re-elect a Director - S J Doughty (Mr Doughty is a member of the Remuneration and Audit Committees)	_____	_____
4	To re-appoint KPMG Audit Plc as Auditors and to authorise the Directors to agree their remuneration	_____	_____
5	To approve the authority to allot shares	_____	_____
6	To approve the disapplication of pre-emption rights	_____	_____
7	To approve and adopt the Share Option Scheme, the Savings Related Share Option Scheme, the Long Term Incentive Plan and the Employee Trust.	_____	_____

Signature _____

Date _____

Notes

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

THIRD FOLD AND TUCK IN

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