26 August 2015

HSS Hire Group plc

Interim report: Half year results for the 26 week period ended 27 June 2015

HSS Hire Group plc ("HSS" or the "Group") today announces results for the 26 week period ended 27 June 2015.

Financial Highlights for HSS Hire Group plc [(1)]

- Group revenue up 12.1% to £146.4m (H1 14: £130.6m), with organic growth of 10.6%
- Adjusted EBITDA [(2)] flat at £28.9m (H1 14: £28.9m), due to plc and new branch start-up costs
- Adjusted EBITA [(3)] down to £4.5m (H1 14: £11.3m) as investment in fleet led to higher depreciation
- Loss before tax of £14.1m (H1 14: £11.1m loss); reduced financing costs partly mitigate Adjusted EBITA movement
- Basic and diluted loss per share of 10.51p (H1 14: 19.61p)
- Underlying basic and diluted loss per share of 4.45p (H1 14: 6.03p)
- Interim dividend of 0.57p per share announced, payable in October 2015

Trading and Operational Highlights for HSS Hire Group plc

- Results in line with guidance issued in the pre-close trading update issued 29 June 2015
- Continued to grow market share against ongoing variable market backdrop
- Local branch rollout continues: 27 new branches opened in H1 15 (H1 14: 8 branches)
- Growth in Key Accounts in line with estimated overall market growth rates of low to mid-single digits
- Strong growth in Specialist businesses, supplemented by acquisition of All Seasons Hire
- Hire fleet utilisation further increased as targeted fleet investment continues – Last Twelve Months to end H1 15: 48% and 73% for the Core and Specialist businesses respectively (LTM to end H1 14: 46% and 69% respectively)

Current Trading and Outlook

- Expect to continue growing market share through H2, despite variable market conditions – while July was in line with management expectations, trading has been softer in August
- 2015 revenue growth (full year) is now expected to be in the range 8 – 11% and earnings for the full year now expected to be below current market expectations
- Strategic progress continues, driving market share gains:
  - 39 new local branches opened year-to-date, on track to reach 50 in FY15, 14 already in progress for FY16
  - Healthy pipeline of Key Account opportunities
  - Specialist businesses continue to grow strongly
- Plans to open a new National Distribution Centre in H1 2016 providing local branch fulfilment are well developed. This will step change our distribution network and drive further improvements in customer availability also allowing us to leverage our e-commerce platform more effectively
- Existing hub and spoke distribution network will focus exclusively on customer delivery and collection, further enhancing our service proposition
- Rebase of cost structure to reduce operational gearing, targeting cost savings of between £8m and £12m in FY16 and £1.5m and £3m in Q4 15
- Capex investment will be below FY14, matched to expected customer demand
- Assessing further cost saving opportunities through refinancing in 2016

Explanatory Notes:

1) *H1 14 numbers provided are for Hampshire Topco Limited, the holding company of the Group prior to the listing of new parent company HSS Hire Group plc on the London Stock Exchange in February 2015*
2) *Adjusted EBITDA defined as Operating profit with depreciation, amortisation and exceptional costs added back (exceptional costs include: restructuring, IPO and acquisition costs)*

3) *Adjusted EBITA defined as Adjusted EBITDA less depreciation*

Commenting on the half year results and trading outlook, Chris Davies, Chief Executive Officer, said:

"Our results for the first half of 2015 are in line with our update at the end of June, with revenue growth of 12% and further gains in market share. However, as others have reported, trading continues to be unpredictable, and after a reasonable July, we have seen softer market conditions in August. This is obviously disappointing. As a result we are cautious on the outlook for the balance of the year and now expect full year earnings to be below current market expectations.

"Notwithstanding this, we are confident that our strategy is continuing to underpin our market share progress. We are seeing strong growth in the specialist businesses as a result of our investment. We are building our Key Accounts pipeline and our roll-out of local branches is progressing to plan with 50 openings this year.

"We are making good progress in our plans to open a new National Distribution Centre in H1 2016, which will further increase availability for customers. This will also enable us to fully exploit our market-leading online proposition. Furthermore, this development will allow our existing hub and spoke network to concentrate exclusively on customer deliveries and collections, enhancing service levels. It will also contribute to the rebasing of costs in the range of £8m and £12m in 2016 with between £1.5m and £3m being delivered in Q4 2015. Despite the softer August we remain confident in the medium and long term growth prospects for the business."

Results presentation

Management will be hosting a presentation for analysts at 9.00 a.m. BST today at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, EC2M 5SY.

Analysts/investors unable to attend in person may join the meeting by conference call by dialling in on +44 (0) 20 3427 1900. Password: HSS Hire. A copy of the presentation will be available at www.hsshiregroup.com/investor-relations/financial-results/ from 8.30 a.m. BST today.

A separate conference call discussing the results of Hero Acquisitions Limited will be held for holders of Senior Secured Notes at 2.00 p.m. BST today. Details for this call and an accompanying presentation will be made available at www.hsshiregroup.com/investor-relations/senior-secured-notes/.

For further information, please contact:

HSS Hire Group plc	Tel: (On 26 August 2015) 020 7638 9571
Chris Davies, Chief Executive Officer	Thereafter: 020 8897 8566
Steve Trowbridge, Chief Financial Officer	
Citigate Dewe Rogerson	Tel: 020 7638 9571
Simon Rigby	
Kevin Smith	
Nick Hayns	

Notes to editors

HSS Hire Group plc provides tool and equipment hire and related services in the UK and Ireland through a nationwide network of over 300 locations. Focusing primarily on the maintain and operate segments of the market, over 90% of its revenues come from business customers. HSS is listed on the Main Market of the London Stock Exchange, following its IPO in February 2015. For more information please see www.hsshiregroup.com.

Overview

Revenue in H1 15 was £146.4m, representing 12.1% growth compared to revenue of £130.6m for the 26 week period ended 28 June 2014 ("H1 14"). Growth in the organic business accounted for 10.6% of this increase, with the remainder due to the inclusion of revenue from Apex Generators for Q1 15 and from All Seasons Hire for the 7 week period since its acquisition on 8 May 2015.

Revenue growth in Q2 15 was slower than in Q1 15 with Group revenue growing at a rate of 9.1% compared to 15.2% in Q1 15. The organic business accounted for 8.2% of this increase during Q2 15 (Q1 15: 13.1%).

Revenue in the Core business was up 9.3% to £125.1m (H1 14: £114.5m) with a strong revenue contribution from new local branches. Revenue in the Specialist business grew 31.5% to £21.3m (H1 14: £16.2m) reflecting continued high levels of utilisation alongside ongoing fleet investment and the acquisitions during the current and prior periods.

Adjusted EBITDA was flat period on period at £28.9m (H1 14: £28.9m) in line with the expectations and guidance issued in the pre-close trading update on 29 June 2015. This was primarily due to investment in the planned roll-out of local branches (new sales colleagues and rent & rates), the first year of plc costs, the ongoing investment in rolling out the "HSS Way" process improvement initiative and lower than expected revenue growth.

Adjusted EBITDA in the Core business was 17.1% lower at £17.9m (H1 14: £21.6m) and Adjusted EBITDA in the Specialist business was up 50.7% to £11.0m (H1 14: £7.3m).

The Group reported an operating loss of £1.5m in H1 2015, compared to an operating profit of £8.4m in H1 2014, principally reflecting £3.0m exceptional expenses relating to the Initial Public Offering completed in February 2015, and increased depreciation charges due to the investment in its hire fleet through the 52 week period ended 27 June 2015.

Finance expense was £5.8m lower at £12.6m (H1 14: £18.4m) reflecting lower exceptional finance costs of £4.3m, being the early redemption fee paid on the partial redemption of the Senior Secured Notes in February 2015. This compares to £7.8m of exceptional finance costs in H1 2014 relating to the issue of the Senior Secured Notes in February 2014 (£6.6m) and a fair value movement on a derivative financial instrument in H1 2014 (£1.2m).

The basic and diluted loss per share decreased materially from 19.61p in H1 2014 to 10.51p in H1 15, reflecting the increased loss after tax in H1 15, which was more than offset by the significant increase in the weighted average number of shares between the two periods.

The underlying basic and diluted loss per share decreased from 6.03p to 4.45p, reflecting the increase in the adjusted loss after tax, that is the loss after tax before exceptional costs, which was more than offset by the increase in the weighted average number of shares between the two periods.

Net debt at 27 June 2015 was £197.2m, a decrease of £109.2m from £306.4m as at 28 June 2014, principally reflecting the repayment of £64.0m of the Senior Secured Notes and conversion of the Investor Loan Notes (and accrued interest) into Ordinary Share Capital, both of which occurred as a result of the IPO. This de-gearing was partially offset through the net drawdown of new finance leases and the Revolving Credit Facility over the period to finance the settlement of hire fleet capital expenditure creditors in respect of purchases made during 2014.

Dividend

The Directors are declaring an interim dividend of 0.57p per ordinary share, reflecting the Board's stated intention to adopt a progressive dividend policy, with a medium term target of three to 4.5 times normalised earnings cover.

The interim dividend will be paid on 1 October 2015 to shareholders on the register at close of business on 4 September 2015. The ex-dividend date is 3 September 2015.

Non-trading events

The main non-trading event that occurred during H1 15 was the Initial Public Offering ("IPO") of and admission of ordinary shares in new parent company HSS Hire Group plc to the Official List of the London Stock Exchange on 9 February 2015. In addition to making HSS a listed entity the IPO enabled the Group to reduce net debt through the partial repayment of the Senior Secured Notes and conversion of Investor Loan Notes from debt into equity.

The unaudited consolidated financial statements herein have been prepared under the merger method of accounting because the transaction under which HSS Hire Group plc became the holding company of Hampshire Topco Limited (the entity for which H1 14 numbers are provided) was effectively a group reconstruction with no changes in the ultimate ownership of the group and all the shareholdings in Hampshire Topco plc were exchanged via a share for share transfer. The merger of the companies took place on 4 February 2015.

On 15 July 2015 the courts approved a special resolution passed by the shareholders to complete a capital reduction and transfer £98,553,000 from the share premium account to retained earnings. This capital reduction enabled the HSS Hire Group plc to create distributable reserves from which dividends can be paid.

Progress against strategy

The group delivered revenue growth through H1 15 despite softer market conditions and has continued to make good progress against the three strategic priorities detailed in its 2014 Report of the Year:

New local branches	• 27 new local branches opened during H1 2015 • 12 opened since 27 June 2015, taking the total YTD to 39 • 11 more branches are approved and in progress in FY15 • On track to deliver targeted 50 openings during balance of FY15 • 14 local branches approved for FY16
Growing share of Key Account customer wallet	• 4.7% growth in Key Accounts • £1.0m growth in existing Key Accounts in H1 2015 • £1.0m of revenue from new Key Accounts in H1 2015
Bolt-on acquisitions	• Acquisition and integration of All Seasons Hire well progressed • UK Platforms and ABird /Apex Generators demonstrating strong organic growth (14.4% and 28.1% respectively)[1]

<u>*Notes*</u>

1) *Organic growth only. Revenue from Apex Generators in Q1 2015 is excluded as Apex Generators was not owned by the business during Q1 2014.*

Outlook

Recovery and activity levels in the repair, maintenance and improvement ("RMI") and housing markets have continued to be slower and more erratic than predicted by most commentators and this has continued into Q3 15, with customer demand more variable than we would traditionally expect at this time of year.

While the Directors have seen more reasonable revenue growth in July, there is some softening during August across a variety of sectors and customers. This variability period on period and week on week is making it more challenging to predict the out-turn for the year. Against this backdrop, we now expect revenue and earnings for the full year will be below current market expectations.

As a result, the Directors have examined current strategy and progress against plan. Whilst revenue growth has been lower than planned during H1 15, there are encouraging signs that the Group's strategy is resonating well with its customers and underpinning further market share gains. In particular, the Directors have considered the Group's performance against the following operational metrics which are provided today to help illustrate the progress being made:

Local branches: Average contracts raised / day	• Local branches opened in 2013 and 2014 are trending toward the level of contracts per day (10-12) typically raised by a 'mature' store – in line with expectations • Local branches opened in 2015 have also shown strong growth from opening, with the performance of the group as a whole only diluted by the costs of the ongoing branch opening programme
Customer feedback: NPS score	• Latest score of 33[1] is in line with the TNS UK Benchmark Top Third[2] • Continue to achieve scores ahead of competitors[3] and TNS UK Benchmark[4] • Surveys undertaken by TNS

<u>*Notes*</u>

1) *Based on 858 interviews conducted in May – June 2015*
2) *Represents the average NPS score of the top third of businesses surveyed by TNS calculated in the period between 2009 and 2012*

3) HSS defined group of competitors in the UK tool and equipment rental market. Weighted average score calculated in the Oct/Nov 2014 analysis performed by TNS

4) Represents the average NPS score amongst B2B service companies in the UK calculated by TNS (based on 25,000 business customer interviews in the UK across Industry Products and Services between 2009 and 2012

The performance evident in these metrics together with the growth of the Specialist businesses and Key Accounts give the Directors confidence in the Group's strategy for the medium and long term growth of the business.

The Directors continue to make good progress with plans to evolve the Group's distribution network which will also contribute to the rebasing of the Group's cost base. The Directors are targeting gross cost savings of between £1.5m and £3.0m in Q4 FY15 and between £8.0m and £12.0m in 2016. The planned evolution of the distribution network will deliver further improvements in availability for same day and next day pick up ranges in the local branches, further enhancing service levels for customers and enable the existing hub and spoke distribution network to focus exclusively on customer delivery and collection.

The Group intends to report on its progress against these initiatives in November, when it gives its next quarterly results update.

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining 26 weeks of the 2015 financial year have not changed significantly from those summarised in note 23 of this interim report.

Responsibility Statement

We confirm to the best of our knowledge that:

(a) the condensed interim set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;

(b) the Interim Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Chris Davies	**Steve Trowbridge**
Director	Director
26 August 2015	26 August 2015

HSS Hire Group plc

Unaudited consolidated income statement

	Note	**26 weeks ended 27 June 2015 £000s**	26 weeks ended 28 June 2014 £000s
Revenue	2	**146,401**	130,639
Cost of sales		**(54,990)**	(46,604)
Gross profit		**91,411**	84,035
Distribution costs		**(20,026)**	(16,802)
Administrative expenses		**(73,337)**	(59,432)
Other operating income	3	**467**	618
Operating (loss)/profit		**(1,485)**	8,419
Adjusted EBITDA[1]	2	**28,901**	28,864
Less: Exceptional items (non-finance)	4	**(3,826)**	(990)
Less: Depreciation and amortisation[1]		**(26,560)**	(19,455)
Operating (loss)/profit		**(1,485)**	8,419
Finance income	5	**5**	3
Finance expense	5	**(12,642)**	(18,389)
Adjusted finance expense		**(8,322)**	(10,614)
Less: Exceptional finance items		**(4,320)**	(7,775)
Movement in derivative financial instruments	4	**-**	(1,154)
Loss before tax		**(14,122)**	(11,121)
Adjusted loss before tax		**(5,976)**	(2,356)
Less: Exceptional items (non-finance)	4	**(3,826)**	(990)
Less: Exceptional items (finance)	4	**(4,320)**	(7,775)
Loss before tax		**(14,122)**	(11,121)
Income tax expense		**-**	(1,539)
Loss for the financial year		**(14,122)**	(12,660)
Loss attributable to:			
Owners of the company		**(14,122)**	(12,660)
Loss per share			
Basic and diluted loss per share (pence)	6	**(10.51)**	(19.61)

(1) Adjusted EBITDA is defined as operating profit before interest, tax, depreciation and amortisation and exceptional items. For this purpose depreciation and amortisation includes hire stock asset disposals, hire stock write offs and customer losses.

(2) Underlying earnings per share is defined as earnings per share less financial and non-financial exceptional items per share.

The notes form part of these interim financial statements.

HSS Hire Group plc

Unaudited consolidated statement of comprehensive income

	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
	£000s	£000s
Loss for the financial period	**(14,122)**	(12,660)
Items that may be reclassified to profit or loss:		
Foreign currency translation differences arising on consolidation of foreign operations	**(760)**	(279)
Other comprehensive loss for the period, net of tax	**(760)**	(279)
Total comprehensive loss for the period	**(14,882)**	(12,939)
Attributable to owners of the Company	**(14,882)**	(12,939)

The notes form part of these interim financial statements.

HSS Hire Group plc

Unaudited consolidated statement of financial position

	Note	**27 June 2015 £000s**	28 June 2014 £000s	27 December 2014 £000s
ASSETS				
Non-current assets				
Intangible assets	7	**179,499**	170,387	170,379
Property, plant and equipment	8	**173,399**	128,054	147,213
Deferred tax assets	15	**2,462**	-	2,462
		355,360	298,441	320,054
Current assets				
Inventories	9	**7,748**	6,171	6,823
Trade and other receivables	10	**90,155**	75,900	84,934
Cash	11	**3,949**	4,995	5,858
		101,852	87,066	97,615
Total assets		**457,212**	385,507	417,669
LIABILITIES				
Current liabilities				
Trade and other payables	12	**(89,328)**	(95,838)	(102,770)
Borrowings	13	**(42,379)**	(14,918)	(19,500)
Current tax liabilities		**(238)**	(2,155)	(561)
		(131,945)	(112,911)	(122,831)
Non-current liabilities				
Trade and other payables	12	**(11,503)**	(4,622)	(7,033)
Borrowings	13	**(130,612)**	(261,866)	(275,046)
Provisions	14	**(14,560)**	(14,789)	(14,892)
Deferred tax liabilities	15	**(9,603)**	(9,738)	(9,372)
		(166,278)	(291,015)	(306,343)
Total liabilities		**(298,223)**	(403,926)	(429,174)
Net assets/(liabilities)		**158,989**	(18,419)	(11,505)
EQUITY				
Share capital	16	**1,548**	645	645
Share premium		**98,553**	-	-
Merger reserve		**85,376**	(544)	(544)
Retained deficit		**(26,488)**	(18,520)	(11,606)
Total deficit attributable to owners of the company		**158,989**	(18,419)	(11,505)

The notes form part of these interim financial statements.

HSS Hire Group plc

Unaudited consolidated statement of changes in equity

	Note	**Share capital £000s**	**Share premium £000s**	**Merger reserve £000s**	**Accumulated deficit £000s**	**Total equity £000s**
At 27 December 2014		645	-	(544)	(11,606)	(11,505)
Total comprehensive loss for the period						
Loss for the period		-	-	-	(14,122)	(14,122)
Foreign currency translation differences arising on consolidation of foreign operations		-	-	-	(760)	(760)
Total comprehensive loss for the period		-	-	-	(14,882)	(14,882)
Transactions with owners recorded directly in equity						
Preference shares issued		50	-	-	-	50
Preference shares redeemed		(50)	-	-	-	(50)
Acquisition of loan notes via share issue in subsidiary		411	-	85,920	-	86,331
New share issue for cash	16, 22	492	102,629	-	-	103,121
Share issue costs	16, 22	-	(4,076)	-	-	(4,076)
At 27 June 2015		**1,548**	**98,553**	**85,376**	**(26,488)**	**158,989**

	Share capital £000s	Share premium £000s	Merger reserve £000s	Accumulated deficit £000s	Total equity £000s
At 28 December 2013	645	-	(544)	(5,581)	(5,480)
Total comprehensive loss for the period					
Loss for the period	-	-	-	(12,660)	(12,660)
Foreign currency translation differences arising on consolidation of foreign operations	-	-	-	(279)	(279)
Total comprehensive loss for the period	-	-	-	(12,939)	(12,939)
Transactions with owners recorded directly in equity					
At 28 June 2014	645	-	(544)	(18,520)	(18,419)

	Share capital £000s	**Share premium £000s**	**Merger reserve £000s**	**Accumulated deficit £000s**	**Total equity £000s**
At 28 December 2013	645	-	(544)	(5,581)	(5,480)
Total comprehensive loss for the period					
Loss for the period	-	-	-	(5,519)	(5,519)
Foreign currency translation differences arising on consolidation of foreign operations	-	-	-	(510)	(510)
Total comprehensive loss for the period	-	-	-	(6,029)	(6,029)
Transactions with owners recorded directly in equity					
Share based payment			-	4	4
At 27 December 2014	**645**	**-**	**(544)**	**(11,606)**	**(11,505)**

The notes form part of these interim financial statement

HSS Hire Group plc

Unaudited consolidated statement of cash flows

	Note	**26 weeks ended 27 June 2015**	26 weeks ended 28 June 2014
Cash flows from operating activities		**£000s**	£000s
Loss before income tax		**(14,122)**	(11,121)
Adjustments for:			
– Amortisation		**2,120**	1,863
– Depreciation		**19,679**	15,078
– Loss on hire stock asset disposals, hire stock write offs and customer losses		**4,145**	2,482
– Loss on disposal of property, plant and equipment		**615**	32
– Loss on financial instruments at fair value through profit or loss		**-**	1,154
– finance income		**(5)**	(3)
– finance expense		**12,642**	18,389
– Inventories		**(925)**	(298)
– Trade and other receivables		**(4,806)**	(7,760)
– Trade and other payables		**(1,831)**	4,212
– Provisions		**(332)**	167
Net cash flows from operating activities before changes in hire equipment		**17,180**	24,195
Purchase of hire equipment		**(42,737)**	(22,725)
Cash utilised by operations		**(25,557)**	1,470
Net interest paid		**(12,335)**	(9,972)
Income tax paid		**(1,086)**	713
Net cash utilised from operating activities		**(38,978)**	(7,789)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	19	**(11,011)**	(6,849)
Purchases of non hire property, plant, equipment and software		**(7,881)**	(4,409)
Net cash used in investing activities		**(18,892)**	(11,258)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		**103,121**	-
Share issue costs		**(4,076)**	-
Proceeds from borrowings (third parties)		**34,500**	209,500
Repayments of borrowings		**(84,500)**	(192,005)
Capital element of finance lease payments		**(1,963)**	(1,742)
Net cash received from financing activities		**47,082**	15,753
Net decrease in cash		**(10,788)**	(3,294)
Cash at the start of the period		**5,858**	2,871
Cash at the end of the period		**(4,930)**	(423)

The notes form part of these interim financial statements

Notes forming part of the unaudited interim financial statements

1. Accounting policies

a) Reporting entity

The Company is incorporated and domiciled in the United Kingdom.

These consolidated unaudited interim financial statements comprise the Company and its subsidiaries (the Group).

The Group is primarily involved in providing tool and equipment hire and related services in the United Kingdom and the Republic of Ireland.

HSS Hire Group Limited was incorporated on 7 January 2015 as a private company limited by shares in the United Kingdom and re-registered as a public limited company on 19 January 2015. The Company listed its shares on the London Stock Exchange on 9 February 2015.

b) Presentational currency

These consolidated unaudited interim financial statements are presented in pounds Sterling (£), which is the Group's presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

c) Basis of preparation

The financial information for the half years ended 27 June 2015 and 27 June 2014 have neither been subject to an audit nor a review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board. The comparative financial information presented herein for the year ended 27 December 2014 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The financial information in these condensed financial statements is that of the holding company and all of its subsidiaries (the "Group"). It has been prepared in accordance with IAS 34, Interim Financial Reporting, as endorsed by the European Union.

These consolidated unaudited interim financial statements have been prepared on a historical cost basis, with the exception of derivative financial instruments which are measured at fair value on each reporting date.

The financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") as endorsed by the European Union.

These are the first set of consolidated financial statements of HSS Hire Group plc, which is the new ultimate holding company of Hampshire Topco Limited, following the reorganisation of the Group to facilitate the Initial Public Offering.

The consolidated financial statements have been prepared under the merger method of accounting because the transaction under which HSS Hire Group plc became the holding company of Hampshire Topco Limited was effectively a group reconstruction with no changes in the ultimate ownership of the group and all the shareholdings in Hampshire Topco plc were exchanged via a share for share transfer. HSS Group plc did not actively trade at the time. The merger of the companies took place on 4 February 2015.

The financial statements have been presented as a continuation of the Hampshire Topco Limited business. The result of the application is to present the financial statements as if HSS Hire Group plc has always owned the Group, and the comparatives have been prepared on this basis.

Under merger accounting the shares issued on merger were recorded in the consolidated financial balance sheet at the nominal value of the shares issued plus the fair value of any additional consideration, The difference between the nominal value of the shares issued and the nominal value of the shares acquired, if any is taken to a merger reserve in the Group accounts. The assets and liabilities of the subsidiaries are consolidated at book value in the Group accounts and the consolidated reserves of the group are adjusted to reflect the statutory share capital, share premium and merger reserve of HSS Hire Group plc as if it had always existed, adjusted for movements in the underlying Hampshire Topco Ltd share capital and reserves until the share for share exchange.

The principal steps of the Group reorganisation were as follows.

On incorporation the share capital of HSS Hire Group Limited was £50,001 divided into 1 ordinary share of £1.00 each and 50,000 redeemable preference shares of £1.00 each.

HSS Hire Group plc replaced Hampshire Topco Limited as the holding company of the Group, immediately following determination of the Offer Price on 3 February 2015, through a share for share exchange.

As part of the reorganisation, and immediately prior to the share for share exchange the external loan note holders in the Hampshire Topco Group transferred all of their interests in the notes to Hampshire Topco Limited in consideration for the issue of ordinary shares in Hampshire Topco Limited. An aggregate loan note balance of approximately £86,000,000 including £795,500 of accrued interest was converted into ordinary shares. Such shares in Hampshire Topco Limited were subsequently exchanged for shares in HSS Hire Group plc as part of the reorganisation.

In addition, at the same date, the 50,000 preference shares were redeemed.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated unaudited interim financial statements.

d) Critical accounting estimates and judgements

In preparing these consolidated unaudited interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income, expenses and other disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next year are set out below.

Impairment of goodwill and intangible assets

These assets are reviewed annually or more frequently if there is an indication of impairment to ensure that they are not carried above their estimated recoverable amounts. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary from such estimates of discounted future cash flows.

Onerous lease provision

When an onerous lease has been identified the costs of exiting the lease and leaving the leased property are estimated by management and provided for. The actual costs of exiting the lease could vary from the estimates.

Useful economic life of assets

The Group's policy for applying useful economic lives and residual values of assets has been determined through applying historical experience and taking into consideration the nature of assets and their intended use.

Fair value of acquired assets

When the Group acquires an entity the fair value of the acquired tangible and intangible assets needs to be estimated by management.

e) New accounting standards and accounting standards not yet effective

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board (IASB) became effective in the period to 17 July 2015. The accounting policies adopted in the presentation of the Company financial statements reflect the adoption of the following new standards, amendments to standards and interpretations as of 7 January 2015. These have not had any material impact on the financial statements.

- Defined benefit plans: Employee Contributions (Amendments to IAS 19)
- Annual improvements 2010-2012 Cycle
- Annual improvements 2011-2013 Cycle

f) Standards effective in future periods

Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the Company's activities and are mandatory for the Company's accounting periods beginning after 17 July 2015 or later and which the Company has decided not to adopt early.

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 8) (will become effective for accounting periods starting on or after 1 January 2016)
- Annual Improvements to IFRSs (2012–2014 Cycle) (will become effective for accounting periods starting on or after 1 January 2016).
- Disclosure Initiative: Amendments to IAS 1 (will become effective for accounting periods starting on or after 1 January 2016).
- IFRS 15 *Revenue from contracts with customers* (will become effective for accounting periods starting on or after 1 January 2018).
- IFRS 9 *Financial Instruments* (will become effective for accounting periods starting on or after 1 January 2018).

g) Going concern

Note 17 includes the Group's objectives, policies and processes for capital management and for financial risk management including market risk, credit risk and liquidity risk.

The directors have also considered the adequacy of the Group's debt facilities with specific regard to the following factors:

- there is no requirement to redeem any of the Senior Secured Notes until 1 August 2019
- the financial covenants relating to the revolving credit facility secured by the Group, and as detailed in note 17.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, and senior debt and interest repayments, show that the Group is expected to be able to operate within the level of its current facilities for the foreseeable future.

After reviewing the above, taking into account current and future developments and principal risks and uncertainties (see note 23), and making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing these consolidated unaudited interim financial statements.

h) Basis of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained.

Unless merger accounting has been adopted in specific circumstances, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in the profit or loss.

Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

i) Segment reporting

IFRS 8 *Operating segments* requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team, including the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

For management purposes, the Group is organised into segments based on services provided, and information is provided to the management team on these segments for the purposes of resource allocation and segment performance management and monitoring.

The management team considers there to be two reportable segments:

- ***HSS Core*** – the provision of tool and equipment hire and related services
- ***HSS Specialist*** - the provision of generator, climate control, powered access, cleaning hire equipment and the provision of cleaning maintenance services, under specialist brands

All trading activity and operations are in the United Kingdom and the Republic of Ireland.

j) Foreign currency translation

Foreign currency transactions are translated into Sterling, the Group's presentational currency, using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign currency translation gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or finance expense. All other foreign currency translation gains and losses are presented in the income statement within administrative expenses.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign currency exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated at an average rate for the period, which approximates the foreign currency exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are reported in other comprehensive income.

k) Property, plant and equipment

Land and buildings comprise leasehold and freehold retail outlets, workshops and offices, and are stated at cost, less depreciation or provision for impairment where appropriate. Land is not depreciated and depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Leasehold properties with less than fifty years unexpired	Over unexpired period of lease
- Freehold buildings and long leasehold properties	Over fifty years
- Plant and machinery	Two to ten years
- Materials and equipment held for hire	Two to ten years

Materials and equipment held for hire purposes are stated at cost, less depreciation or provision for impairment where appropriate. Materials and equipment are written off over their useful economic life to the asset's residual value which is estimated at between ten percent of cost and nil. Profits or losses arising when customers are invoiced for loss of equipment held for hire purposes are calculated by reference to average written down values.

Gains and losses on disposals of materials and equipment held for hire are calculated as the difference between the proceeds received and the carrying amount of the asset and are recognised in profit or loss.

l) Intangible assets

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the difference between the fair value of the consideration transferred and the fair value of the acquired assets, liabilities and contingent liabilities.

Impairment of goodwill
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs.

Goodwill impairment reviews are undertaken annually. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible assets acquired on acquisition

When an acquisition is completed intangible assets are separately identified from goodwill and measured at fair value. Brands are valued using the relief from royalty method. Customer relationships are valued using the excess of earnings method.

The HSS brand was first established in the late 1950's, and therefore given its longevity the directors consider the HSS brand to have an indefinite life and it is not therefore amortised, but instead subjected to annual impairment testing using the relief from royalty methodology to calculate the fair value of the brand.

All other brands and customer relationships are amortised over their useful economic life. The directors have assessed the brands of ABird, UK Platforms, TecServ and Apex and estimated that they have useful economic lives of 20 years. The directors have estimated the customer relationship intangible assets recognised on the acquisition of Hero Acquisitions Limited, TecServ Cleaning Equipment Services Limited and Apex Generators Limited as having useful economic lives of 10 years.

Software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

Other intangible assets

Other intangible assets that are acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Other intangible assets are amortised over their useful economic life, and the amortisation charge included in administrative expenses.

Impairment of intangible assets (excluding goodwill)

Impairment reviews are undertaken whenever events or changes in circumstances indicate their carrying value may not be recoverable. If the fair value of an intangible asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate, but restricted so that the increased amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Any impairment losses or reversals are recognised immediately in the income statement.

m) Derivative financial instruments

Historically the Group has used a derivative financial instrument to manage its exposure to interest rate risk. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than one year and is not expected to be realised or settled within one year. Where this is not the case, derivatives are presented as current assets or current liabilities.

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for those inventory items where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding estimated future sales value.

o) Trade receivables

Trade and other receivables are recognised initially at fair value, which is deemed to be the transaction price. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method, less any provision for impairment.

p) Cash

In the statement of cash flows, cash includes cash in hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

q) Share capital

Share capital

Financial instruments used by the Group are classified as equity only to the extent that they do not meet the definition of a financial asset or a financial liability. The Group's ordinary shares and preference shares are classified as equity instruments. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share premium

The amount subscribed for share capital in excess of nominal value, less any costs directly attributable to the issue of new shares

Retained earnings/accumulated deficit

Cumulative net gains and losses recognised in the income statement.

Dividends

Dividends on ordinary share capital are recognised as a liability in the Group's financial statements in the period in which they are declared by the Company. In the case of interim dividends, these are considered to be declared when they are paid and in the case of final dividends these are declared when authorised by the shareholders.

Merger Reserve

The merger reserve is the amount arising on the difference between the nominal value of the shares issued on acquisition of the subsidiary company and the carrying value of the interest in subsidiary.

r) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Trade payables are classified as current liabilities if payment is due within one year or less, otherwise they are presented as non-current liabilities.

s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

t) Cost of sales, distribution costs and administrative expenses

Cost of sales includes direct costs associated with the Group's principal business of equipment hire. Such costs include hire stock rehire, cost of reselling plant and equipment, maintenance, depreciation, amortisation and asset write off and disposals. Distribution expenses comprise vehicle costs and transport wages. Administrative expenses comprise principally staff and property costs and costs of acquisitions.

u) Earnings before interest, taxation, depreciation and amortisation (EBITDA) and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS and non-Generally Accepted Accounting Policy (GAAP) performance measures used by management to assess the operating performance of the Group. EBITDA is defined as operating profit before interest, tax, depreciation, amortisation and hire stock disposals and write offs. Exceptional items are excluded from EBITDA to calculate Adjusted EBITDA. The directors primarily use the Adjusted EBITDA measure when making decisions about the Group's activities. As these are non-GAAP measures, Adjusted EBITDA and Adjusted operating profit measures used by other entities may not be calculated in the same way and are hence not directly comparable.

v) Finance income and expense

Finance income comprises interest received on cash balances.

Finance expense comprises interest payable on borrowings, interest payable on finance leases, amortisation and write off of debt issuance costs and the unwinding of the discount on non-current provisions.

Interest is recognised in profit or loss as it accrues, using the effective interest rate. Interest payable on borrowings includes a charge in respect of attributable transaction costs, which are recognised in profit or loss over the period of the borrowings on an effective interest basis. The interest expense component of finance lease payments is recognised in the income statement using the lease's implicit interest rate.

w) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

x) Employee benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pension obligations

The Group operates employee optional stakeholder retirement and death benefit schemes. Both employee and employers are required to make contributions with the employers' contributions for each employee determined by the level of contribution made by the employee and the employee's length of service within the Group or subsidiary company. The employer's contributions are charged to profit and loss in the year in which the contributions are due.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, contingent liabilities and contingent assets* (IAS 37) and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 1 year after the end of the reporting period are discounted to their present value.

y) Provisions

Provisions for onerous leases, restructuring costs and legal claims are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated

Provisions for dilapidation are recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property. The amount recognised is the estimated cost of dilapidations, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of dilapidations or dilapidations cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the dilapidations provision is included as a finance expense.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

z) Revenue recognition

The Group's activities consist of supplying hire and equipment services within the UK and the Republic of Ireland. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, rebates, returns and value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured when it is probable that future economic benefits will flow to the entity. Revenue is recognised as follows:

- hire activities	over the period of hire on a straight line basis
- damaged/lost hire stock compensation	when the loss or damage is identified
- training and support services	when a right to consideration arises on the delivery of the training course

Revenue arising from the sale of ex-hire fleet assets, fuel and consumables is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

aa) Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have transferred to the Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of useful life and lease term with any impairment being recognised in accumulated depreciation. Leased assets are recorded at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of finance leases. The capital elements of future obligations under leases and hire purchase contracts are included in liabilities in the statement of financial position and analysed between current and non-current amounts. The interest elements of the obligations are charged to the income statement over the periods of the leases and hire purchase contracts so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the income statement on a straight-line basis over the lease term.

Lease incentives are recorded as a liability and then recognised over the lease term on straight line basis in the income statement as a reduction of rental expense.

bb) Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Set out below is an analysis of the valuation method of the Group's financial instruments:

The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable, for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Fair values have been determined for measurement purposes based on the following methods:

Derivative instruments (level 2)

The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using market interest rates as applicable for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

The fair value of interest rate swap contracts are calculated by management based on external valuations received from the Group's bankers and is based on anticipated future interest yields.

cc) Exceptional items

Exceptional items are disclosed separately in the income statement where it is necessary to do so to provide further understanding of the financial performance of the Group. Exceptional items are items of income or expense that have been shown separately due to the significance of their nature or amount and include acquisition costs, fair value movements on derivative financial instruments, restructuring costs and accelerated debt issuance costs.

dd) Listing costs

As disclosed in note 1c, HSS Hire Group plc was admitted to the premium listing segment of the Official List of the Financial Conduct Authority on 9 February 2015. As part of the IPO, the Group incurred certain costs. These costs have been allocated between those relating to the issue of new shares, those related to the issue of existing shares, and those costs related to other activities associated with the IPO. Costs that relate to the issue of new shares have been set against HSS Hire Group plc's share premium account in accordance with IAS32 (Financial Instruments: Presentation). All other IPO related costs are charged to profit or loss.

ee) Credit note provision

The Group makes provision for credit notes raised after the end of the reporting period that relate to customer invoices raised before the end of the period, net of any impairment charges relating to the customer invoices.

2. Segmental reporting

As explained in note 1g, the management team considers the operating and reportable segments to be HSS Core and HSS Specialist. All segment revenue, operating profit, assets and liabilities are attributable to the principal activity of the Group being the provision of tool and equipment hire and related services in the United Kingdom and the Republic of Ireland. The group has no single external customers that provide more that 10% of the group's turnover.

	26 weeks ended 27 June 2015		
	HSS Core	HSS Specialist	Total
	£000s	£000s	£000s
Total revenue from external customers	**125,086**	**21,315**	**146,401**
Adjusted EBITDA	**17,920**	**10,981**	**28,901**
Depreciation and amortisation	**(20,125)**	**(6,435)**	**(26,560)**
Exceptional items	**(3,654)**	**(172)**	**(3,826)**
Segment operating (loss)/profit	**(5,859)**	**4,374**	**(1,485)**
Finance income			**5**
Adjusted finance expense			**(8,322)**
Exceptional finance expense			**(4,320)**
Profit before tax			**(14,122)**
Income tax expense			**-**
Loss after tax			**(14,122)**
Total assets	**347,389**	**109,823**	**457,212**
Total liabilities	**255,202**	**43,021**	**298,223**

Additions to non-current assets in the period

Intangible assets	**2,838**	**8,402**	**11,240**
Property, plant and equipment	**31,941**	**19,148**	**51,089**
Total	**34,779**	**27,550**	**62,329**

	26 weeks ended 28 June 2014		
	HSS Core	HSS Specialist	Total
	£000s	£000s	£000s
Total revenue from external customers	114,455	16,184	130,639
Adjusted EBITDA	21,610	7,254	28,864
Depreciation and amortisation	(14,796)	(4,659)	(19,455)
Exceptional items	(989)	(1)	(990)
Segment operating profit	5,825	2,594	8,419
Finance income			3
Adjusted finance expense			(10,614)
Exceptional finance expense			(7,775)
Movement in derivative financial instruments			(1,154)
Loss before tax			(11,121)
Income tax expense			(1,539)
Loss after tax			(12,660)
Total assets	313,560	71,947	385,507
Total liabilities	372,969	30,957	403,926
Additions to non-current assets in the period			
Intangible assets	901	5,137	6,038
Property, plant and equipment	26,445	19,496	45,941
Total	27,346	24,633	51,979

3. Other operating income

	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
	£000s	£000s
Property rental income	**467**	618
	467	618

4. Exceptional items

Items of income or expense have been shown as exceptional either because of their size or nature or because they are non-recurring. An analysis of the amount presented as exceptional items in the consolidated income statement is given below.

	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014

	£000s	£000s
Restructuring, IPO and Acquisition costs		
Included in administrative expenses	**3,826**	990
	3,826	990
Refinancing costs		
Included in finance expense	**4,320**	6,621
	4,320	6,621
Fair value movement on derivative financial instruments		
Included in finance expense	**-**	1,154
	-	1,154
Exceptional items	**4,320**	7,775

Restructuring costs
During the periods presented in these consolidated unaudited interim financial statements the Group has incurred costs in relation to the restructuring of the business and its operations. Included within this are costs of £3.0 million (26 weeks ended 28 June 2014: £nil) incurred in relation to the IPO and relate to professional adviser and broker fees. Other costs included in administrative expenses are associated with non-trading stores (including onerous leases and dilapidations), of £0.6 million (26 weeks ended 28 June 2014: £0.8 million) and costs associated with acquisitions in the period of £0.2 million (26 weeks ended 28 June 2014: £0.2 million).

Refinancing costs
In the period ended 28 June 2014 the Group incurred costs associated with restructuring its debt. These costs were in relation to the acceleration of the write off of previous debt issuance costs, and are net of £0.5 million received in relation to the early cancellation of an interest rate swap. In the period ended 27 June 2015 £4.3 million was charged to the income statement relating to the early partial redemption of the senior secured note using part of the funds raised from the IPO.

Fair value movement on derivative financial instruments
The Group took out an interest rate swap in 2012 to fix LIBOR interest at 0.959% in respect of £120 million of the senior debt which was due to expire on 26 November 2016. The movements in the fair value of the interest rate swap have been taken to profit and loss and presented as exceptional items. The interest rate swap was cancelled in the period ended 28 June 2014 as part of the 2014 debt restructuring hence there is no similar charge in the period ended 27 June 2015.

5. Finance income and expense

	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
	£000s	£000s
Interest received on cash deposits	**(5)**	(3)
Finance income	**(5)**	(3)
Bank loans and overdrafts	**574**	933
Investor loan notes	**945**	4,267
Senior secured notes	**5,134**	5,289
Finance leases	**666**	367
Interest unwind on discounted provisions	**42**	110
Debt issue costs	**961**	802
Bond redemption premium	**4,320**	-
Debt break fees and acceleration of issue costs	**-**	6,621
Finance expense	**12,642**	18,389
Net finance expense	**12,637**	18,386

The bond redemption premium charged in to profit and loss in 2015 relates to the early partial redemption of the senior secured note using part of the funds raised from the IPO.

The debt break fees and issue costs charged to the income statement in 2014 arose as a result of the bond issue and refinancing undertaken.

6. Earnings per share

	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
Loss attributable to owners (£000)	**(14,122)**	(12,660)
Basic and diluted loss per share (pence)	**(10.51)**	(19.61)
Underlying basic and diluted loss per share (pence)	**(4.45)**	(6.03)
Basic and diluted weighted average number of ordinary shares	**134,306,979**	64,546,960

Basic and diluted earnings per share is calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue for that period. Underlying earnings per share is calculated as the result attributable to the equity holders less exceptional items. The following is a reconciliation between the basic and diluted earnings per share and the underlying basic and diluted earnings per share.

	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
Basic and diluted loss per share (pence)	**(10.51)**	(19.61)
Exceptional items per share [1]	**6.07**	13.58
Underlying basic and diluted loss per share (pence)	**(4.45)**	(6.03)

[1] Exceptional items per share is calculated as total finance and non finance exceptional items divided by the weighted average number of shares in issue through the period.

7. Intangible assets

	Goodwill £000s	Customer relationships £000s	Brands £000s	Software £000s	Total £000s
Cost					
At 27 December 2014	122,385	25,700	23,510	10,032	181,627
Additions	-	-	-	2,433	2,433
Acquired on acquisition	8,807	-	-	-	8,807
Disposals	-	-	-	-	-
At 27 June 2015	131,192	25,700	23,510	12,465	192,867
Amortisation					
At 27 December 2014	-	(5,409)	(112)	(5,727)	(11,248)
Charge for the period	-	(1,284)	(51)	(785)	(2,120)
Disposals	-	-	-	-	-
At 27 June 2015	-	(6,693)	(163)	(6,512)	(13,368)
Net book value					
At 27 June 2015	**131,192**	**19,007**	**23,347**	**5,953**	**179,499**

Details of intangible assets acquired in the period are set out in note 19.

	Goodwill £000s	Customer relationships £000s	Brands £000s	Software £000s	Total £000s
Cost					
At 28 December 2013	118,446	24,800	23,220	7,084	173,550
Additions	-	-	-	909	909
Acquired on acquisition	3,939	900	290	-	5,129
Disposals	-	-	-	-	-
At 28 June 2014	122,385	25,700	23,510	7,993	179,588

Amortisation					
At 28 December 2013	-	(2,861)	(45)	(4,432)	(7,338)
Charge for the period	-	(1,285)	(34)	(544)	(1,863)
Disposals	-	-	-	-	-
At 28 June 2014	-	(4,146)	(79)	(4,976)	(9,201)
Net book value					
At 28 June 2014	122,385	21,554	23,431	3,017	170,387

	Goodwill	**Customer relationships**	**Brands**	**Software**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 28 December 2013	118,446	24,800	23,220	7,084	173,550
Additions	-	-	-	2,950	2,950
Acquired on acquisition	3,939	900	290	-	5,129
Disposals	-	-	-	(2)	(2)
At 27 December 2014	122,385	25,700	23,510	10,032	181,627
Amortisation					
At 28 December 2013	-	(2,861)	(45)	(4,432)	(7,338)
Charge for the year	-	(2,548)	(67)	(1,285)	(3,900)
Disposals	-	-	-	(10)	(10)
At 27 December 2014	-	(5,409)	(112)	(5,727)	(11,248)
Net book value					
At 27 December 2014	122,385	20,291	23,398	4,305	170,379

All goodwill arising on business combinations has been allocated to the CGUs that are expected to benefit from those business combinations. The Group tests goodwill and indefinite life brands annually for impairment.

Analysis of goodwill and brands by cash generating units

	Goodwill	Indefinite life Brands	Total
	£000s	£000s	£000s
Allocated to			
HSS Core	112,656	21,900	134,556
Powered access	4,114	-	4,114
Climate control	8,369	-	8,369
Power generation	6,053	-	6,053
At 27 June 2015	**131,192**	**21,900**	**153,092**

8. Property, plant and equipment

	Land and Buildings	Plant and Machinery	Materials and Equipment held for hire	Total
	£000s	£000s	£000s	£000s
Cost				
At 27 December 2014	49,985	51,122	222,577	323,684
Foreign exchange differences	(10)	(110)	(1,166)	(1,286)
Additions	5,333	3,248	39,507	48,088
Acquired on acquisition	32	179	2,790	3,001
Disposals	(620)	(2)	(10,267)	(10,889)
At 27 June 2015	54,720	54,437	253,441	362,598

Accumulated depreciation

At 27 December 2014	31,533	41,136	103,802	176,471
Foreign exchange differences	-	(77)	(745)	(822)
Charge for the period	1,536	1,731	16,412	19,679
Disposals	(7)	-	(6,122)	(6,129)
At 27 June 2015	33,062	42,790	113,347	189,199
Net book value				
At 27 June 2015	**21,658**	**11,647**	**140,094**	**173,399**
At 27 December 2014	18,452	9,986	118,775	147,213

	Land and Buildings £000s	Plant and Machinery £000s	Materials and Equipment held for hire £000s	Total £000s
Cost				
At 28 December 2013	43,836	46,237	169,514	259,587
Foreign exchange differences	(3)	(47)	(493)	(543)
Additions	909	2,591	38,845	42,345
Acquired on acquisition	-	113	3,483	3,596
Disposals	(26)	(22)	(7,919)	(7,967)
At 28 June 2014	44,716	48,872	203,430	297,018
Accumulated depreciation				
At 28 December 2013	28,411	38,594	92,705	159,710
Foreign exchange differences	-	(34)	(337)	(371)
Charge for the period	2,550	272	12,256	15,078
Disposals	(1)	(15)	(5,437)	(5,453)
At 28 June 2014	30,960	38,817	99,187	168,964
Net book value				
At 28 June 2014	13,756	10,055	104,243	128,054
At 28 December 2013	15,425	7,643	76,809	99,877

	Land & Buildings £'000	**Plant & Machinery £'000**	**Materials & Equipment held for hire £'000**	**Total £'000**
Cost				
At 28 December 2013	43,836	46,237	169,514	259,587
Foreign exchange differences	(5)	(68)	(724)	(797)
Additions	6,595	5,063	71,934	83,592
Acquired on acquisition	9	100	3,821	3,930
Disposals	(450)	(210)	(21,968)	(22,628)
At 27 December 2014	49,985	51,122	222,577	323,684
Accumulated depreciation				
At 28 December 2013	28,411	38,594	92,705	159,710
Foreign exchange differences	-	(49)	(492)	(541)
Charge for the year	3,497	2,706	25,565	31,768
Disposals	(375)	(115)	(13,976)	(14,466)
At 27 December 2014	31,533	41,136	103,802	176,471
Net book value				
At 27 December 2014	18,452	9,986	118,775	147,213

The net book value of materials and equipment held for hire includes an amount of £21.4 million (28 June 2014: £11.3 million, 27 December 2014: £13.9m) in respect of assets held under finance leases. The depreciation charge for assets held under finance leases in the period ended 27 June 2015 was £2.1 million (period ended 28 June 2014: £1.9 million, year ended 27 December 2014: £4.0m).

9. Inventories

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£'000s
Inventories	**6,584**	5,556	5,821
Inventory spares	**2,597**	1,795	2,459
Total inventories	**9,181**	7,351	8,280
Provision for impairment	**(1,433)**	(1,180)	(1,457)
Inventories	**7,748**	6,171	6,823

	Period ended 27 June 2015	Period ended 28 June 2014	27 December 2014
Provision for impairment of inventories	**£000s**	£000s	£'000s
Balance at the beginning of the period	**1,457**	1,180	1,180
Utilisation of provisions	**(24)**	-	-
Impairment provisions recognised during the period	**-**	-	277
Balance at the end of the period	**1,433**	1,180	1,457

The cost of inventories recognised as an expense and included in cost of sales in the period is £20.5 million (period ended 28 June 2014: £14.8 million, year ended 27 December 2014: £33.8m).

10. Trade and other receivables

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£'000s
Gross trade receivables	**73,147**	60,957	71,176
Less provision for impairment	**(3,538)**	(3,010)	(3,514)
Net trade receivables	**69,609**	57,947	67,662
Other debtors	**324**	749	27
Prepayments and accrued income	**20,222**	17,037	15,419
Corporation tax	**-**	167	1,826
Total trade and other receivables	**90,155**	75,900	84,934

The provision for impairment of trade receivables is estimated based upon past default experience and the directors' assessment of the current economic environment, and includes provisions for credit notes raised after the period end for customer invoices issued before the period end (see note 1aa). The creation and release of bad debt receivables provision is charged/ (credited) to administrative expenses in the income statement, and the credit note provision is charged/ (credited) to revenue.

The following table details the movements in the provision for impairment of trade receivables.

	Period ended 27 June 2015	Period ended 28 June 2014	Period ended 27 December 2014
	£000s	£000s	£'000s
Balance at the beginning of the period	**(3,514)**	(2,610)	(2,610)
Movement in provision	**(24)**	(400)	(904)

Balance at the end of the period	**(3,538)**	(3,010)	(3,514)

11. Cash

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£'000s
Cash (statement of financial position)	**3,949**	4,995	5,858
Bank overdrafts	**(8,879)**	(5,418)	-
Cash and cash equivalents	**(4,930)**	(423)	5,858
			-

The Group's banking arrangements are subject to a master netting arrangement with their principal bankers. The net balance of a portfolio of accounts, some of which may be in overdraft and some may be in credit, represents the balance held.

12. Trade and other payables

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£'000s
Current			
Obligations under finance leases	**7,479**	5,084	5,356
Trade payables	**60,644**	51,142	62,040
Other taxes and social security costs	**2,411**	4,425	6,630
Other creditors	**2,514**	2,794	2,068
Accrued interest on borrowings	**3,771**	17,993	9,602
Accruals and deferred income	**12,509**	14,400	17,074
	89,328	95,838	102,770

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£'000s
Non-current			
Obligations under finance lease	**11,503**	4,622	7,033
	11,503	4,622	7,033

13. Borrowings

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£'000s
Current			
Revolving credit facility	**33,500**	9,500	19,500
Bank overdraft	**8,879**	5,418	-
	42,379	14,918	19,500
Non-current			
Senior secured note	**130,612**	193,422	193,944
Loan notes	**-**	68,444	81,102
	130,612	261,866	275,046

Nominal value of the Group's loans

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£'000s
Secured senior note	**136,000**	200,000	200,000

Loan notes	**-**	68,774	81,395
	136,000	268,774	281,395

The secured senior note is a 6.75% fixed rate bond maturing in 2019, is listed on the Luxembourg stock exchange, and is secured by liens on certain assets.

Interest rates on the Group's variable interest loan

	27 June 2015	28 June 2014	27 December 2014
	% above LIBOR	% above LIBOR	% above LIBOR
Revolving credit facility	**2.50%**	2.50%	2.50%

Interest rates on the Group's fixed interest loans

	27 June 2015	28 June 2014	27 December 2014
	Fixed rate	Fixed rate	Fixed rate
Secured senior note	**6.75%**	6.75%	6.75%
Loan notes	**-**	10.00%	10.00%

The Group has undrawn committed borrowing facilities of £17.6 million at 28 June 2015 (27 June 2014: £45.1 million, 27 December 2014: £37.7m).

The Group's borrowings have the following maturity profile:

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£000s
Less than one year	**9,180**	13,500	13,500
Two to five years	**168,130**	54,000	254,000
Over five years	**-**	365,984	486,563
	177,310	433,484	754,063
Less interest cash flows:			
Senior secured note	**(41,310)**	(74,250)	(67,500)
Loan notes	**-**	(90,460)	(405,168)
Total principal cash flows	**136,000**	268,774	281,395

As outlined in note 1c, immediately prior to the IPO the external loan note holders in the Hampshire Topco Group transferred all of their interests in the notes to Hampshire Topco Limited in consideration for the issue of ordinary shares in Hampshire Topco Limited.

14. Provisions

	Non-trading stores	Dilapidations	Other	Total
	£000s	£000s	£000s	£000s
At 27 December 2014	7,017	7,854	21	14,892
Additions	-	1,167	-	1,167
Utilised during the period	(1,053)	(488)		(1,542)
Unwind of provision	20	22	-	42
At 27 June 2015	**5,984**	**8,555**	**21**	**14,560**
At 28 December 2013	9,308	5,610	21	14,939
Additions	112	947	-	1,059

Utilised during the period	(1,319)	-		(1,319)
Unwind of provision	62	48	-	110
At 28 June 2014	8,163	6,605	21	14,789

	Non-trading stores £'000	Dilapidations £'000	Other £'000	Total £'000
At 28 December 2013	9,308	5,610	21	14,939
Acquired	-			-
Additions	224	2,148	-	2,372
Utilised during the year	(2,639)	-	-	(2,639)
Unwind of provision	124	96	-	220
At 27 December 2014	**7,017**	**7,854**	**21**	**14,892**

Provisions for non-trading stores relate to property provisions for the current value of contractual liabilities the Group has in respect of leasehold premises. These liabilities are for future rent and rates payments on premises the Group no longer operationally uses, and are expected to arise over periods of up to 8 years.

The dilapidations provisions represent dilapidation costs in respect of the Group's leasehold properties, and will therefore arise over the lease lives of the Groups properties.

There are inherent uncertainties in measuring the provisions of the future outflows.

15. Deferred tax

Deferred tax is provided in full on taxable temporary differences under the liability method using applicable tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	Tax losses £000s	Derivative financial instrument s £000s	Property, plant and equipment and other items £000s	Acquired intangible assets £000s	Total £000s
Deferred tax assets	2,400	-	62	-	2,462
Deferred tax liabilities	-	-	-	(9,372)	(9,372)
At 27 December 2014	2,400	-	62	(9,372)	(6,910)
Arising on Acquisition	-	-	(231)	-	(231)
At 27 June 2015	2,400	-	(169)	(9,372)	(7,141)
Deferred tax assets	**2,400**	**-**	**62**	**-**	**2,462**
Deferred tax liabilities	**-**	**-**	**(231)**	**(9,372)**	**(9,603)**
At 27 June 2015	**2,400**	**-**	**(169)**	**(9,372)**	**(7,141)**
Deferred tax assets	-	-	-	-	-
Deferred tax liabilities	-	(248)	(150)	(9,023)	(9,421)
At 28 December 2013	-	(248)	(150)	(9,023)	(9,421)
Arising on Acquisition	-	-	-	(317)	(317)
At 28 June 2014	-	(248)	(150)	(9,340)	(9,738)
Deferred tax assets	-	-	-	-	-
Deferred tax liabilities	-	(248)	(150)	(9,340)	(9,738)
At 28 June 2014	-	(248)	(150)	(9,340)	(9,738)

	Tax losses	Derivative financial instruments	Property, plant and equipment and other items	Acquired intangible assets	Total
	£'000	£'000	£'000	£'000	£'000
At 28 December 2013	-	(248)	(150)	(9,023)	(9,421)
Deferred tax assets	-	-	-	-	-
Deferred tax liabilities	-	(248)	(150)	(9,023)	(9,421)
At 28 December 2013	-	(248)	(150)	(9,023)	(9,421)
Credit to the income statement	2,400	248	212	-	2,860
Arising on Acquisition	-	-	-	(349)	(349)
At 27 December 2014	2,400	-	62	(9,372)	(6,910)
Deferred tax assets	2,400	-	62	-	2,462
Deferred tax liabilities	-	-	-	(9,372)	(9,372)
At 27 December 2014	2,400	-	62	(9,372)	(6,910)

16. Share capital

	Share capital Ordinary Number	**Preference** Number	**Ordinary** £000s	**Preference** £000s	**Share premium** £000s
At 29 December 2013 and 28 June 2014	64,546,960	-	645	-	-
At 27 December 2014	64,546,960	-	645	-	-
Issue of 50,000 redeemable preference shares of £1 each	-	50,000	-	50	-
Issue of 41,110,184 ordinary shares of 1p each in exchange for loan notes in subsidiary	41,110,184	-	411	-	-
Issue of 49,104,760 ordinary shares of 1p each	49,104,760	-	492	-	102,629
Share issue costs	-	-	-	-	(4,076)
Redemption of 50,000 redeemable preference shares of £1 each	-	(50,000)	-	(50)	-
At 27 June 2015	**154,761,904**	**-**	**1,548**	**-**	**98,553**

17. Financial instruments

Financial risk management

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, revenue and borrowings.

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk.

Risk management is carried out under policies approved by the board of directors. Financial risk management is carried out by the Chief Financial Officer under a policy approved by the board. The board approves written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and liquidity risk and receives regular reports on such matters. The Group does not engage in trading or speculative activities using derivative financial instruments.

Market risk

Market risk is the risk that changes in prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk of a change in the Group's cash flows due to a change in interest rates. The Group completed a refinancing in February 2014 and the Group's borrowings are now principally fixed rate notes. The Group is only exposed to interest rate risk on its variable interest borrowings such as the Group's overdraft and other short term borrowings, and given the relative low value of these balances compared to the Group's total borrowings the directors do not consider this to be a significant risk to the Group.

Foreign exchange risk

Foreign exchange risk is the risk of a change in the Group's cash flows due to a change in foreign currency exchange rate. The Group is exposed to foreign currency exchange rate risk on the cash flows and carrying values of its Republic of Ireland subsidiaries. Given the relative small size of the Republic of Ireland operations compared to the Group the directors do not consider this to be a significant risk to the Group.

Credit risk

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

The directors consider the Group's credit risk from cash, cash equivalents and deposits to be low as the Group only enters transactions with banks or financial institutions with a credit rating of A or above.

The Group has policies in place to manage potential credit risk from trade receivables. Customer credit terms are determined using independent ratings agency data and regularly updated to reflect any changes in customer circumstances or trading conditions. If no independent rating is available an internal assessment is made of the credit quality of the customer, taking into account their financial position and past trading history of the Group. The directors do not expect any significant losses of receivables that have not been provided for as shown in note 9.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group finance department regularly monitors forecasts of the Groups liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 13) at all times so that borrowing limits or covenants on borrowing facilities are not breached.

The financial covenant in place on the Group's revolving credit facility at 27 June 2015 is a minimum EBITDA of £35 million on a rolling twelve month basis.

Capital Management

The Group relies on capital for organic and acquisitive growth, the purchase of rental equipment to replace equipment that has reached the end of its useful economic life and to secure and establish new rental locations and branches.

The Group defines capital as equity as shown in the statement of financial position plus net debt (total borrowings less cash) and seeks to return an acceptable return on gross capital.

The Group manages its capital structure using a number of measures and taking into account its future strategic plans. Such measures include ensuring the Group maintains sufficient liquidity and compliance with a bank covenant. In addition to the cash that the Group has generated from its operations, over recent years it has renegotiated its debt structure including the issue of a fixed interest rate bond, fixed term loan notes and secured shorter term bank borrowing through a revolving credit facility.

The principal bank covenant is to maintain a rolling EBITDA of £35 million. For the rolling twelve months ended 27 June 2015 EBITDA was £64.0 million and adjusted EBITDA was £71.2 million.

Fair value

Financial assets comprise trade and other receivables, cash and cash equivalents and derivative financial instruments.

Financial liabilities comprise trade and other payables, obligations under finance leases, borrowings and derivative financial instruments.

18. Commitments and contingencies

The Group's commitments under non-cancellable operating leases are set out below:

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£000s
Land and buildings			
Within one year	**15,450**	15,204	15,552

Between two and five years	**46,548**	47,666	47,986
After five years	**28,547**	31,685	31,066
	90,545	94,555	94,604
Other			
Within one year	**6,249**	5,990	6,082
Between two and five years	**9,823**	8,938	8,612
	16,072	14,928	14,694
	106,617	109,483	109,298

The Group's future minimum sub-lease rental income expected to be received under non-cancellable operating leases is as follows:

	27 June 2015	28 June 2014	27 December 2014
	£000s	£000s	£000s
Sub-lease rental income			
Within one year	**995**	1,120	58
Between two and five years	**2,222**	2,909	1,414
After five years	**632**	937	1,211
	3,849	4,966	2,683

19. Business combinations

On 8 May 2015, the Group acquired the entire share capital of All Seasons Hire Limited, one of the leading heating, ventilation and air-conditioning ("HVAC") hire companies in the UK. The primary reason for the acquisition was to acquire a specialist HVAC hire business. The main factor leading to the recognition of goodwill was the expected operational efficiencies through economies of scale. Management are in the process of completing a valuation of the intangible and tangible assets and liabilities that have been acquired, and therefore at 27 June 2015 the valuation of intangible assets is included within goodwill.

The details of the provisional estimated fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair value £000s
Property, plant and equipment	2,910
Trade and other receivables	1,351
Cash at bank and in hand	317
Creditors and provisions	(2,149)
Net assets acquired	**2,429**
Goodwill and intangible assets	8,369
Total consideration	**10,798**
Satisfied by	
Cash	**10,798**

Since the acquisition date All Seasons Hire Limited has contributed £592,000 to Group revenue, and £85,000 to Group profit. If the acquisition had occurred on 28 December 2014 the contribution to Group revenue would have been £2,656,000 and the contribution to Group profit would have been £570,000.

In addition a further immaterial acquisition was made in the period ended 27 June 2015, and this gave rise to goodwill of £438,000.

20. Related party transactions

Ultimate parent entity

By virtue of its majority shareholding the Group's immediate and ultimate parent entity is Exponent Private Equity LLP.

During the period entities managed by Exponent Private Equity LLP charged the Group fees of £20,000 (period ended 28 June 2014: £75,000) and £nil was outstanding at 27 June 2015 (28 June 2014: £nil)

As explained in note 1c, the external loan note holders in the Hampshire Topco Group transferred all of their interests in the notes to Hampshire Topco Limited in consideration for the issue of ordinary shares in Hampshire Topco Limited, and the balance at 27 June 2015 was therefore nil (28 June 2014: £89,399,614).

Key management personnel

On 30 March 2015 a loan was made to a director by Hampshire Topco Limited to enable them to pay the income tax and employee national insurance contributions arising on any difference between the unrestricted market value of the B shares in Hampshire Topco Limited acquired in 2014 and the subscription price actually paid. The loan was for £25,145 and was written off by Hampshire Topco Limited following the admission of HSS Hire Group plc to the London Stock Exchange.

21. Events after the reporting date

On 15 July 2015 the courts approved a special resolution passed by the directors to complete a capital reduction and transfer £98,553,000 from the share premium account to retained earnings.

22. Capital restructuring

As explained in note 1e, in February 2015 the HSS Hire Group plc undertook an IPO resulting in £103 million of gross proceeds being raised. As part of the IPO process, the Company passed special resolutions giving effect to the capital reorganisation outlined in the consolidated statement of changes in equity.

On 9 February, the Group, its ultimate parent company and its previous ultimate parent company executed a number of board approved loans which allowed the Group to discharge existing loans as well as to effect the early redemption of £64 million of its 6.75% bond as summarised in note 13.

23. Risks and Uncertainties

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining 26 weeks of the 2015 financial year have not changed significantly from those set out on pages 32 and 33 of the Group's 2014 Report of the Year, which is available at www.hssreportoftheyear2014.com. These risks and uncertainties include, but are not limited to the following:

1) Macro-economic conditions;
2) Competitor challenge;
3) Operational disruption;
4) Failure to correctly implement the Group's Local Branch expansion strategy;
5) Customer credit risk;
6) Equipment supply, maintenance and availability;
7) Customer retention and brand reputation;
8) Outsourcing of services; and
9) Inability to attract and retain personnel

The main risk expected to affect the Group in the remaining 26 weeks of the 2015 financial year is the prevailing demand from new and existing customers within the market sectors which HSS serves. As referred to in the "*Outlook*" section of this document revenue performance across the customers and markets served by the Group has continued to be variable which is making it more difficult to predict the short to medium term outlook for the Group.