ASHTEAD GROUP PLC

Unaudited first quarter results for the three months ended 31 July 2006

Continued strong growth in the US ahead of the NationsRent acquisition

Ashtead Group plc, the equipment rental group serving principally the US and UK non-residential construction markets, announces its results for the quarter ended 31 July 2006.

Highlights	First quarter 2006 £m	First quarter 2005 £m
Revenue	175.7	145.9
Underlying profit before taxation *	24.3	12.3
Profit before taxation	8.6	13.6
Underlying earnings per share * - basic	4.1p	2.0p
- cash tax	4.7p	3.7p

** Underlying profit before tax and earnings per share are stated before non-cash fair value remeasurements related to embedded derivatives in long term debt and exceptional items.*

- Group underlying pre-tax profit of £24.3m (2005 - £12.3m)
- Sunbelt's operating profit up 48.6% to $57.1m (2005 - $38.4m)
- A-Plant's operating profit up 25.7% to £4.5m (2005 - £3.6m)
- US market conditions remain favourable
- NationsRent acquisition completed on 31 August 2006

Ashtead's chief executive, George Burnett, commented:

"Sunbelt again delivered a strong performance with first quarter dollar revenue up 25.3% and operating profit up 48.6% driven by strong growth in its key non-residential construction market, the ongoing shift from ownership to rental in the US and market share gains. In the UK A-Plant also grew strongly with first quarter revenue up 13.3% and operating profit up 25.7%, trends we anticipate continuing as they reflect last year's sales force reorganisation.

With the completion of the NationsRent acquisition, we now have more than 450 stores in America with revenues in excess of $1.4bn, making us number three in the US and number two globally by revenue. Our detailed integration plans are now being implemented and we aim to have the new combined regional and district structure in place before the end of September.

With the continuing strength of our core non-residential market in the US and the completion of the NationsRent acquisition the Group expects to continue to make good progress."

Contacts:

Cob Stenham	Non-executive chairman, Ashtead Group plc		020 7299 5562
George Burnett	Chief executive, Ashtead Group plc	)	
Ian Robson	Finance director, Ashtead Group plc	)	01372 362300
Brian Hudspith	Maitland		020 7379 5151

PRESS RELEASE

Overview

The Group's strong performance continued in the first quarter with revenue up 20.5% to £175.7m and underlying pre-tax profit of £24.3m, nearly twice last year's £12.3m. Sunbelt again delivered a good performance with first quarter dollar revenue up 25.3% reflecting strong growth in its key non-residential construction market, increasing market share and the continuing shift from ownership to rental in the US. Sunbelt's operating profit grew 48.6% in the quarter. The improvements in A-Plant's performance, following last year's reorganisation of its sales force, continued and Ashtead Technology also exceeded significantly last year's first quarter performance.

After a non-cash charge of £15.4m in respect of fair value remeasurements of embedded derivatives in long term debt and £0.3m of exceptional post acquisition integration expenses, the profit before tax was £8.6m (2005 - £13.6m).

First quarter underlying earnings per share more than doubled to 4.1p (2005 - 2.0p) whilst basic earnings per share after exceptional items and fair value remeasurements related to embedded derivatives in long term debt were 0.2p (2005 – 2.4p). Underlying earnings per share on a cash tax basis were 4.7p (2005 - 3.7p).

Review of first quarter trading

	Revenue		EBITDA*		Underlying Profit	
	2006	2005	2006	2005	2006	2005
Sunbelt in \$m	234.0	186.8	93.2	68.9	57.1	38.4
Sunbelt in £m	126.3	103.3	50.3	38.1	30.8	21.2
A-Plant	43.9	38.8	13.9	12.5	4.5	3.6
Ashtead Technology	5.5	3.8	2.4	1.9	1.3	1.0
Group central costs	-	-	(1.6)	(1.4)	(1.6)	(1.4)
	175.7	145.9	65.0	51.1	35.0	24.4
Net financing costs					(10.7)	(12.1)
Underlying profit before tax					24.3	12.3

* In 2006 before exceptional items
In 2005 share based remuneration costs previously treated as central items have been reallocated to operating segments in order to be consistent with the treatment of these costs in 2006

Reflecting the Group's operational gearing, the 20.5% revenue increase produced a 27.2% increase in EBITDA to £65.0m and a 43.5% increase in operating profit to £35.0m (in each case before exceptional items of £0.3m). Measured at constant rates of exchange, revenue grew 22.5%, EBITDA grew 29.5% and operating profit rose 46.5%. These improvements were reflected in the Group's margins. EBITDA margins grew from 35.0% to 37.0% and operating margins rose from 16.7% to 19.9%. Group return on investment** (measured on a last twelve months basis) rose from 13.6% a year ago to 18.9% at 31 July 2006.

** Underlying operating profit divided by LTM average net tangible assets before deferred tax.

Sunbelt

In the quarter to 31 July 2006 revenue grew 25.3% to $234.0m reflecting growth of approximately 7% in rental rates and a 17% increase in the average fleet size. Average first quarter utilisation increased slightly from approximately 70% to 71%. Revenue growth continued to be broadly based with all regions and major product areas trading ahead of last year. Organic growth was strong with an increase in same store revenues for the period of 21.3%.

Sunbelt's revenue improvement reflected market share gains and growth in non-residential construction activity, up 15.8% in the 12 months to end July according to figures published by the US Department of Commerce, as well as the continued shift from ownership to rental. Sunbelt's operating profit was up 48.6% in the first quarter from $38.4m to $57.1m, representing a margin of 24.4% (2005 - 20.6%). Last year's acquisitions continue to perform well. Sunbelt continued its investment programme to enable it to take advantage of the strong market conditions in the US with $123.7m invested in its rental fleet in the quarter (2005 - $64.8m).

A-Plant

A-Plant continued its recent improvement with revenue growing by 13.3% to £43.9m. This was achieved from a fleet which on average was approximately 4% larger than last year. Average first quarter utilisation increased strongly from approximately 64% to 69%. Rental rates remained broadly similar to those of Q4 2006 but were approximately 3% below the first quarter of last year. A-Plant's revenue improvement reflected a good UK construction market and market share gains. First quarter operating profit grew 25.7% to £4.5m (2005 - £3.6m), representing a margin of 10.2% (2005 - 9.2%).

Ashtead Technology

Ashtead Technology achieved strong growth in first quarter revenues which rose 43.5% from £3.8m to £5.5m, reflecting principally increased offshore exploration and construction activity. Operating profit rose 29.7% from £1.0m to £1.3m.

Capital expenditure and net debt

In light of the strong US market conditions and the improvements in A-Plant, the Group invested significantly for growth at the start of the seasonally strong summer period. Capital expenditure for the quarter was £110.5m of which £100.4m was on the rental fleet (2005 - £61.5m in total). £70.1m of the fleet expenditure was for growth with the remainder being spent to replace existing equipment. First quarter disposal proceeds were £11.7m (2005 - £10.9m) generating a profit on disposal of £2.2m (2005 - £2.2m).

Net debt at 31 July 2006 was £499.3m, an increase of £5.7m since 30 April 2006 reflecting seasonal trends but a reduction of £19.2m since 31 July 2005. At constant exchange rates the increase since year end was £11.4m. The ratio of net debt to EBITDA reduced to 2.1 times.

The NationsRent acquisition

Operational integration

The NationsRent acquisition was completed on 31 August 2006. Following announcement of the acquisition in mid July we developed detailed plans for the integration of NationsRent.

Prior to closing NationsRent's store managers and sales staff were briefed on Sunbelt's operating methods, sales techniques and incentives and, now that the acquisition has closed, the new combined regional and district structure will be implemented during September. Execution of the detailed integration plan to combine the two back office functions and deliver the integration cost savings has also begun.

Financing

The acquisition was financed through the £152m rights issue and through debt. Existing share holders subscribed for 96.2% of their rights and the balance was successfully placed in the market on 29 August. In relation to the debt, $550m of new ten year second priority senior notes were raised carrying an interest rate of 9% per annum and a new five year $1.75bn first priority asset-based bank loan was arranged. The new asset-based facility carries an initial interest rate of LIBOR plus 175bp and is on substantially similar terms to the Group's existing $800m asset-based facility which was repaid at closing.

On closing of the acquisition on 31 August the enlarged Group had pro-forma debt of approximately £990m comprising approximately £546m under the asset based senior credit facility, $250m of 8.625% 2015 notes, $550m of 9% 2016 notes and approximately £23m of finance lease indebtedness. Availability under the new asset based facility was approximately $430m, substantially in excess of the $125m level above which the facility effectively carries no quarterly financial performance covenants. At the same date the weighted average maturity of the Group's debt facilities was 7 years with the earliest significant maturity being in August 2011. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 8%, most of which is tax deductible in the US where the tax rate is 39%.

The ratio of pro-forma debt to EBITDA at closing (based on Ashtead's LTM EBITDA through 31 July 2006 of £238.6m combined with NationsRent's LTM EBITDA less gains through June 2006 and the pro-forma £20m of central overhead savings, a combined total pro-forma LTM EBITDA of £331.9m) was 3.0 times. The Board considers that these facilities and the rights issue funding provide the Group with an appropriate balance sheet structure to deliver the integration and the future development of the enlarged Group.

Outlook

Our core market in the US – non-residential construction – is forecast to continue its recent growth, with demand for our services also being supported by the continuing structural shift from ownership to rental. The completion of the NationsRent acquisition strengthens our position in this growing market. Consequently the Board expects the Group to continue to make good progress.

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George Burnett (chief executive), Ian Robson (finance director) and Geoff Drabble (chief executive designate) will host a presentation to equity analysts at 9.30 am today at the offices of JPMorgan Cazenove at 20 Moorgate and a conference call for bondholders at 3.00pm this afternoon (10.00am Eastern Standard Time). A simultaneous webcast of the equity analysts' 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 presentation concludes.

CONSOLIDATED INCOME STATEMENT

	Unaudited Three months to 31 July 2006 £m	Unaudited Three months to 31 July 2005 £m (restated)	Audited Year to 30 April 2006 £m
Revenue	175.7	145.9	638.0
Staff costs	(53.3)	(47.4)	(200.7)
Other operating costs	(59.9)	(49.6)	(223.3)
Other income	2.2	2.2	24.1
EBITDA*	64.7	51.1	238.1
Depreciation	(30.0)	(26.7)	(113.6)
Operating profit	34.7	24.4	124.5
Investment income	1.0	2.0	10.5
Interest expense	(27.1)	(12.8)	(53.3)
Profit on ordinary activities before taxation	8.6	13.6	81.7
Underlying profit before taxation	24.3	12.3	67.5
Exceptional items and fair value remeasurements related to embedded derivatives in long term debt	(15.7)	1.3	14.2
Profit on ordinary activities before taxation	8.6	13.6	81.7
Taxation:			
- current	(5.4)	(0.4)	(5.5)
- deferred	(2.2)	(5.5)	(20.6)
	(7.6)	(5.9)	(26.1)
Profit attributable to equity shareholders of the company	1.0	7.7	55.6
Basic earnings per share	0.2p	2.4p	14.7p
Diluted earnings per share	0.2p	2.4p	14.4p

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

All results are from continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	£m	£m (restated)	£m
Net profit for the period	1.0	7.7	55.6
Actuarial gain on defined benefit pension plan	-	-	0.2
Gain on cash flow hedges taken to equity	-	0.8	-
Foreign currency translation differences	(4.1)	20.3	15.4
Total recognised income and expense for the period	(3.1)	28.8	71.2

CONSOLIDATED MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	£m	£m (restated)	£m
Total recognised income and expense for the period	(3.1)	28.8	71.2
Issue of ordinary shares, net of expenses	0.6	0.3	70.9
Dividends paid	-	-	(2.0)
Credit in respect of share based payments	0.3	0.1	1.3
Own shares acquired by ESOT	(2.5)	-	(2.8)
Net (decrease)/increase in equity shareholders' funds	(4.7)	29.2	138.6
Opening equity shareholders' funds	258.3	119.7	119.7
Closing equity shareholders' funds	253.6	148.9	258.3

CONSOLIDATED BALANCE SHEET

	Unaudited 31 July 2006	Unaudited 31 July 2005	Audited 30 April 2006
	£m	£m (restated)	£m
Current assets			
Inventories	14.0	14.9	12.7
Trade and other receivables	116.6	103.1	110.4
Cash and cash equivalents	1.1	1.2	1.0
	131.7	119.2	124.1
Non-current assets			
Property, plant and equipment			
- rental equipment	615.2	496.2	559.9
- other assets	90.7	88.9	86.8
	705.9	585.1	646.7
Intangible assets – goodwill	145.1	127.8	149.0
Deferred tax asset	3.3	-	2.9
Other financial assets – derivatives	-	11.1	15.4
Defined benefit pension fund surplus	1.9	-	1.7
	856.2	724.0	815.7
Non-current assets held for sale	-	9.5	-
Total assets	987.9	852.7	939.8
Current liabilities			
Trade and other payables	143.1	99.2	99.1
Current tax liabilities	4.8	1.0	3.3
Debt due in less than one year	10.1	13.2	10.6
Provisions	6.7	8.5	7.0
	164.7	121.9	120.0
Non-current liabilities			
Other payables	-	7.9	-
Debt due in more than one year	490.3	506.5	484.0
Provisions	12.2	8.1	11.3
Defined benefit pension fund deficit	-	16.1	-
Deferred taxation	67.1	43.3	66.2
	569.6	581.9	561.5
Total liabilities	734.3	703.8	681.5
Equity shareholders' funds			
Share capital	40.6	32.7	40.4
Share premium account	3.6	101.0	3.2
Non-distributable reserve	90.7	-	90.7
Equity element of convertible loan note	-	24.3	-
Own shares held in treasury through the ESOT	(6.7)	(1.6)	(4.2)
Cumulative foreign exchange translation differences	(21.3)	(12.3)	(17.2)
Distributable reserves	146.7	4.8	145.4
Total equity shareholders' funds	253.6	148.9	258.3
Total liabilities and equity shareholders' funds	987.9	852.7	939.8

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 31 July 2006 £m	Unaudited Three months to 31 July 2005 £m	Audited Year to 30 April 2006 £m
Cash flows from operating activities			
Cash generated from operations before exceptional items	57.7	38.3	215.2
Exceptional items	(0.3)	-	11.1
Pension payment	-	-	(17.1)
Cash generated from operations	57.4	38.3	209.2
Financing costs paid (excluding exceptional financing costs)	(9.4)	(11.2)	(38.7)
Exceptional financing costs paid	-	-	(13.3)
Tax paid	(3.7)	(0.1)	(2.8)
Net cash from operating activities	44.3	27.0	154.4
Cash flows from investing activities			
Acquisition of businesses	-	(2.0)	(57.0)
Disposal of businesses	-	-	12.8
Purchase of property, plant and equipment	(70.3)	(51.8)	(229.3)
Proceeds on sale of property, plant and equipment	13.7	10.8	50.4
Net cash used in investing activities	(56.6)	(43.0)	(223.1)
Cash flows from financing activities			
Drawdown of loans	31.7	27.7	257.5
Redemption of loans	(15.0)	(9.6)	(244.0)
Capital element of finance lease payments	(2.4)	(3.3)	(12.1)
Purchase of own shares by the ESOT	(2.5)	-	(2.8)
Dividends paid	-	-	(2.0)
Proceeds from issue of ordinary shares	0.6	0.3	70.9
Net cash from financing activities	12.4	15.1	67.5
Increase/(decrease) in cash and cash equivalents	0.1	(0.9)	(1.2)
Opening cash and cash equivalents	1.0	2.1	2.1
Effect of exchange rate changes	-	-	0.1
Closing cash and cash equivalents	1.1	1.2	1.0

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the three months ended 31 July 2006 were approved by the directors on 4 September 2006.

They have been prepared in accordance with relevant International Financial Reporting Standards ('IFRS') and the accounting policies set out Group's Annual Report and Accounts for the year ended 30 April 2006. They are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The statutory accounts for the year ended 30 April 2006 were prepared in accordance with relevant IFRS and have been mailed to shareholders and filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237 of the Companies Act 1985.

The 2005 comparatives have been restated to include the fair value of embedded derivatives included within our long term debt instruments in accordance with IAS 39. This increased investment income by £1.3m and total assets by £11.1m in the three months ended and as at 31 July 2005. In addition, the comparative figures for operating profit for Sunbelt Rentals, A-Plant, Technology and Corporate in note 2 have been restated to include share based remuneration costs within the operating segment results. In 2005 these costs were included within Corporate.

The exchange rates used in respect of the US dollar are:

	2006	2005
Average for the quarter ended 31 July	1.8522	1.8085
Period end rate	1.8671	1.7606

2. Segmental analysis

Three months to 31 July	Revenue	Operating profit before exceptionals *	Exceptional items	Operating profit *	Capital expenditure
	£m	£m	£m	£m	£m
2006					
Sunbelt Rentals	126.3	30.8	(0.3)	30.5	73.3
A-Plant	43.9	4.5	-	4.5	34.0
Technology	5.5	1.3	-	1.3	3.2
Corporate	-	(1.6)	-	(1.6)	-
	175.7	35.0	(0.3)	34.7	110.5
2005					
Sunbelt Rentals	103.3	21.2	-	21.2	42.3
A-Plant	38.8	3.6	-	3.6	17.5
Technology	3.8	1.0	-	1.0	1.7
Corporate	-	(1.4)	-	(1.4)	-
	145.9	24.4	-	24.4	61.5

* 2005 comparatives have been restated as described in note 1.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. Operating costs

	Three months to 31 July 2006 £m	2005 £m	Year to 30 April 2006 £m
Staff costs:			
Salaries	48.4	43.0	182.4
Social security costs	3.9	3.6	15.5
Other pension costs	1.0	0.8	2.8
	53.3	47.4	200.7
Other operating costs:			
Vehicle costs	13.9	11.4	51.7
Spares, consumables and external repairs	11.0	10.1	45.3
Facility costs	7.9	7.2	32.3
Other external charges	27.1	20.9	94.0
	59.9	49.6	223.3
Other income:			
Profit on disposal of fixed assets	(2.2)	(2.2)	(12.8)
Other income	-	-	(11.3)
	(2.2)	(2.2)	(24.1)
Depreciation	30.0	26.7	113.6
	141.0	121.5	513.5

Other operating costs in the three months to 31 July 2006 include £0.3m of exceptional post acquisition integration costs (2005: nil).

4. Exceptional items and fair value remeasurements related to embedded derivatives

'Exceptional items' are those items of financial performance that are material and non-recurring in nature. Non-cash fair value remeasurements relate to embedded derivatives within long term debt instruments. The Group believes these items should be disclosed separately within the consolidated income statement to assist in the understanding of the financial performance of the Group. Exceptional items and fair value remeasurements are excluded from underlying profit and earnings per share. These are set out below:

	Three months to 31 July 2006 £m	2005 £m (restated)	Year to 30 April 2006 £m
Fair value remeasurements of embedded derivatives	(15.4)	1.3	5.6
Post acquisition integration costs	(0.3)	-	(0.8)
Litigation proceeds	-	-	11.3
Capital reorganisation	-	-	(4.8)
Profit on sale of scaffolding	-	-	2.9
Net amount (charged)/credited to income statement	(15.7)	1.3	14.2

Fair value remeasurements relate to the changes in fair value of the embedded prepayment options in our second priority senior secured notes. Integration costs relate to costs incurred in integrating acquisitions during the period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. Exceptional items and fair value remeasurements related to embedded derivatives (contd)

Exceptional items and fair value remeasurements are presented in the income statement as follows:

	Three months to 31 July 2006 £m	Three months to 31 July 2005 £m (restated)	Year to 30 April 2006 £m
Staff costs	-	-	(0.3)
Other operating costs	(0.3)	-	(1.3)
Other income	-	-	15.0
(Charged)/credited in arriving at operating profit	(0.3)	-	13.4
Net finance (costs)/income	(15.4)	1.3	0.8
(Charged)/credited in arriving at profit before tax	(15.7)	1.3	14.2

5. Net financing costs

	Three months to 31 July 2006 £m	Three months to 31 July 2005 £m (restated)	Year to 30 April 2006 £m
Investment income			
Interest and other financial income	-	0.1	0.5
Expected return on assets of defined benefit pension plan	1.0	0.6	2.2
	1.0	0.7	2.7
Fair value remeasurements related to embedded derivatives in long term debt	-	1.3	7.8
Total investment income	1.0	2.0	10.5
Interest expense			
Bank interest payable	4.7	3.7	16.3
Interest on second priority senior secured notes	5.3	3.6	19.7
Interest payable on finance leases	0.3	0.5	1.8
5.25% unsecured convertible loan note, due 2008:			
- interest payable	-	1.9	1.9
- non-cash unwind of discount	-	1.0	1.0
Non-cash unwind of discount on defined pension plan liabilities	0.7	0.7	2.2
Amortisation of deferred costs of debt raising	0.6	0.7	2.7
Non-cash unwind of discount on insurance provisions	0.1	-	0.4
Fair value losses on derivatives not accounted for as hedges	-	0.7	0.3
	11.7	12.8	46.3
Fair value remeasurements related to embedded derivatives in long term debt	15.4	-	7.0
Total interest expense	27.1	12.8	53.3
Net financing costs before fair value remeasurements of embedded derivatives	10.7	12.1	43.6
Fair value remeasurements of embedded derivatives	15.4	(1.3)	(0.8)
Net financing costs	26.1	10.8	42.8

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. Taxation

The tax charge for the quarter has been calculated by applying the directors' best estimate of the effective annual tax rate (estimated at 31%) to the Group's underlying profit before tax for the quarter. The tax charge comprises a credit of £0.4m related to the UK (2005: £nil) and a charge of £8.0m (2005: £5.9m) related to the US.

7. Earnings per share

Basic and diluted earnings per share for the three months ended 31 July 2006 have been calculated based on the profit for the relevant period and on the weighted average number of ordinary shares in issue during that period which excludes the shares held by the ESOT in respect of which dividends have been waived. Diluted earnings 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). These are calculated as follows:

		Three months to 31 July		Year to 30 April
		2006	2005	2006
Profit for the financial period (£m)		1.0	7.7	55.6
Weighted average number of shares (m)	- basic	400.7	323.5	379.0
	- diluted	408.3	327.4	387.4
Basic earnings per share (p)		0.2p	2.4p	14.7p
Diluted earnings per share (p)		0.2p	2.4p	14.4p

Underlying earnings per share (defined in any period as the earnings before exceptional items and fair value remeasurements for that period divided by the weighted average number of shares in issue in that period) and cash tax earnings per share (defined in any period as underlying earnings before deferred taxation divided by the weighted average number of shares in issue in that period) may be reconciled to the basic earnings per share as follows:

	Three months to 31 July		Year to 30 April
	2006	2005	2006
Basic earnings per share	0.2p	2.4p	14.7p
Exceptional items and fair value remeasurements	3.9p	(0.4)p	(3.8)p
Tax on exceptional items and fair value remeasurements	-	-	1.3p
Underlying earnings per share	4.1p	2.0p	12.2p
Other deferred tax	0.6p	1.7p	5.6p
Cash tax earnings per share	4.7p	3.7p	17.8p

NOTES TO THE INTERIM FINANCIAL STATEMENTS

8. Property, plant and equipment

Net book value	2006 Rental equipment £m	2006 Total £m	2005 Rental equipment £m	2005 Total £m
At 1 May	559.9	646.7	452.9	537.1
Exchange differences	(10.5)	(11.8)	25.8	29.4
Additions	100.4	110.5	55.4	61.5
Acquisitions	-	-	2.0	2.0
Assets held for sale	-	-	(9.1)	(9.5)
Disposals	(8.6)	(9.5)	(8.1)	(8.7)
Depreciation	(26.0)	(30.0)	(22.7)	(26.7)
At 31 July	615.2	705.9	496.2	585.1

9. Called up share capital

Ordinary shares of 10p each:

	31 July 2006 Number	31 July 2005 Number	30 April 2006 Number	31 July 2006 £m	31 July 2005 £m	30 April 2006 £m
Authorised	900,000,000	900,000,000	900,000,000	90.0	90.0	90.0
Allotted, called up and fully paid	405,776,875	326,770,616	404,334,066	40.6	32.7	40.4

During the period 1,442,809 shares were issued at an average price of 41.7p per share under share option plans raising £0.6m.

10. Reconciliation of changes in shareholders' funds

	Share capital £m	Share premium £m	Non distributable reserves £m	Own shares held in treasury (ESOT) £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m	31 July 2005 £m	30 April 2006 £m
Total recognised income and expense	-	-	-	-	(4.1)	1.0	(3.1)	28.8	71.2
Shares issued	0.2	0.4	-	-	-	-	0.6	0.3	70.9
Dividends	-	-	-	-	-	-	-	-	(2.0)
Share based payments	-	-	-	-	-	0.3	0.3	0.1	1.3
Own shares purchased	-	-	-	(2.5)	-	-	(2.5)	-	(2.8)
Net changes in shareholders' equity	0.2	0.4	-	(2.5)	(4.1)	1.3	(4.7)	29.2	138.6
Opening shareholders' equity	40.4	3.2	90.7	(4.2)	(17.2)	145.4	258.3	119.7	119.7
Closing shareholders' equity	40.6	3.6	90.7	(6.7)	(21.3)	146.7	253.6	148.9	258.3

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Notes to cash flow statement

	Three months to 31 July 2006 £m	Three months to 31 July 2005 £m	Year to April 2006 £m
a) Cash flow from operating activities			
Operating profit	34.7	24.4	124.5
Depreciation	30.0	26.7	113.6
Exceptional items	0.3	-	(13.4)
EBITDA before exceptional items	65.0	51.1	224.7
Profit on disposal of property, plant and equipment	(2.2)	(2.2)	(9.1)
(Increase)/decrease in inventories	(1.6)	(0.1)	2.2
(Increase) in trade and other receivables	(9.9)	(6.0)	(11.2)
Increase/(decrease) in trade and other payables	6.0	(4.4)	7.5
Exchange differences	0.1	(0.3)	(0.3)
Other non-cash movements	0.3	0.2	1.4
Cash generated from operations before exceptional items	57.7	38.3	215.2

b) Reconciliation to net debt

	Three months to 31 July 2006 £m	Three months to 31 July 2005 £m	Year to April 2006 £m
(Increase)/decrease in cash in the period	(0.1)	0.9	1.2
Increase in debt through cash flow	14.3	14.8	1.4
Change in net debt from cash flows	14.2	15.7	2.6
Exchange difference	(10.1)	16.9	3.7
Non cash movements:			
- deferred costs of debt raising	0.6	0.7	4.0
- convertible loan note	-	1.1	(1.0)
- capital element of new finance leases	1.0	1.8	2.0
Movement in net debt in the period	5.7	36.2	11.3
Opening net debt	493.6	482.3	482.3
Closing net debt	499.3	518.5	493.6

c) Analysis of net debt	1 May 2006 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 July 2006 £m
Cash	(1.0)	-	(0.1)	-	(1.1)
Debt due within 1 year	10.6	(0.1)	(2.4)	2.0	10.1
Debt due after 1 year	484.0	(10.0)	16.7	(0.4)	490.3
Total net debt	493.6	(10.1)	14.2	1.6	499.3

12. Contingent liabilities and contingent assets

There have been no significant changes in contingent liabilities from those reported at 30 April 2006. At 30 April 2006, Sunbelt had provided performance guarantees to a value of £1.1m. These obligations are guaranteed by Ashtead Group plc. The Group is subject to periodic legal claims in the ordinary course of its business. However, the claims outstanding at 31 July 2006 are not expected to have a significant impact on the Group's financial position.

BUSINESS AND FINANCIAL REVIEW

First quarter (to 31 July) results compared with prior year

Overview

	Quarter to 31 July 2006			Quarter to 31 July 2005		
	Before exceptional items and fair value remeasurements	Exceptional items and fair value remeasurements +	Total	Before exceptional items and fair value remeasurements	Exceptional items and fair value remeasurements +	Total
	£m	£m	£m	£m	£m (restated)	£m (restated)
Revenue	175.7	-	175.7	145.9	-	145.9
Staff costs	(53.3)	-	(53.3)	(47.4)	-	(47.4)
Other operating costs	(59.6)	(0.3)	(59.9)	(49.6)	-	(49.6)
Other income	2.2	-	2.2	2.2	-	2.2
EBITDA*	65.0	(0.3)	64.7	51.1	-	51.1
Depreciation	(30.0)	-	(30.0)	(26.7)	-	(26.7)
Operating profit	35.0	(0.3)	34.7	24.4	-	24.4
Investment income	1.0	-	1.0	0.7	1.3	2.0
Interest expense	(11.7)	(15.4)	(27.1)	(12.8)	-	(12.8)
Profit before taxation	24.3	(15.7)	8.6	12.3	1.3	13.6
Taxation:						
- current	(5.5)	0.1	(5.4)	(0.4)	-	(0.4)
- deferred	(2.2)	-	(2.2)	(5.5)	-	(5.5)
	(7.7)	0.1	(7.6)	(5.9)	-	(5.9)
Profit for the quarter	16.6	(15.6)	1.0	6.4	1.3	7.7

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.
\+ Fair value remeasurements related to embedded derivatives in long term debt.

First quarter revenue increased 22.5% at constant 2006 exchange rates to £175.7m and by 20.5% at actual rates. EBITDA before exceptional items grew by 29.5% at constant exchange rates to £65.0m and by 27.2% at actual rates. Operating profit before exceptional items of £35.0m in the quarter increased 46.5% at constant 2006 exchange rates and 43.5% from £24.4m in 2005 at actual rates. Before exceptional items, EBITDA margins grew from 35.0% to 37.0% and operating margins rose from 16.7% to 19.9%.

Seasonality

Our business is subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US and the UK, there are more billing days in the first half of our financial year than the second half leading to our revenues normally being higher in the first half. On a quarterly basis, the second quarter is typically our strongest quarter, followed by the first and then the third and fourth quarters.

Divisional performance

Divisional results before exceptional items are summarised below:

	Revenue		EBITDA		Operating profit	
	2006	2005	2006	2005	2006	2005
Sunbelt in $m	234.0	186.8	93.2	68.9	57.1	38.4
Sunbelt in £m	126.3	103.3	50.3	38.1	30.8	21.2
A-Plant	43.9	38.8	13.9	12.5	4.5	3.6
Ashtead Technology	5.5	3.8	2.4	1.9	1.3	1.0
Corporate	-	-	(1.6)	(1.4)	(1.6)	(1.4)
	175.7	145.9	65.0	51.1	35.0	24.4

Sunbelt

Revenue increased 25.3% to $234.0m reflecting strong growth of approximately 7% in rental rates and a 17% increase in the average fleet size. Utilisation increased slightly from approximately 70% to 71%. Revenue growth was broadly based with all regions and all major product areas trading ahead of last year. Sunbelt's revenue improvement reflected market share gains and growth in non-residential construction activity as well as the continued shift from ownership to rental.

Costs (excluding depreciation) rose 19.5% to $140.9m in 2006. This reflected principally increased headcount, higher commissions and profit share payments to staff as a result of the increased activity levels and increased fuel costs for Sunbelt's delivery fleet. As a result, EBITDA grew 35.2% to $93.2m and the EBITDA margin for the quarter improved to 39.8% from 36.9% in 2005. Sunbelt's operating profit increased 48.6% to $57.1m representing a margin of 24.4% (2005 – 20.6%). Sunbelt's results in sterling reflected the factors discussed above and the slightly weaker US dollar.

A-Plant

First quarter revenue increased 13.3% to £43.9m, reflecting a fleet size which was approximately 4% larger than in the equivalent period a year ago, utilisation increased from approximately 64% to 69% whilst rental rates declined by approximately 3%. Costs (excluding depreciation) rose by 14.5% year over year reflecting mainly increased headcount following the salesforce re-organisation and increased fuel costs. As a result EBITDA increased 10.8% to £13.9m and the EBITDA margin decreased slightly from 32.4% to 31.7% in 2006. A-Plant's operating profit increased 25.7% to £4.5m representing a margin of 10.2% (2005 – 9.2%).

Ashtead Technology

Ashtead Technology's performance continued the trend established in the second half of last year with first quarter revenues up 43.5% to £5.5m. Ashtead Technology's operating profit of £1.3m increased from £1.0m in 2005 at both actual and constant exchange rates. These results reflected recent increases in investment by the oil majors which is delivering higher offshore exploration and construction activity as well as continued growth in our on-shore environmental business. These trends are expected to continue.

Net financing costs

Net financing costs, before fair value remeasurements related to embedded derivatives in long term debt, decreased to £10.7m from £12.1m in 2005 reflecting similar average debt levels but slightly lower average interest rates following the redemption of the convertible loan notes and part repayment of the 12% second priority secured notes and a weaker dollar.

Net financing costs also included a charge of £15.4m for fair value remeasurements related to embedded derivatives in long term debt which arose principally because, following the decision to repay the 12% sterling notes as part of the NationsRent acquisition, the embedded prepayment options for these notes no longer have value.

Taxation

The tax charge for the quarter of £7.6m (2005 - £5.9m) comprised a charge for current tax of £5.4m and a charge for deferred tax of £2.2m. Overall, the effective accounting tax rate on the profit before exceptional items is 31% whilst the cash tax rate is 22%.

Balance sheet

Property, plant and equipment

	31 July 2006		31 July 2005	
Net book value	Rental equipment	Total	Rental equipment	Total
	£m	£m	£m	£m
At 1 May	559.9	646.7	452.9	537.1
Exchange differences	(10.5)	(11.8)	25.8	29.4
Additions	100.4	110.5	55.4	61.5
Acquisitions	-	-	2.0	2.0
Assets held for sale	-	-	(9.1)	(9.5)
Disposals	(8.6)	(9.5)	(8.1)	(8.7)
Depreciation	(26.0)	(30.0)	(22.7)	(26.7)
At 31 July	615.2	705.9	496.2	585.1

Capital expenditure in the first quarter was £110.5m of which £100.4m was on the rental fleet (2005 - £61.5m in total). Expenditure on rental equipment was 90.9% of total capital expenditure. Capital expenditure by division was as follows:

	31 July 2006			2005
	Growth	Maintenance	Total	Total
Sunbelt in $m	98.4	25.3	123.7	64.8
Sunbelt in £m	52.7	13.5	66.2	36.8
A-Plant	14.5	16.5	31.0	16.9
Ashtead Technology	2.9	0.3	3.2	1.7
Total rental equipment	70.1	30.3	100.4	55.4
Other fixed assets			10.1	6.1
Total additions			110.5	61.5

With the improvement in market conditions in the US, the Group spent £70.1m of its rental equipment capital expenditure on growth with £30.3m spent on replacing existing fleet. The growth 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.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 July 2006 was 33 months (2005 - 43 months) on a net book value basis. At 31 July, Sunbelt's fleet had an average age of 35 months (2005 - 44 months) comprising 45 months for aerial work platforms which have a longer life and 24 months for the remainder of its fleet. At the same date A-Plant's fleet had an average age of 31 months (2005 - 42 months).

As previously announced, we expect that gross capital expenditure for the existing group (not including NationsRent) for the current financial year will be in the region of £250m.

Trade receivables

Receivable days improved to 48 days (2005 - 51 days). The bad debt charge as a percentage of total turnover was 0.5% in 2006 compared with 0.7% in 2005.

Trade and other payables

Group payable days were 59 days in 2006 (2005 - 67 days). Capital expenditure related payables at 31 July 2006 totalled £69.1m (2005 - £44.8m). Payment periods for purchases other than rental equipment vary between 7 and 60 days and for rental equipment between 30 and 90 days.

Cash flow and net debt

Free cash flow in the three months ended 31 July 2006 (which is defined as our net cash inflow from operations less net maintenance capital expenditure, financing costs paid and tax paid) is summarised below:

	Three months to 31 July 2006	Three months to 31 July 2005	Year to 30 April 2006	LTM to 31 July 2006
	£m	£m	£m	£m
EBITDA before exceptional items	65.0	51.1	224.7	238.6
Cash inflow from operations before exceptional items	57.7	38.3	215.2	234.6
*Cash efficiency ratio**	*88.8%*	*75.0%*	*95.8%*	*98.3%*
Maintenance rental capital expenditure	(28.2)	(34.0)	(149.9)	(144.1)
Non-rental capital expenditure	(9.3)	(4.1)	(16.8)	(22.0)
Proceeds from sale of used rental equipment	13.7	10.8	50.4	53.3
Tax paid	(3.7)	(0.1)	(2.8)	(6.4)
Free cash flow before interest	30.2	10.9	96.1	115.4
Financing costs paid	(9.4)	(11.2)	(38.7)	(36.9)
Free cash flow after interest	20.8	(0.3)	57.4	78.5
Growth capital expenditure	(32.8)	(13.7)	(62.6)	(81.7)
Acquisitions and disposals	-	(2.0)	(44.2)	(42.2)
Issue of ordinary share capital	0.6	0.3	70.9	71.2
Purchase of own shares by ESOT	(2.5)	-	(2.8)	(5.3)
Dividends paid	-	-	(2.0)	(2.0)
Pension plan funding	-	-	(17.1)	(17.1)
Exceptional costs paid	(0.3)	-	(2.2)	(2.5)
Increase in total debt	(14.2)	(15.7)	(2.6)	(1.1)

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

Cash inflow from operations increased 51% to £57.7m and the cash efficiency ratio was 88.8% (2005 - 75.0%) reflecting seasonal increases in working capital. After net maintenance capital expenditure of £23.8m (2005 - £27.3m) and tax, free cash flow before interest was £30.2m (2005 - £10.9m). Financing costs paid this year were £9.4m (2005 - £11.2m). After interest payments, there was a free cash inflow of £20.8m (2005 - outflow of £0.3m).

Including payments of £32.8m in respect of growth capital expenditure, £2.5m for the purchase of shares by the ESOT in connection with employee share plans and £0.3m in respect of exceptional items, and taking into account the proceeds received from share issues of £0.6m, there was an increase of £14.2m in the quarter in drawings under our debt facilities.

Net debt

	31 July		30 April
	2006	2005	2006
	£m	£m	£m
First priority senior secured bank debt	274.3	249.8	263.2
Finance lease obligations	21.4	32.5	23.2
12% second priority senior secured notes, due 2014	75.5	115.9	75.5
8.625% second priority senior secured notes, due 2015	129.2	-	132.7
5.25% unsecured convertible loan note, due 2008	-	121.5	-
	500.4	519.7	494.6
Cash at bank and in hand	(1.1)	(1.2)	(1.0)
Total net debt	499.3	518.5	493.6

Measured at constant (31 July 2006) exchange rates, the decrease in total net debt since 31 July last year was £8.0m whilst debt has increased £11.4m in the three months since year end. Availability at 31 July 2006 under the asset based senior secured bank facility was $261m.

OPERATING STATISTICS

	Profit centre numbers			Staff numbers		
	31 July		30 April	31 July		30 April
	2006	2005	2006	2006	2005	2006
Sunbelt Rentals	210	208	209	4,330	4,034	4,266
A-Plant	193	201	193	2,091	1,977	2,081
Ashtead Technology	11	10	11	103	80	104
Corporate office	-	-	-	14	14	14
Group	414	419	413	6,538	6,105	6,465