Audited results for the year ended 30 April 2005
and unaudited results for the fourth quarter

Ashtead Group plc, the equipment rental group serving the US and UK construction, industrial and homeowner markets, announces its results for the fourth quarter and year ended 30 April 2005.

Highlights

- Group full year pre-tax profit before goodwill of £25.3m (2004* - £7.6m)
- Group full year pre-tax profit of £16.4m (2004 – loss of £33.1m)
- Group Q4 pre-tax profit before goodwill of £4.4m (2004* - £3.1m)
- Group Q4 pre-tax profit of £2.1m (2004 - loss of £10.0m)
- Sunbelt full year profit** up 48% to $108.2m (2004 - $73.3m)
- A-Plant full year profit** nearly trebled to £11.7m (2004 - £4.0m)
- Debt further reduced by £53.6m from cash flow despite 73% increase in capital expenditure to £125.5m***
- Proposed capital reorganisation announced today

* in 2004, also before exceptional items ** Sunbelt's and A-Plant's profit comprises their operating profit before goodwill amortisation and, in 2004, exceptional items *** excluding lease capitalisation effects

Ashtead's chief executive, George Burnett, commented:

"Strong performances by all three of our divisions drove a significant recovery in the Group's full year results. In the US, Sunbelt's profits rose 48% on revenues up 15% as it continued to take market share in improving trading conditions. In the UK, A-Plant delivered a near trebling of profits and a substantially improved return on capital. Technology is now also benefiting strongly from increased investment in offshore oil exploration globally with its profits up 26% to £3.4m.

The capital reorganisation announced today will provide, when finalised, a stable and appropriate long-term platform for the Group's future development. It will complete the renewal of all the Group's debt facilities and extend the average debt maturity to 7 years. The Board also expects the reorganisation will enable it to propose to shareholders the resumption of dividends in respect of the year ending 30 April 2006.

In the US, the key private non-residential construction market is strong and is forecast to remain so. In addition, the shift from ownership to rental continues. The outlook for Sunbelt therefore remains encouraging. Overall, UK markets continue to be stable. A-Plant's focus remains on improving returns and growing market share. Technology should benefit from increased investment in oil exploration and production. Accordingly, the Board anticipates reporting further progress in the coming year."

Contacts:

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There will be a presentation to equity analysts at 9.30am this morning at the offices of JPMorgan Cazenove, 20 Moorgate, London, EC2R 6DA. A simultaneous audio webcast of this presentation will be available through the Company's website, www.ashtead-group.com and there will also be a recorded playback available from shortly after the call finishes.

PRESS RELEASE

Overview

Strong performances by all three of our divisions drove a significant recovery in the Group's results. In the US, Sunbelt's profits rose 48% on revenues up 15% as it continued to take market share in improving trading conditions. In the UK, A-Plant delivered a near trebling of profits and a substantially improved return on capital. Technology is now also benefiting strongly from increased investment in offshore oil exploration globally with its profits up 26% to £3.4m.

For the year to 30 April 2005, Group profit before tax, goodwill amortisation and, in 2004, exceptional items increased to £25.3m from £7.6m in 2004 (£6.2m at constant exchange rates). After goodwill amortisation and exceptional items, pre-tax profits were £16.4m compared with last year's loss of £33.1m. Cash tax earnings per share[1] were 7.6p (2004 – 2.4p). After goodwill amortisation and, in 2004, exceptional items, and the accounting tax charge, basic earnings per share were 0.7p in 2005 compared to the loss of 10.8p in 2004.

The fourth quarter profit before tax, goodwill amortisation and, in 2004, exceptional items was £4.4m (2004 – £3.1m). After goodwill amortisation and exceptional items, the pre-tax profit for the quarter was £2.1m compared with the loss of £10.0m in 2004.

Review of trading	Turnover*		Divisional operating profit**	
	2005	2004	2005	2004
Sunbelt in $m	661.1	572.8	108.2	73.3
Sunbelt in £m	355.0	333.1	58.1	42.4
A-Plant	156.3	155.9	11.7	4.0
Ashtead Technology	12.4	11.3	3.4	2.7
Group central costs	-	-	(5.9)	(4.9)
	523.7	500.3	67.3	44.2
Interest *			(42.0)	(36.6)
Profit before tax **			25.3	7.6

* In 2004, before exceptional items. ** Before goodwill amortisation and, in 2004, exceptional items.

Despite an 8% year on year decline in the US dollar, Group turnover increased by 4.7% to £523.7m and divisional operating profit by 52.3% to £67.3m. The underlying growth, measured at constant exchange rates, was greater with turnover up 10.4% and divisional operating profit up 64.0%. The Group's divisional operating profit margin also improved significantly from 8.8% to 12.9%. The Group's return on operating capital employed (excluding goodwill) increased to 12.6% (2004 – 7.4%).

[1] Cash tax earnings per share comprises earnings before goodwill amortisation, exceptional items and deferred tax divided by the weighted average number of shares in issue. Cash tax earnings per share is considered to be a relevant measure of earnings per share for the Company as the deferred tax liability is not expected to crystallise in the foreseeable future.

Sunbelt

Sunbelt performed strongly in the year with both rental rates and utilisation rising substantially. Turnover grew 15.4% to $661.1m (2004 - $572.8m) reflecting growth of approximately 8% in average rental rates and an increase in average utilisation from 65.1% to 69.0%. There was also a modest return to growth in its average fleet size, arising almost entirely from fourth quarter capital expenditure. Turnover growth was broadly based with all regions and all major product areas trading ahead of last year.

In the fourth quarter, turnover increased 11.5% to $159.5m (2004 - $143.1m), a good performance bearing in mind that quarterly comparatives are now with a period last year which had already started to benefit from the recovery in non-residential construction. Rental rates grew 7% in the quarter. The new profit centres opened in the first half continued to progress and further new locations in Miami and Phoenix were opened in the fourth quarter.

Sunbelt's turnover improvement reflected market share gains and growth in private non-residential construction activity (which rose 5.3% in the year to April 2005 according to figures published by the US Department of Commerce) as well as the continued shift from ownership to rental. Sunbelt's divisional operating profit was up 16.3% in the fourth quarter from $20.2m to $23.5m. Sales of used rental equipment were concentrated in the fourth quarter of last year giving rise to an unusually high incidence of gains on disposal. Excluding this and the lease capitalisation effect explained below, the underlying rate of growth in divisional operating profit was 37.0%. For the year as a whole Sunbelt's divisional operating profit grew 47.6% to $108.2m representing a margin of 16.4% (2004 – 12.8%).

Investments to enhance the network of stores and the mix of our business continue. The acquisition of 5 stores in the Miami area for consideration of $1.7m at an EBITDA multiple of 2.5 times from HSS RentX announced in May together with our plan to open approximately 10 new general tool and equipment stores across the US on a greenfield basis in the coming financial year will increase fleet investment in higher return areas. Additional infill acquisition opportunities are also under consideration to increase further our share in attractive markets.

We anticipate generally strong trading conditions in Sunbelt's key US non-residential market in coming years. According to the Dodge Analytics Division of McGraw-Hill Construction, a leading industry research source, US non-residential construction spending is projected to grow by 6.6%, 9.5% and 7.3% in 2005, 2006 and 2007, respectively. This compares with their estimate of 3.9% growth in 2004.

A-Plant

A-Plant has seen significant benefits this year from the refocusing programme completed in January 2004. Although total turnover for the year rose only marginally to £156.3m from £155.9m in 2004, when 2003/4 non-core disposals are excluded same store turnover grew by 5.2%. This growth was achieved despite a fleet size which was approximately 4.1% smaller than in the equivalent period last year. Increases in utilisation from 59.9% to 64.9% and growth in rental rates of approximately 2% increased A-Plant's efficiency. The growth in rental rates in the fourth quarter was approximately 7%.

As a result of these improvements, A-Plant's fourth quarter divisional operating profit was £3.2m, more than double the £1.5m earned in 2004 and its full year profit virtually trebled to £11.7m (2004 - £4.0m), representing a margin of 7.5% (2004 – 2.6%). The initiative announced earlier this year to increase further returns through continuing investment in tool hire equipment is on track with 8 additional locations already carrying the tool hire range. Over the course of the next twelve months the tool hire range will be introduced to a further 18 plant locations.

A-Plant's major account business continues to benefit from the breadth of its product offering and its geographic coverage. As a result its top 100 customers provided 35% of A-Plant's revenue in the year. New five-year contracts were agreed in the year with Balfour Beatty Utilities Limited, McNicholas plc and Skanska UK plc, with the latter being a two-year extension to an existing three-year agreement. Most recently we have been awarded a new five year sole supply contract by Birse Group plc for all their plant and tool requirements. Together these new contracts are estimated to secure revenues of more than £50m over the next five years.

Ashtead Technology

For the year as a whole, turnover grew 9.7% to £12.4m (2004 - £11.3m) and divisional operating profit rose 25.9% to £3.4m (2004 - £2.7m). The first UK environmental rental store was opened in Hitchin at the beginning of the year and the US environmental rentals expansion continued with the opening of a new store in Atlanta last October. Both stores developed well in their first year. Ashtead Technology also substantially improved its performance in the fourth quarter with revenues up 45.8% from £2.4m to £3.5m in the quarter. The fourth quarter divisional operating profit increased from £0.5m to £1.3m continuing the early signs of recovery in its offshore markets seen in the third quarter.

Capital expenditure and net debt

Capital expenditure in the year was £157.8m. This included £32.3m resulting from our decision to reclassify certain leases (mainly relating to our delivery vehicle fleet) previously accounted for as operating leases as capital leases. Treating these leases as capital leases increased reported capital expenditure and finance lease debt. It also resulted in the reclassification of lease payments of £7.8m from EBITDA to depreciation (£6.7m) and interest (£1.4m) thus reducing pre-tax profits by £0.3m.

Excluding this lease effect, capital expenditure rose from £72.3m in 2004 to £125.5m of which £120.0m was on the rental fleet. Capital expenditure was increased significantly in the year to enable Sunbelt to take advantage of the improving economic conditions in the US. £27.2m of the fleet expenditure was for growth with the remainder being spent to replace existing equipment. Expenditure on A-Plant's rental fleet was also increased from £29.8m to £35.4m as its performance improved. Disposals amounted to £37.6m (2004 - £32.6m) in the year, generating a profit on disposal of £7.1m (2004 - £5.2m) at a margin of 23.2% (2004 – 19.0%) above book value. The markets we use for disposing of used rental equipment continue to be healthy. In the coming year capital expenditure is expected to increase to approximately £160m.

Cash tax payments were again minimal and are expected to remain so.

On a like for like basis, underlying net debt at 30 April 2005 was £467.4m, a reduction of £59.3m from last year's £526.7m principally reflecting the pay down of debt from cash flow generated in the last twelve months of £53.6m (2004 - £53.6m). This underlying net debt figure ignores the non-cash impact of the lease capitalisation discussed above which increased reported year end net debt by £25.8m to £493.2m. £82.0m ($156.7m) was available under the new first priority senior debt facility based on the April 2005 borrowing base.

EBITDA for the year was £169.7m (2004 - £147.0m before exceptional items). Conversion of EBITDA into net cash inflow from operations was again high at 97.1% (2004 – 95.2% before exceptional items). As a result of both the growth in EBITDA and the net paydown of debt from cash flow in the year of £53.6 million, the ratio of net debt to EBITDA improved from 3.6 times a year ago to 2.9 times at 30 April 2005.

Capital reorganisation

We have also announced today a placing and open offer of 73,350,352 new ordinary shares at 95.5p per share to raise approximately £66.2m after issue costs. The purpose of the placing and open offer in conjunction with the substantially concurrent issue of $250m of new senior secured notes is to provide the finance to enable the Company to redeem early the outstanding 5.25% convertible loan note, due 2008 held by Rentokil Initial plc and also to reduce interest costs by exercising the option to redeem early the maximum 35% of the £120m 12% senior secured notes, due 2014. Full details of these transactions which are interconditional are provided in the separate announcement released today.

Assuming a successful completion, all of our debt facilities will have been refinanced since April 2004 and the pro forma average maturity of our debt at 30 April 2005 will be approximately 7 years. Additionally, so long as we maintain availability of more than $50m on our asset based senior debt facility (availability was $156.7m based on the April 2005 borrowing base), none of these debt facilities is subject to quarterly financial performance covenants.

Broker appointment

JPMorgan Cazenove were appointed on 28 June 2005 as joint brokers to the Company alongside Evolution Securities Limited.

Current trading and outlook

Last year's momentum has continued into the current year. Group turnover for the two months ended 30 June 2005 was up 12.5% over the previous year. Sunbelt's revenues in dollars rose 17% in the same period.

The capital reorganisation announced today will provide a stable and appropriate long-term platform for the Group's future development. It completes the renewal of all the Group's debt facilities and extends the average debt maturity to 7 years. The Board also expects the reorganisation will enable it to propose to shareholders the resumption of dividends in respect of the year ending 30 April 2006.

In the US, the key private non-residential construction market is strong and is forecast to remain so. In addition, the shift from ownership to rental continues. The outlook for Sunbelt therefore remains encouraging. Overall, UK markets continue to be stable. A-Plant's focus remains on improving returns and growing market share. Technology should benefit from increased investment in oil exploration and production. Accordingly, the Board anticipates reporting further progress in the coming year."

CONSOLIDATED PROFIT & LOSS ACCOUNT

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2005	2004	2005	2004
	£m	£m	£m	£m
Turnover	125.6	115.9	523.7	497.0
Operating profit	13.1	-	58.4	16.2
Loss on sale of business	-	-	-	(3.8)
Interest payable and similar charges	(11.0)	(10.0)	(42.0)	(45.5)
Profit/(loss) on ordinary activities before taxation	2.1	(10.0)	16.4	(33.1)
Profit before taxation, exceptional items and goodwill amortisation	4.4	3.1	25.3	7.6
Exceptional items	-	(10.7)	-	(31.5)
Goodwill amortisation	(2.3)	(2.4)	(8.9)	(9.2)
Profit/(loss) on ordinary activities before taxation	2.1	(10.0)	16.4	(33.1)
Taxation on profit/(loss) on ordinary activities:				
- current tax	(0.1)	0.4	(0.7)	0.3
- deferred tax	(3.7)	0.2	(13.3)	(2.0)
	(3.8)	0.6	(14.0)	(1.7)
Profit/(loss) for the financial period transferred to/(from) reserves	(1.7)	(9.4)	2.4	(34.8)
Basic and diluted earnings/(loss) per share	(0.6p)	(2.9p)	0.7p	(10.8p)

Reconciliation of operating profit to EBITDA before exceptional items

	2005	2004	2005	2004
Operating profit	13.1	-	58.4	16.2
Exceptional items	-	9.6	-	18.8
Goodwill amortisation	2.3	2.4	8.9	9.2
Depreciation excluding exceptional impairment	28.4	23.0	102.4	102.8
EBITDA before exceptional items	43.8	35.0	169.7	147.0

EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Unaudited		Audited	
	Three months to 30 April		Year to 30 April	
	2005	2004	2005	2004
	£m	£m	£m	£m
Profit/(loss) for the financial period	(1.7)	(9.4)	2.4	(34.8)
Foreign currency translation differences	(1.0)	3.6	(7.8)	4.9
Total recognised gains and losses in the period	(2.7)	(5.8)	(5.4)	(29.9)

SUMMARY OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Unaudited		Audited	
	Three months to 30 April		Year to 30 April	
	2005	2004	2005	2004
	£m	£m	£m	£m
Total recognised gains and losses in the period	(2.7)	(5.8)	(5.4)	(29.9)
Charge for incentive share plan awards	0.2	-	0.4	-
Share capital subscribed	0.1	-	0.1	-
Goodwill transferred to profit and loss account in respect of businesses sold	-	-	-	2.3
Net decrease in shareholders' funds in the period	(2.4)	(5.8)	(4.9)	(27.6)
Opening shareholders' funds	129.3	137.6	131.8	159.4
Closing shareholders' funds	126.9	131.8	126.9	131.8

CONSOLIDATED BALANCE SHEET

	Audited At 30 April 2005	2004
Fixed assets	£m	£m
Intangible assets:		
- goodwill	134.0	142.9
Tangible fixed assets:		
- rental equipment	452.9	469.7
- other fixed assets	84.2	65.8
	537.1	535.5
	671.1	678.4
Current assets		
Stock	13.8	15.1
Trade debtors subject to non-recourse financing	-	82.4
Non-recourse financing received	-	(52.2)
Trade debtors net of non-recourse financing	-	30.2
Other trade debtors	80.6	0.5
Prepayments & accrued income	11.2	11.2
Cash at bank and in hand	2.1	9.9
	107.7	66.9
Creditors - amounts falling due within one year		
Bank loans, overdrafts and finance lease obligations	(12.2)	(15.6)
Trade and other creditors	(95.1)	(77.3)
	(107.3)	(92.9)
Net current assets/(liabilities)	0.4	(26.0)
Total assets less current liabilities	671.5	652.4
Creditors - amounts falling due after more than one year		
5.25% unsecured convertible loan note, due 2008	(131.3)	(130.6)
Bank and other loans and finance lease obligations	(351.8)	(338.2)
Other creditors	(7.9)	(9.4)
	(491.0)	(478.2)
Provision for liabilities and charges		
Deferred taxation	(38.6)	(27.7)
Other provisions	(15.0)	(14.7)
	(53.6)	(42.4)
Total net assets	126.9	131.8
Capital and reserves		
Called up share capital	32.6	32.6
Share premium account	100.8	100.7
Revaluation reserve	0.4	0.5
Own shares held by ESOT	(1.6)	(1.6)
Profit and loss account	(5.3)	(0.4)
Total equity shareholders' funds	126.9	131.8

CONSOLIDATED CASH FLOW STATEMENT

	Audited	
	Year to 30 April	
	2005	2004
	£m	£m
Net cash inflow from operating activities		
Cash inflow before exceptional items	164.8	140.0
Exceptional costs	(5.7)	(11.1)
Movement in non-recourse finance received under trade debtors securitisation	(51.6)	(2.2)
Net cash inflow from operating activities	107.5	126.7
Returns on investments and servicing of finance		
Interest paid	(30.2)	(32.9)
Exceptional finance costs	-	(7.1)
Net cash outflow from returns on investments and servicing of finance	(30.2)	(40.0)
Taxation (outflow)/inflow	(0.6)	0.1
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(111.2)	(82.9)
Sale of tangible fixed assets	35.9	32.3
Net cash outflow from capital expenditure and financial investment	(75.3)	(50.6)
Acquisitions & disposals inflow	0.5	15.2
Net cash inflow before management of liquid resources and financing	1.9	51.4
Financing		
Issue of ordinary share capital	0.1	-
Drawdown of loans	244.6	115.6
Redemption of loans	(241.7)	(156.6)
Decrease/(increase) in cash collateral balances	5.8	(2.6)
Capital element of finance lease payments	(12.3)	(8.6)
Net cash outflow from financing	(3.5)	(52.2)
Decrease in cash	(1.6)	(0.8)

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

   This preliminary announcement of the results for the year ended 30 April 2005 is an excerpt from the forthcoming 2005 Annual Report & Accounts and does not constitute the statutory accounts for either 2004/5 or 2003/4 for the purposes of section 240(3) of the Companies Act 1985. The 2004/5 results are extracted from the audited accounts for that year which have not yet been filed with Companies House. The comparative figures for 2003/4 have been extracted from the accounts for that year which have been delivered to Companies House. The auditors' reports in respect of both years were unqualified and do not contain a statement under section 237 of the Companies Act. The results for the year ended and quarter ended 30 April 2005 have been prepared using accounting policies consistent with those applied in the statutory accounts for the year ended 30 April 2004. The figures for the fourth quarter are unaudited. The duly authorised Board committee has approved this preliminary announcement.

2. Segmental analysis

	Turnover			Operating profit			
	Before exceptional items	Exceptional items	Total	Before goodwill amortisation & exceptional items	Goodwill amortisation & exceptional items	Total	Net assets
	£m	£m	£m	£m	£m	£m	£m
Three months to 30 April							
2005							
Sunbelt Rentals	83.4	-	83.4	12.3	(2.1)	10.2	459.2
A-Plant	38.7	-	38.7	3.2	(0.1)	3.1	188.2
Technology	3.5	-	3.5	1.3	(0.1)	1.2	11.3
Corporate costs	-	-	-	(1.4)	-	(1.4)	-
Central items*	-	-	-	-	-	-	(531.8)
	125.6	-	125.6	15.4	(2.3)	13.1	126.9
2004							
Sunbelt Rentals	78.1	(2.1)	76.0	11.0	(11.5)	(0.5)	490.2
A-Plant	37.5	-	37.5	1.5	(0.4)	1.1	186.6
Technology	2.4	-	2.4	0.5	(0.1)	0.4	9.4
Corporate costs	-	-	-	(1.0)	-	(1.0)	-
Central items*	-	-	-	-	-	-	(554.4)
	118.0	(2.1)	115.9	12.0	(12.0)	-	131.8
Year to 30 April							
2005							
Sunbelt Rentals	355.0	-	355.0	58.1	(8.5)	49.6	459.2
A-Plant	156.3	-	156.3	11.7	(0.2)	11.5	188.2
Technology	12.4	-	12.4	3.4	(0.2)	3.2	11.3
Corporate costs	-	-	-	(5.9)	-	(5.9)	-
Central items*	-	-	-	-	-	-	(531.8)
	523.7	-	523.7	67.3	(8.9)	58.4	126.9
2004							
Sunbelt Rentals	333.1	(3.3)	329.8	42.4	(23.8)	18.6	490.2
A-Plant	155.9	-	155.9	4.0	(4.0)	-	186.6
Technology	11.3	-	11.3	2.7	(0.2)	2.5	9.4
Corporate costs	-	-	-	(4.9)	-	(4.9)	-
Central items*	-	-	-	-	-	-	(554.4)
	500.3	(3.3)	497.0	44.2	(28.0)	16.2	131.8

* Net debt, non-recourse funding in 2004 under the accounts receivable securitisation and deferred taxation.

NOTES TO THE FINANCIAL STATEMENTS

3. Operating costs

	Three months to 30 April 2005			Three months to 30 April 2004		
	Before goodwill amortisation	Goodwill amortisation	Total	Before goodwill amortisation & exceptional items	Goodwill amortisation & exceptional items	Total
	£m	£m	£m	£m	£m	£m
Staff costs:						
Salaries	37.5	-	37.5	37.0	0.5	37.5
Social security costs	4.2	-	4.2	3.8	-	3.8
Other pension costs	0.4	-	0.4	0.7	-	0.7
	42.1	-	42.1	41.5	0.5	42.0
Depreciation and amortisation:						
Depreciation	28.4	-	28.4	23.0	(0.6)	22.4
Goodwill amortisation	-	2.3	2.3	-	2.4	2.4
	28.4	2.3	30.7	23.0	1.8	24.8
Other costs:						
Vehicle costs	5.9	-	5.9	12.8	-	12.8
Spares, consumables and external repairs	9.9	-	9.9	8.7	-	8.7
Facilities costs	7.0	-	7.0	6.9	1.4	8.3
Refinancing costs	-	-	-	-	6.0	6.0
Other external charges	20.4	-	20.4	17.3	0.6	17.9
	43.2	-	43.2	45.7	8.0	53.7
Profit on disposal of fixed assets	(3.5)	-	(3.5)	(4.2)	(0.4)	(4.6)
	110.2	2.3	112.5	106.0	9.9	115.9

	Year to 30 April 2005			Year to 30 April 2004		
Staff costs:						
Salaries	155.8	-	155.8	153.7	0.5	154.2
Social security costs	13.4	-	13.4	13.1	-	13.1
Other pension costs	3.5	-	3.5	3.7	-	3.7
	172.7	-	172.7	170.5	0.5	171.0
Depreciation and amortisation:						
Depreciation	102.4	-	102.4	102.8	2.3	105.1
Goodwill amortisation	-	8.9	8.9	-	9.2	9.2
	102.4	8.9	111.3	102.8	11.5	114.3
Other costs:						
Vehicle costs	42.0	-	42.0	47.5	-	47.5
Spares, consumables and external repairs	39.7	-	39.7	36.3	-	36.3
Facilities costs	27.8	-	27.8	28.9	1.4	30.3
Refinancing costs	-	-	-	-	10.9	10.9
Other external charges	78.9	-	78.9	75.3	1.4	76.7
	188.4	-	188.4	188.0	13.7	201.7
Profit on disposal of fixed assets	(7.1)	-	(7.1)	(5.2)	(1.0)	(6.2)
	456.4	8.9	465.3	456.1	24.7	480.8

NOTES TO THE FINANCIAL STATEMENTS

4. Exceptional items

	Three months to 30 April		Year to 30 April	
	2005	2004	2005	2004
	£m	£m	£m	£m
Debt facility costs	-	7.1	-	20.6
UK business refocusing programme	-	(0.6)	-	6.1
Prior year impact of change in US estimation methods	-	4.1	-	5.3
US severence costs	-	0.5	-	0.5
Profit on sale of land and buildings	-	(0.4)	-	(1.0)
	-	10.7	-	31.5
Presented in the profit and loss account as follows:				
Turnover	-	2.1	-	3.3
Depreciation	-	(0.6)	-	2.3
Other operating costs	-	8.1	-	13.2
Charged in arriving at operating profits	-	9.6	-	18.8
Loss on sale of business	-	-	-	3.8
Interest payable and similar charges	-	1.1	-	8.9
	-	10.7	-	31.5

5. Interest payable and similar charges

	Three months to 30 April		Year to30 April	
	2005	2004	2005	2004
	£m	£m	£m	£m
Bank interest payable	4.0	5.8	14.8	24.1
Funding cost on trade debtors' securitisation	-	0.8	2.3	3.2
Interest on 5.25% unsecured convertible loan note, due 2008	2.0	2.1	8.3	8.1
Interest on 12% senior secured notes, due 2014	3.7	-	14.7	-
Interest payable on finance leases	1.3	0.2	1.9	1.2
Total interest payable before exceptional costs	11.0	8.9	42.0	36.6
Exceptional costs re debt facilities	-	1.1	-	8.9
	11.0	10.0	42.0	45.5

6. Taxation

The effective rate of current year tax for the year ended 30 April 2005 is nil% (2004 – nil%) in the UK and 38.3% (2004 – 50.0%) in the US.

7. Earnings/(loss) per share

Basic and diluted earnings/(loss) per share for the three months and year ended 30 April 2005 have been calculated based on the profit/(loss) for the relevant period and on the weighted average number of ordinary shares in issue during that period which excludes the 2,723,461 shares held by the ESOT in respect of which dividends have been waived.

NOTES TO THE FINANCIAL STATEMENTS

7. Earnings/(loss) per share (continued)

Diluted earnings/(loss) per share is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive).

	Three months to 30 April		Year to 30 April	
	2005	2004	2005	2004
Profit/(loss) for the financial period (£m)	(1.7)	(9.4)	2.4	(34.8)
Weighted average number of shares (m) – basic	323.0	322.9	323.0	322.9
– diluted	326.3	322.9	326.3	322.9
Basic and diluted earnings/(loss) per share (p)	(0.6p)	(2.9p)	0.7p	(10.8p)

Cash tax earnings per share (defined in any period as the earnings/(loss) before exceptional items, goodwill amortisation and deferred taxation for that period divided by weighted average number of shares in issue in that period) may be reconciled to the basic earnings/(loss) per share as follows:

	Three months to 30 April		Year to 30 April	
	2005	2004	2005	2004
Basic earnings/(loss) per share	(0.6p)	(2.9p)	0.7p	(10.8p)
Exceptional items	-	3.3p	-	9.8p
Goodwill amortisation	0.8p	0.7p	2.8p	2.8p
Deferred tax	1.1p	(0.1p)	4.1p	0.6p
Cash tax earnings per share	1.3p	1.0p	7.6p	2.4p

8. Tangible fixed assets

	2005		2004	
Net book value	Rental equipment	Total	Rental equipment	Total
	£m	£m	£m	£m
At 1 May	469.7	535.5	577.5	651.5
Exchange difference	(21.5)	(23.3)	(37.5)	(40.7)
Additions	120.0	157.8	64.1	72.3
Disposals	(28.6)	(30.5)	(37.9)	(42.5)
Reclassification	(0.1)	-	(0.2)	-
Depreciation – excluding impairment	(86.6)	(102.4)	(94.0)	(102.8)
– UK refocusing programme	-	-	(2.3)	(2.3)
At 30 April	452.9	537.1	469.7	535.5

Additions include £32.3m as a result of reclassifying as finance leases, certain leases previously accounted for as operating leases. Of this, £19.4m relates to leases which had commenced prior to 30 April 2004.

NOTES TO THE FINANCIAL STATEMENTS

9. Notes to cash flow statement

a) Cash flow from operating activities	Year to 30 April 2005 £m	2004 £m
Operating profit	58.4	16.2
Exceptional items	-	18.8
Depreciation excluding exceptional impairment	102.4	102.8
Goodwill amortisation	8.9	9.2
EBITDA before exceptional items	169.7	147.0
Gain on sale of tangible fixed assets	(7.1)	(5.2)
Decrease/(increase) in stocks	0.4	(4.4)
(Increase)/decrease in debtors	(0.3)	0.5
Increase in creditors	1.5	0.9
Exchange differences	0.4	1.2
Other non-cash movement	0.2	-
Net cash inflow from operating activities before exceptional items	164.8	140.0

b) Reconciliation to net debt	2005 £m	2004 £m
Decrease in cash in the period	1.6	0.8
Decrease/(increase) in cash collateral balances	5.8	(2.6)
Increase/(decrease) in bank loans (net)	2.9	(156.6)
Increase in senior secured notes due 2014	-	115.6
Decrease in finance lease obligation	(12.3)	(8.6)
Change in net debt from cash flows	(2.0)	(51.4)
Exchange differences	(14.5)	(39.7)
Non cash movement:		
- 5.25% unsecured convertible loan note	0.8	0.8
- First priority asset based senior debt facility	1.0	-
- 12% second priority senior secured notes	0.2	-
- obligation due on new finance leases	33.2	-
Movement in net debt in the period	18.7	(90.3)
Opening net debt	474.5	564.8
Closing net debt	493.2	474.5

c) Analysis of net debt	1 May 2004 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	30 April 2005 £m
Cash	(3.9)	0.2	1.6	-	(2.1)
Cash collateral balances	(6.0)	0.2	5.8	-	-
Overdrafts	3.3	-	-	(3.3)	-
	(6.6)	0.4	7.4	(3.3)	(2.1)
Debt due after 1 year	465.5	(14.1)	12.4	19.3	483.1
Debt due within 1 year	15.6	(0.8)	(21.8)	19.2	12.2
Total net debt	474.5	(14.5)	(2.0)	35.2	493.2

APPENDIX: OPERATING AND FINANCIAL REVIEW

Fourth quarter (to 30 April) results compared with prior year

Overview

	2005			2004		
	Before goodwill amortisation	Goodwill amortisation	Total	Before goodwill amortisation & exceptional items	Goodwill amortisation & exceptional items	Total
	£m	£m	£m	£m	£m	£m
Turnover	125.6	-	125.6	118.0	(2.1)	115.9
Staff costs	(42.1)	-	(42.1)	(44.5)	(0.5)	(45.0)
Other operating costs (net)	(39.7)	-	(39.7)	(38.5)	(7.6)	(46.1)
EBITDA*	43.8	-	43.8	35.0	(10.2)	24.8
Depreciation & amortisation	(28.4)	(2.3)	(30.7)	(23.0)	(1.8)	(24.8)
Operating profit	15.4	(2.3)	13.1	12.0	(12.0)	-
Interest payable	(11.0)	-	(11.0)	(8.9)	(1.1)	(10.0)
Profit/(loss) before taxation	4.4	(2.3)	2.1	3.1	(13.1)	(10.0)
Taxation	(3.8)	-	(3.8)	(3.2)	3.8	0.6
Loss for the quarter	0.6	(2.3)	(1.7)	(0.1)	(9.3)	(9.4)

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.

Fourth quarter turnover increased 9.6% at constant 2005 exchange rates to £125.6m and by 6.4% at actual rates due to the weak US dollar. EBITDA before exceptional items grew by 28.4% at constant exchange rates to £43.8m and by 25.1% at actual rates. Reported EBITDA for the quarter was enhanced by a change in classification of certain leases from operating leases to finance leases which enhanced reported EBITDA by £6.1m. Excluding this effect, EBITDA before exceptionals grew 11.0% at constant rates and 7.7% at actual rates and the EBITDA margin was 30.0% (2004 – 29.7%). Total EBITDA increased 76.6% at actual rates.

Operating profit of £13.1m in the quarter compared to £nil in 2004. Before goodwill amortisation and exceptional items, operating profit increased 32.9% to £15.4m at constant exchange rates and by 28.3% at actual rates.

Divisional performance

Divisional results are summarised below and are stated before goodwill amortisation and exceptional items:

	Turnover		EBITDA		Divisional operating profit	
	2005	2004	2005	2004	2005	2004
Sunbelt in $m	159.5	143.1	57.3	45.2	23.5	20.2
Sunbelt in £m	83.4	78.1	30.1	24.7	12.3	11.0
A-Plant	38.7	37.5	13.0	10.0	3.2	1.5
Ashtead Technology	3.5	2.4	2.1	1.0	1.3	0.5
Group central costs	-	-	(1.4)	(0.7)	(1.4)	(1.0)
	125.6	118.0	43.8	35.0	15.4	12.0

Sunbelt

Turnover increased 11.5% to $159.5m in the quarter, a good performance against the same period last year when Sunbelt had already started to benefit from the recovery in non-residential construction. Turnover growth reflected improved rental rates up approximately 7% over 2004, equipment utilisation levels up to 64.8% this year from 63.9% a year ago and a fleet size which grew 3.7% over the previous year. Growth was broadly based with all regions and all major product areas trading ahead of last year. The new profit centres opened in the first half continued to progress and further new locations in Miami and Phoenix were opened in the fourth quarter.

Underlying operating costs (excluding depreciation and goodwill amortisation and also adjusted to exclude the lease capitalisation effect and the unusually high incidence of profits on disposal of rental equipment in the fourth quarter of last year) rose 8.9% to $113.9m in 2005. This reflected principally increased personnel costs and higher maintenance costs to service current activity levels and growth in fuel and insurance costs.

On the same basis, underlying EBITDA grew 18.4% and the underlying EBITDA margin for the quarter was 28.6% (2004 – 26.9%). The reported EBITDA of $57.3m reflected the underlying EBITDA, $7.7m related to the lease capitalisation and $4.0m (2004 - $6.7m) of fourth quarter disposal profits. Sunbelt's divisional operating profit increased 16.3% to $23.5m but by 37.0% on an underlying basis. Its divisional operating profit margin was 14.7% (2004 – 14.1%). Sunbelt's results in sterling reflected the factors discussed above and the continued weakness of the US dollar.

A-Plant

Turnover rose 3.2% to £38.7m in the quarter reflecting improved rental rates (up approximately 7%), a fleet size which was approximately 4.9% smaller than in the equivalent period a year ago and a rise in utilisation to 65.3% this year from 63.6% in 2004. Underlying operating costs (excluding depreciation and goodwill amortisation and also adjusted to exclude lease capitalisation effect) increased only marginally to £27.6m (2004 - £27.5m) reflecting tight management. Reported EBITDA for the quarter increased 30.0% to £13.0m but, on an underlying basis excluding lease capitalisation impacts, EBITDA grew 11.0% to £11.1m and the underlying EBITDA margin increased from 26.7% to 28.7% in 2005. A-Plant's divisional operating profit for the quarter more than doubled to £3.2m from £1.5m in 2004 representing a margin of 8.3% (2004 – 4.0%).

Ashtead Technology

In the fourth quarter turnover increased 45.8% to £3.5m at actual rates of exchange and by 50.0% at constant exchange rates. Ashtead Technology's divisional operating profit of £1.3m increased from £0.5m in 2004. These results reflected continued growth in its onshore environmental rental businesses and significantly improved activity levels offshore, particularly in the North Sea.

Interest payable and similar charges

Before a lease capitalisation effect of £1.2m and exceptional costs in 2004, interest payable and similar charges increased to £9.8m from £8.9m in the quarter reflecting lower average debt levels but significantly higher average interest rates following issue of the 12% senior secured notes in April 2004 and the recent rises in US dollar interest rates.

Profit/(loss) before taxation

The profit on ordinary activities before taxation for the fourth quarter was £2.1m compared with the loss of £10.0m in 2004. Before goodwill amortisation and exceptional items, the profit before tax was £4.4m (2004 - £3.1m). After taxation, there was a loss for the quarter of £1.7m compared to £9.4m in 2004.

Taxation

The tax charge for the quarter of £3.8m (2004 - £0.6m credit) comprised almost entirely a charge for deferred tax. The Group remains in a tax loss position in the UK for which it is unable to take benefit through its deferred tax charge and, accordingly, the deferred tax charge reflects only a charge on US profits which accounts for the high reported effective tax rate. Cash tax payments remain minimal.

Full year 2005 results compared with prior year

	2005			2004		
	Before goodwill amortisation	Goodwill amortisation	Total	Before goodwill amortisation & exceptional items	Goodwill amortisation & exceptional items	Total
	£m	£m	£m	£m	£m	£m
Turnover	523.7	-	523.7	500.3	(3.3)	497.0
Staff costs	(172.7)	-	(172.7)	(170.5)	(0.5)	(171.0)
Other operating costs (net)	(181.3)	-	(181.3)	(182.8)	(12.7)	(195.5)
EBITDA*	169.7	-	169.7	147.0	(16.5)	130.5
Depreciation & amortisation	(102.4)	(8.9)	(111.3)	(102.8)	(11.5)	(114.3)
Operating profit	67.3	(8.9)	58.4	44.2	(28.0)	16.2
Loss on sale of business	-	-	-	-	(3.8)	(3.8)
Interest payable	(42.0)	-	(42.0)	(36.6)	(8.9)	(45.5)
Profit/(loss) before taxation	25.3	(8.9)	16.4	7.6	(40.7)	(33.1)
Taxation	(14.0)	-	(14.0)	(10.2)	8.5	(1.7)
Profit/(loss) for the period	11.3	(8.9)	2.4	(2.6)	(32.2)	(34.8)

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.

Turnover before exceptional items in the full year increased 10.4% at constant 2005 exchange rates to £523.7m but by only 4.7% at actual rates due to the weak US dollar. EBITDA before exceptional items grew by 22.0% at constant exchange rates to £169.7m and by 15.4% at actual rates. Broadly one-third of the growth in EBITDA (£7.8m) resulted from the lease capitalisation impact outlined above. Total EBITDA increased 30.0% at actual rates to £169.7m.

Operating profit grew to £58.4m from £16.2m. Before goodwill amortisation and exceptional items, operating profit increased 64.0% to £67.3m at constant exchange rates and by 52.3% at actual rates.

Divisional performance

Divisional results are summarised below and are stated before goodwill amortisation and exceptional items:

	Turnover		EBITDA		Divisional operating profit	
	2005	2004	2005	2004	2005	2004
Sunbelt Rentals in $m	661.1	572.8	224.3	176.8	108.2	73.3
Sunbelt Rentals in £m	355.0	333.1	120.5	102.8	58.1	42.4
A-Plant	156.3	155.9	48.6	43.2	11.7	4.0
Ashtead Technology	12.4	11.3	6.5	5.7	3.4	2.7
Group central costs	-	-	(5.9)	(4.7)	(5.9)	(4.9)
	523.7	500.3	169.7	147.0	67.3	44.2

Sunbelt

Turnover increased 15.4% in the year to $661.1m. This performance was due to improved rental rates which grew approximately 8%, an increase in average utilisation from 65.1% to 69.0% as well as a modest return to growth in its average fleet size, arising almost entirely from fourth quarter capital expenditure. Turnover growth was broadly based with all regions and all major product areas trading ahead of last year. Operating costs (excluding depreciation and goodwill amortisation) rose 10.3% in the period to $436.8m in 2005. This reflected increased personnel costs and higher maintenance costs to service current activity levels as well as growth in fuel and insurance costs.

Reflecting these developments, Sunbelt's EBITDA for the year grew 26.9% to $224.3m and its EBITDA margin improved to 33.9% from 30.9% in 2004. Divisional operating profit grew 47.6% to $108.2m representing a margin of 16.4% (2004 – 12.8%). Sunbelt's results in sterling reflected the factors discussed above and the weak US dollar.

A-Plant

A-Plant has seen significant benefits this year from the programme to refocus its business carried out in 2003 and 2004. Although total turnover for the year rose only marginally to £156.3m from £155.9m in 2004, when the 2003/4 non-core disposals are excluded, same store turnover grew by 5.2%. This reflected a fleet size which was approximately 4.1% smaller than in the equivalent period last year, an increase in utilisation from 59.9% to 64.9% and growth in rental rates of approximately 2%.

Operating costs (excluding depreciation and goodwill amortisation) decreased 4.4% to £107.7m reflecting the disposals and tight management. Consequently, despite the non-core business disposals, EBITDA for the year increased 12.5% to £48.6m representing an improved EBITDA margin of 31.1% compared to 27.7% in 2004. Divisional operating profit almost trebled to £11.7m representing a margin of 7.5% (2004 – 2.6%).

Ashtead Technology

Turnover for the year grew 14.4% at constant exchange rates to £12.4m and by 9.7% at actual exchange rates. Divisional operating profit increased by 29.6% at constant exchange rates to £3.4m and by 25.9% at actual exchange rates. Technology's divisional operating profit margin increased to 27.4% from 23.9% in 2004. These results reflected continued growth in its onshore environmental markets and offshore market conditions which improved significantly in the second half, especially in the North Sea.

Interest payable and similar charges

Interest payable and similar charges for the year decreased to £42.0m from £45.5m in 2004 due to the absence of exceptional costs. Before exceptional costs, interest expense rose by 14.8% reflecting lower average debt levels but higher average interest rates following issue of the 12% senior secured notes in April 2004 and the rises in US dollar interest rates during the year.

Profit/(loss) before taxation

The profit on ordinary activities before taxation was £16.4m compared with the loss of £33.1m in 2004. Before goodwill amortisation and exceptional items, the profit before tax increased to £25.3m from £7.6m in 2004 (£6.2m at constant exchange rates). After taxation, the profit for the year of £2.4m compared to the loss of £34.8m in 2004.

Taxation

The tax charge for the year of £14.0m (2004 - £1.7m) comprised a charge for current tax of £0.7m and a charge for deferred tax of £13.3m. Substantially no cash tax was again paid reflecting the capital intensive nature of the Group's operations and the level of available tax losses, a situation which is expected to continue to exist for the foreseeable future. The deferred tax charge of £13.3m arose entirely in the United States. The Group is unable to recognise any deferred tax credit for its UK tax losses due to uncertainty over their future utilisation. This inability to take credit for the UK tax loss position explains why the overall effective rate (based on pre-goodwill profits) of 55.3% is significantly higher than the UK statutory rate of 30%. For the same reason the overall effective tax rate will remain volatile in future dependent on the profit mix between the UK and the US.

Earnings per share

Cash tax earnings per share were 7.6p (2004 – 2.4p). Cash tax earnings per share comprises earnings before goodwill amortisation, exceptional items and deferred tax divided by the weighted average number of shares in issue. Cash tax earnings per share is considered to be a relevant measure of earnings per share as the deferred tax liability is not expected to crystallise in the foreseeable future. After goodwill amortisation and exceptional items, and the accounting tax charge, basic earnings per share were 0.7p in 2005 compared to the loss of 10.8p in 2004.

Balance sheet

Tangible fixed assets	2005 Rental equipment £m	2005 Total £m	2004 Rental Equipment £m	2004 Total £m
Opening balance	469.7	535.5	577.5	651.5
Exchange difference	(21.5)	(23.3)	(37.5)	(40.7)
Additions	120.0	157.8	64.1	72.3
Disposals at net book value	(28.6)	(30.5)	(37.9)	(42.5)
Reclassification	(0.1)	-	(0.2)	-
Depreciation – excluding impairment	(86.6)	(102.4)	(94.0)	(102.8)
– UK refocusing programme	-	-	(2.3)	(2.3)
Closing balance	452.9	537.1	469.7	535.5

Capital expenditure in the year was £157.8m. This included £32.3m resulting from our decision to reclassify certain leases (mainly relating to our delivery vehicle fleet) previously accounted for as operating leases as capital leases. Of this amount £19.4m relates to leases which had commenced prior to 30 April 2004. Treating these leases as capital leases increased reported capital expenditure and finance lease debt by £32.3m. It also resulted in the reclassification of lease payments of £7.8m from EBITDA to depreciation (£6.7m) and interest (£1.4m) thus reducing reported pre-tax profits by £0.3m. Excluding this effect, capital expenditure rose from £72.3m in 2004 to £125.5m of which £120.0m was on the rental fleet.

	2005 Growth	2005 Maintenance	2005 Total	2004 Total
Sunbelt in $m	46.0	106.7	152.7	56.4
Sunbelt in £m	24.1	55.8	79.9	31.8
A-Plant	-	35.4	35.4	29.8
Ashtead Technology	3.1	1.6	4.7	2.5
Total rental equipment	27.2	92.8	120.0	64.1
Other fixed assets			5.5	8.2
			125.5	72.3
Lease capitalisation			32.3	-
Total additions			157.8	72.3

Capital expenditure was increased significantly in the year, mainly to enable Sunbelt to take advantage of the improving economic conditions in the US. £27.2m of the fleet expenditure was for growth with the remainder being spent to replace existing equipment. This proportion is estimated on the basis of the assumption that maintenance capital expenditure in any period is equal to the original cost of equipment sold in that period. Expenditure on A-Plant's rental fleet was also increased from £29.8m to £35.4m as its performance improved. Disposals amounted to £37.6m (2004 - £32.6m) in the year, generating a profit on disposal of £7.1m (2004 - £5.2m) at a margin of 23.2% (2004 – 19.0%) above book value. The markets we use for disposing of used rental equipment continue to be healthy. In the coming year gross capital expenditure is expected to increase to approximately £160m.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2005 was 45 months on a net book value basis (2004 – 46 months). At the same date, Sunbelt's fleet had an average age of 46 months (2004 – 48 months) comprising 60 months for aerial work platforms which have a longer life and 31 months for the rest of its fleet whilst A-Plant's fleet had an average age of 43 months (2004 – 43 months).

Trade debtors

Debtor days improved to 53 days (2004 - 58 days). The bad debt charge as a percentage of total turnover was 1.1% in 2005 compared with 1.2% in 2004.

Trade and other creditors

Group creditor days decreased to 74 days at 30 April 2005 from 81 days at 30 April 2004. Capital expenditure related payables at 30 April 2005 totalled £35.9m (2004 - £21.1m). Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 60 and 90 days.

Other provisions

Other provisions of £15.0m (2004 - £14.7m) relate principally to provision for self insured retained risk under the Group's self insurance policies. The Group's business exposes it to claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide-range of potential claims at levels it believes are sufficient to cover existing and future claims. Our liability insurance programmes provide that we can only recover the liability related to any particular claim in excess of an agreed excess amount of typically between $500,000 and $2m depending on the particular liability programme. In certain, but not all, cases this liability excess amount is subject to an annual cap, which limits the Group's maximum liability in respect of these excess amounts to such annual cap. Our liability coverage is also limited to a maximum of £100m per occurrence.

Pensions

The Group operates pension plans for the benefit of its employees, for which the charge included in the financial statements was £3.5m (2004 - £3.7m). The Group has three defined benefit pension plans, one which covers approximately 350 employees in the UK and which was closed to new members in 2001 and two other plans affecting only our executive directors. All our other pension plans are defined contribution plans.

In common with most other UK companies, the Group continues under UK GAAP to account for pensions under SSAP 24. The principal UK defined benefit plan was subject to its regular triennial actuarial valuation at 30 April 2004. This valuation showed the plan to be 71% funded on the basis used by the actuary to set funding rates and 81% funded on a SSAP 24 basis. Over recent years contributions have been increased, by agreement with the actuary and the trustees of the plan, to a rate which the actuary has advised is sufficient to eliminate the deficit over the average remaining service lives of the employees who are members of the plan.

The Group also provides the disclosures required by FRS 17 setting out the surplus or deficit in the Group's defined benefit pension plans on the specific actuarial basis required by that standard which is linked to market equity and bond values at our financial year end and, consequently, tends to be more volatile than the basis employed by the actuary to set funding rates. On the FRS 17 basis the combined deficit in the plans at 30 April 2005 was £16.2m (2004 - £12.5m). Despite the increased rate of contributions referred to above and a reasonable year for investment returns, the FRS 17 deficit increased primarily due to a reduction in bond yields at 30 April 2005 compared to the yields a year earlier which increased the discounted value of the plan liabilities by approximately £5.0m.

Cash flow

Free cash flow in the year ended 30 April 2005 (which is defined to exclude exceptional costs and which comprises our net cash inflow from operations excluding exceptional items, less net maintenance capital expenditure, interest and tax) is summarised below:

	Year to 30 April	
	2005	2004
	£m	£m
EBITDA before exceptional items	169.7	147.0
Cash inflow from operations before exceptional items	164.8	140.0
*Cash efficiency ratio**	*97.1%*	*95.2%*
Maintenance capital expenditure	(101.0)	(82.9)
Proceeds received from sale of fixed assets	35.9	32.3
Tax (paid)/received	(0.6)	0.1
Free cash flow before interest	99.1	89.5
Interest paid (excluding exceptional interest)	(30.2)	(32.9)
Free cash flow after interest	68.9	56.6
Growth capital expenditure	(10.2)	-
Acquisitions and disposals	0.5	15.2
Issue of ordinary share capital on exercise of share options	0.1	-
Exceptional costs	(5.7)	(18.2)
Reduction in total debt	53.6	53.6

* Cash inflow from operations before exceptional items as a percentage of EBITDA before exceptional items.

Cash inflow from operations reflected principally the growth in reported EBITDA. Consequently, cash inflow from operations increased 17.7% to £164.8m and the cash efficiency ratio was again high at 97.1% (2004 – 95.2%) as we continued to convert almost all our EBITDA into cash.

Net maintenance capital expenditure increased to £101.0m (2004 - £82.9m) as we spent broadly in line with depreciation on fleet maintenance over the year as a whole. Proceeds from the sale of fixed assets, principally used equipment, rose 11.1% to £35.9m (2004 - £32.3m) and represented 35.5% (2004 – 39.0%) of maintenance capital expenditure. Cash tax payments were minimal and are set to remain low. Interest payments were £30.2m (2004 - £32.9m) and were significantly lower than the £42.0m interest charge in the profit and loss account reflecting the timing of interest payments, particularly in respect of the 12% senior secured notes where only one semi- annual payment was made in the year.

Reflecting this, after interest, free cash flow rose 21.7% to £68.9m (2004 - £56.6m) but would still have increased by 9.0% even if the current year had included two semi-annual payments on the senior secured notes. This free cash flow and £0.5m of further proceeds received in the year from last year's sale of A-Plant's Irish business were applied:

(i) to pay £10.2m in respect of growth capital expenditure;
(ii) to pay outstanding exceptional refinancing costs of £5.7m, all of which had been accrued for at the 2003/4 year end; and
(iii) to reduce outstanding debt by £53.6m.

Based on its current projections, the Group expects to be able to fund its cash requirements relating to its operations from existing sources of cash including its committed borrowing

facilities for at least the next 12 months. It expects that the principal needs for cash relating to existing operations over the next 12 months will be to:

- fund operating expenses and working capital;
- fund the purchase of rental equipment and other capital expenditures; and
- service outstanding debt.

While emphasising primarily internal growth, the Group also expects to continue to expand through making small acquisitions that it would expect to fund by using cash, share capital, and/or the assumption of debt.

Net debt

	2005 £m	2004 £m
First priority senior secured bank debt and overdraft	216.2	226.1
Finance lease obligations	32.0	12.1
12% second priority senior secured notes, due 2014	115.8	115.6
5.25% unsecured convertible loan note, due 2008	131.3	130.6
	495.3	484.4
Cash at bank and in hand	(2.1)	(9.9)
	493.2	474.5
Non-recourse finance received under debtors securitisation	-	52.2
Total net debt	493.2	526.7

Net debt at 30 April was £493.2m, a reduction of £33.5m since 30 April 2004. This reduction reflected the £53.6m debt pay down from cash flow outlined above as well as a beneficial translation effect of £15.1m offset by non-cash increases of £35.2m, almost all of which was due to the vehicle lease capitalisation discussed above. As a result of this cash flow and the growth in EBITDA, the ratio of net debt to EBITDA improved 19% from 3.6 times a year ago to 2.9 times at 30 April 2005.

Bank loan facility

On 12 November 2004, the previous first priority senior secured bank debt facility and the non-recourse finance received under the accounts receivable securitisation were repaid utilising drawings under the Group's new $675m five year, first priority asset based senior debt facility (the "ABL facility"). Following its issue Standard & Poors assigned a BB- long-term rating (stable outlook) and Moody's a B1 (stable outlook) rating to the ABL facility.

The ABL facility consists of a $400m revolving credit facility and a $275m term loan and, as was the case with the facility repaid, is secured by a first priority interest in substantially all of the Group's assets. Pricing is based on the ratio of funded debt to EBITDA according to a grid which varies between LIBOR plus 300bp and LIBOR plus 225bp allowing the Company to benefit from its anticipated future de-leveraging. At 30 April 2005 the rate was LIBOR plus 225bp. In addition, the upfront underwriting and legal costs of the new facility are being amortised over its five-year life leading to an annual charge included within interest of approximately 75bp.

The ABL facility carries minimal amortisation of 1% per annum ($2.75m) on the term loan and is committed for five years until November 2009 subject only to the Company's £134m convertible subordinated loan note being refinanced prior to November 2007.

Available liquidity under the ABL facility at 30 April 2005 was £82.0m ($156.7m). As the ABL facility is asset-based, the maximum amount available to be borrowed (which includes drawings in the form of standby letters of credit) depends on asset values (receivables, inventory, rental equipment and real estate) which are subject to periodic independent appraisal. The maximum amount which could be drawn at 30 April 2005 was $645.8m but this amount can rise up to the $675m facility limit as additional assets are purchased during the life of the facility.

The ABL facility includes a springing covenant package under which quarterly financial performance covenants are only tested if available liquidity is less than $50 million. These covenants relate to a maximum ratio of total debt to EBITDA, a minimum EBITDA requirement a minimum fixed charge ratio (the ratio of EBITDA less capital expenditure, net of disposal proceeds to cash interest, taxes, distributions to equity holders, acquisition consideration paid and scheduled principal debt repayments). Because liquidity at 30 April 2005 much exceeded the $50m springing level there was no requirement to adhere to these covenants at that date although in practice all were met.

Accordingly the conclusion of the refinancing, together with the fact that neither of the Group's other debt lines (the senior secured notes due 2014 and the convertible subordinated notes due 2008) contain regularly measured financial covenants, means that the Group does not currently have any quarterly monitored financial performance covenants to adhere to.

Additionally whilst the ABL facility does contain annual limits on maximum capital expenditure the level of these is significantly higher than those in the previous facility. The new limits, which are measured only at year-end, are based on net capital expenditure (gross capital expenditure less disposal proceeds) and are £125m for the year ended 30 April 2005 rising to £150 million for the year ending 30 April 2006.

12% second priority senior secured notes due 2014 having a nominal value of £120m

On 16 April 2004 the Group, through its wholly owned subsidiary Ashtead Holdings plc, issued £120m of 12% second priority senior secured notes due 1 May 2014. The notes are secured by second priority security interests over substantially the same assets as the senior secured credit facility and are also guaranteed by Ashtead Group plc.

Under the terms of the notes, the Group is, subject to important exceptions, restricted in its ability to incur additional debt, pay dividends, make investments, sell assets, enter into sale and leaseback transactions and merge or consolidate with another company. Interest is payable on the notes on 1 May and 1 November of each year. The notes are listed on the Official List of the UK Listing Authority.

5.25% unsecured convertible loan note due 2008 having a nominal value of £134m

This loan note is convertible, at the holder's option, into 89,333,333 ordinary shares at any time after 1 June 2001 and if not converted is redeemable at par on 31 March 2008. The loan note may only be transferred with the consent of the Company which will be granted if the Company is satisfied that the transferee (and any connected persons) would not, in consequence of the transfer, hold ten per cent or more of the issued share capital of the Company after conversion. Certain orderly marketing restrictions also apply to any ordinary shares issued on conversion.

Payments of the semi-annual interest under the convertible loan note may, under certain conditions, be postponed for up to 180 days by the lenders under the ABL facility and are additionally subject to the constraints set out in the indenture governing the second priority senior secured notes. The holder of the convertible loan note, a subsidiary of Rentokil Initial plc, has agreed that, in the event that the Company is prohibited from paying the interest on the convertible by the restrictions in the senior secured notes indenture, then such non-payment shall not constitute a default. Instead the amount of any such unpaid interest would be carried forward to the next interest payment date and paid at that time provided sufficient earnings are available. If they are not then the amount unpaid is again carried forward. Whilst there is any unpaid interest outstanding the Company is precluded from making distributions to its equity holders.

Minimum contracted debt commitments

The completion of the ABL facility last November together with the issue of the ten-year second priority senior notes in April 2004 means that approximately 75% of our debt facilities have been refinanced within the last fifteen months - thereby extending our debt maturities to an average of five years at 30 April 2005. The table below summarises the maturity of the Group's debt and also shows the minimum annual commitments under off balance sheet operating leases at 30 April 2005 by year of expiry:

	Payments due by year						
	2006	2007	2008	2009	2010	Thereafter	Total
	£m	£m	£m	£m	£m	£m	£m
Bank and other debt [1]	1.4	1.4	1.4	1.6	210.4	-	216.2
Finance leases [2]	10.8	8.3	4.9	3.3	3.6	1.1	32.0
12% senior secured notes [3]	-	-	-	-	-	115.8	115.8
Convertible loan note [4]	-	-	131.3	-	-	-	131.3
	12.2	9.7	137.6	4.9	214.0	116.9	495.3
Cash at bank and in hand	(2.1)	-	-	-	-	-	(2.1)
Net debt	10.1	9.7	137.6	4.9	214.0	116.9	493.2
Operating leases [5]	16.6	14.8	13.6	12.6	11.2	73.9	142.7
Total	26.7	24.5	151.2	17.5	225.2	190.8	635.9

(1) Represents the scheduled maturities of our bank and other debt for the periods indicated.
(2) Represents the future minimum lease payments under our finance leases.
(3) Represents the carrying value of the £120m second priority secured notes.
(4) Represents the carrying value of the 5.25% subordinated unsecured convertible loan note due 2008 (which has a par value of £134m issued to a subsidiary of Rentokil Initial plc in June 2000).
(5) Represents the minimum payments to which we were committed under operating leases.

Operating leases relate principally to properties (most of which are leased) which constituted 97.5% (£139.2m) of our total minimum operating lease commitments. There are also a few remaining operating leases relating to the vehicle fleet which constituted the remaining 2.5% (£3.5m) of such commitments.

On 5 March 2003, the Group entered into an interest rate swap agreement under which we fixed interest rates on $100m of our borrowings at 2.5% for the three-year period from 1 May 2003 to 30 April 2006. This swap is accounted for using the accrual method under which amounts payable or receivable in respect of derivatives are recognised ratably in net interest payable over the period of the contract. The amounts payable or receivable are not revalued to fair value or shown in the Group balance sheet.

Except for the off balance sheet operating leases and interest rate swap described above, £14.5m ($27.8m) of standby letters of credit issued at 30 April 2005 under the first priority senior debt facility relating to the Group's self insurance programmes and a $3m performance guarantee facility utilised by Sunbelt, we have no material commercial commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet.

International Financial Reporting Standards (IFRS)

The Group is required to report its results under IFRS for the year ending 30 April 2006. The project to implement the adoption of IFRS is on schedule. The IFRS implementation project team was established in 2004 to ensure that appropriate processes and procedures were put in place to achieve the transition to IFRS. The project team reports to a steering committee comprising the Group Finance Director and senior financial management, with the external auditor in attendance. The Audit Committee is overseeing the project.

Under IFRS 1 – First-time Adoption of IFRS the Group is required to restate its balance sheet at 1 May 2004 (being the commencement of the comparative period to the 2005/6 year in which adoption of IFRS is mandatory) in accordance with IFRS and then to apply IFRS in measuring its performance subsequent to that date. Consequently the implementation project focussed initially on the impact of applying IFRS at 1 May 2004 and subsequently on the impact on 2004/5 earnings.

Key areas impacted by the Group's forthcoming adoption of IFRS are as follows:

- Goodwill: IFRS 3 – Business Combinations requires goodwill to be carried at cost and reviewed for impairment annually and if there are indications that the carrying value may not be recoverable, record an impairment charge. The goodwill balance at 1 May 2004 will be frozen and amortisation of the remaining goodwill through the profit and loss account will cease. Furthermore, under IFRS the goodwill balance will be carried at the closing balance sheet exchange rate rather than the historical rate at the time of acquisition. This exchange adjustment reduces the carrying value of goodwill at 1 May 2004 by £16.7m.

- Convertible loan note: IAS 32 – Financial Instruments: Disclosure and Presentation requires that the financial liability and equity components of the 5.25% unsecured convertible loan note are considered and valued separately and included within liabilities and equity respectively. Consequently, under IAS 32, the Group's equity shareholders' funds at 1 May 2004 would have increased by approximately £14m whilst profits for 2004/5 and thereafter will, under IFRS, suffer an additional non-cash interest expense of approximately £3 million.

- Pensions accounting: the accounting treatment required under IAS 19 – Employee Benefits is broadly similar to that required by the new UK pensions accounting standard FRS 17. Consequently, under IAS 19, the Group will include its UK pension deficit at 1 May 2004 of approximately £12.7m on the opening balance sheet with the initial adjustment being made against retained earnings. Thereafter the surplus or deficit in the plan will be evaluated annually using the actuarial method and assumptions stipulated by IAS 19. Actuarial gains and losses resulting from the annual IAS 19 evaluation will be recognised immediately as a reserves movement and will not impact reported profits.

- Share-based payments: Under IFRS 2 – Share-based Payments, the Group will recognise a charge to the profit and loss account representing the fair value of any share based payments. This is not expected to lead to a material difference between profits as reported under UK GAAP and under IFRS.

The reconciliation of the Group's reported net assets at 30 April 2004 and of the Group's reported profits for the year ended 30 April 2005 and of its net assets at that date to IFRS is summarised in the table below:

	Profit for year to 30 April 2005	Net assets at 30 April	
		2005	2004
	£m	£m	£m
Profit before tax /net assets under UK GAAP	16.4	126.9	131.8
Goodwill	8.9	8.9	-
Additional non-cash convertible loan note interest	(3.0)	(13.4)	(10.4)
Equity element of convertible loan note	-	24.3	24.3
Pensions	(0.2)	(16.5)	(12.6)
Share based payments	(0.4)	(0.1)	-
Restate $100m interest rate swap to fair value	0.7	0.6	(0.1)
Revaluation of Sunbelt goodwill to current exchange rates	-	(24.7)	(16.7)
Deferred taxation	-	3.9	4.2
Profit before tax /net assets under IFRS	22.4	109.9	120.5
Cash tax earnings per share	6.7p		

The summary reconciliation of the impact of applying IFRS set out above has been prepared on the basis of all International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees and as interpreted by any regulatory bodies applicable to the Group. These are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to possible change. As a result, information contained within the summary reconciliation will require updating for any subsequent amendments to IFRS required for first time adoption or those new standards that the Group may elect to adopt early. In preparing this financial information, the Group has assumed that the European Commission will endorse the amendment to IAS 19, "Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures".

The Group's auditors, Deloitte, have now audited the Group's IFRS balance sheets at 30 April 2004 and 2005 and the profit for the year ended 30 April 2005 and have given an unqualified report on the results of their work to the Directors. Their unqualified report stated that, in their opinion, the balance sheets at 30 April 2004 and 2005 and the profit for the year ended 30 April 2005 under IFRS had been properly prepared in accordance with the basis of preparation described above. Their report contained an emphasis of matter in respect of the uncertainties described in the basis of preparation.

A full reconciliation statement in accordance with the requirements of IFRS 1 will be presented with the results for the quarter ended 31 July 2005, which will be the first results reported under IFRS.

OPERATING STATISTICS

	Profit centre numbers		Staff numbers	
	2005	2004	2005	2004
Sunbelt Rentals	202	200	3,854	3,697
A-Plant	202	220	1,973	2,043
Ashtead Technology	10	9	94	79
Corporate office	-	-	14	14
Group	414	429	5,935	5,833