Ashtead group

26 June 2007

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2007

Financial summary

	Fourth quarter			Year		
	2007	2006	Growth*	2007	2006	Growth*
	£m	£m	%	£m	£m	%
Revenue	233.8	161.7	+57%	896.1	638.0	+48%
Underlying operating profit[1]	35.7	25.7	+54%	150.5	111.1	+45%
Underlying profit before taxation[1]	15.7	14.5	+21%	81.4	67.5	+29%
Underlying earnings per share[1] - basic	1.8p	2.3p	-14%	10.3p	11.3p	-3%
- cash tax	2.8p	3.6p	-14%	15.8p	16.4p	+3%
(Loss)/profit before taxation	(8.0)	14.1	n/a	(36.5)	81.7	n/a
Basic (loss)/earnings per share	(1.2)p	2.8p	n/a	1.5p	13.5p	-88%

[1] See explanatory notes below * At constant exchange rates

Highlights

- Continued growth in revenue and profit in all divisions with full year underlying operating profit of £150.5m, up 45% at constant exchange rates.

- On a pro forma basis[1(b)] Sunbelt's underlying full year operating profit grew by 43% to $272.3m reflecting the progress made to date on the NationsRent integration.

- On the same pro forma[1(b)] basis, A-Plant delivered underlying operating profit growth of 40% to £20.7m reflecting its strong 11% organic improvement in pro forma[1(b)] revenues.

- Underlying basic earnings per share declined 3% to 10.3p reflecting the expected first year dilution from the NationsRent acquisition.

- The loss before tax for the year of £36.5m (2006 - profit of £81.7m) is after charging exceptional costs, fair value remeasurements and intangible amortisation amounting to £117.9m (2006 - £14.2m credit). No further exceptional costs relating to the NationsRent acquisition are expected.

- Final dividend of 1.1p per share proposed, making 1.65p for the year (2006 - 1.5p)

Ashtead's chief executive, Geoff Drabble, commented:

"The year saw substantial change and development across the Group. The NationsRent acquisition was a significant step forward in enhancing the Group's presence in the growing US rental market. I am pleased with the progress made to date which is reflected in the strong fourth quarter performance. The major elements of the integration are behind us and the combined business can now focus on gaining further market share and continuing to improve dollar utilisation[1(c)].

A-Plant also continued to improve its performance built upon double digit same store growth. The Board's recent decision to invest in an improved profit centre infrastructure better suited to our customers' needs in the UK in the coming year will underpin delivery of improved returns. Ashtead Technology also traded well throughout the year.

Looking forward, the markets in which we operate are strong and the drive to rental, due to both the financial and operational benefits for customers of outsourcing, will continue, particularly in the US. Given the ongoing integration benefits from the acquired NationsRent business, together with the improving performance of both A-Plant and Ashtead Technology, we look forward to 2008 with confidence."

Contacts:

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Explanatory notes

a) Underlying profit and earnings per share are stated before exceptional items, amortisation of acquired intangibles and non-cash fair value remeasurements of embedded derivatives in long term debt. The definition of exceptional items is set out in note 4. The reconciliation of underlying earnings per share and underlying cash tax earnings per share to basic earnings per share is shown in note 7 to the attached financial information. Underlying earnings per share for the fourth quarter of 2005/6 have also been adjusted to reflect the effective tax rate of 31% reported for the whole of that year rather than the effective tax rate of 6% actually reported in that quarter.

b) Pro forma basis includes the NationsRent and Lux Traffic acquisitions throughout both periods. For this purpose the pre-acquisition results of NationsRent have been derived from its reported performance under US GAAP adjusted to exclude the large profits on disposal of rental equipment it reported following the application of US "fresh start" accounting principles and to include an estimated depreciation charge under Ashtead's depreciation policies.

c) Dollar utilisation is defined as rental and rental related revenues divided by the average original or "first" cost of rental equipment.

Review of the year

A year of significant change was dominated by the acquisition of NationsRent on 31 August 2006 for approximately $1bn. The acquisition provided a unique opportunity to enhance our US footprint with minimal profit centre overlap. It also allowed us to acquire an underperforming asset which provided significant cost saving and efficiency opportunities. A major focus for the year, therefore, has been ensuring we realised these integration opportunities.

Our initial focus was to complete the internal activities such as systems changes, head office closures, profit centre mergers and closures and fleet reconfiguration by the end of the financial year. This was to ensure that not only will we enjoy a full year of the benefits accruing from this activity in the coming year but also that the combined business could be focused fully on market share gains as we enter the busy summer period.

We are pleased with the success to date of the integration, the benefits of which are reflected in a strong fourth quarter performance. No further exceptional costs associated with the transaction are expected.

A-Plant's recent strong revenue and profit growth continued in the fourth quarter. Ongoing focus on revenue growth and operational efficiency supports our expectation of continuing improvement in its margins and return on investment. During the year we acquired the Lux Traffic business creating a clear market leader in this sector. This was A-Plant's first acquisition for some time and reflected our confidence in the business.

We have continued to invest in Ashtead Technology to support buoyant market conditions contributing to good revenue and profit growth.

Our prime market is non-residential construction. In the US, high corporate profits continue to support strong private and public expenditure, the latter due to federal and state tax receipts. We see increased expenditure in key areas such as education, healthcare and transportation.

A year of strong growth

The Group made good progress in the year to 30 April 2007:

- Revenue for the year at £896.1m was up 40.5% on the revenue reported in 2006 at actual exchange rates and 48.2% at constant rates. On a consolidated, pro forma basis the organic growth in rental and rental related revenues was 10% at constant exchange rates.

- Underlying operating profit for the year at £150.5m was 35.5% up on the prior year at actual exchange rates and 44.7% at constant rates, reflecting good performance in all three divisions. Pro forma underlying operating profit grew 43.1% to £161.2m at constant exchange rates.

- The underlying profit before tax of £81.4m grew 20.6% at actual rates of exchange and by 28.9% at constant rates over last year's £67.5m

- After exceptional items, non-cash fair value remeasurements of embedded derivatives in long term debt and amortisation of acquired intangibles, there was a loss before tax of £36.5m in the year compared to last year's £81.7m profit. No further exceptional items relating to the NationsRent acquisition are expected in the coming year.

- Basic earnings per share for the year were 1.5p (2006 - 13.5p) whilst underlying earnings per share were 10.3p (2006 - 11.3p). On a cash tax basis underlying earnings per share were 15.8p (2006 - 16.4p).

- Capital expenditure in the year was £290.2m (2006 - £220.2m) gross whilst disposal proceeds totalled £89.1m (2006 - £63.7m) giving net capex of £201.1m (2006 - £156.5m)

- Net debt at 30 April 2007 was £915.9m (2006 - £493.6m). The ratio of debt to pro forma last twelve months' EBITDA was 2.7 times at 30 April 2007 down from 3.2 times at closing.

- Availability under the $1.75bn asset based loan facility was $589m at 30 April 2007 ($283m at 30 April 2006) providing substantial flexibility for future growth.

Sunbelt

	Fourth quarter			Year		
	2007	2006	Growth	2007	2006	Growth
	$m	$m		$m	$m	
Revenue						
As reported	349.4	202.7	+72%	1,307.9	818.7	+60%
NationsRent	-	144.5		230.7	605.8	
Pro forma combined	349.4	347.2	+1%	1,538.6	1,424.5	+8%
Underlying operating profit						
As reported	59.8	37.7	+59%	253.1	175.5	+44%
NationsRent	-	(4.0)		19.2	14.9	
Pro forma combined	59.8	33.7	+78%	272.3	190.4	+43%
Pro forma margin	17.1%	9.7%		17.7%	13.4%	

The year was dominated by the acquisition of NationsRent on 31 August 2006 and the subsequent operational integration of its 268 stores into the Sunbelt network. Within two months of closing the transaction, a new combined regional and district management structure had been introduced, overlapping profit centres merged and the two point of sale computer systems combined. By the end of January the former NationsRent head office had been closed and Sunbelt's corporate headquarters had been relocated to new larger premises. Sunbelt's profit share and sales commission programmes, with their strong focus on return on investment, were also introduced to the NationsRent staff. In addition, we undertook a programme to reshape the acquired NationsRent fleet to contain a similar proportion of higher returning assets to Sunbelt.

These actions not only realised annual cost savings of approximately $48m, ahead of our $37m target, but have positioned Sunbelt to focus on improving the dollar utilisation and operational performance of the acquired profit centres as we enter the busy summer period. The year also saw an early improvement in combined pro forma dollar utilisation which rose to 62% from a combined 59% in the year to 30 April 2006.

The fourth quarter saw the operating margin enhancements at NationsRent accelerate. Growth in pro forma fourth quarter revenues was just 1% as we continued the planned reduction in low margin new equipment sales at NationsRent. Excluding these sales revenues, rental and rental related revenues grew 3% in total to $319.1m. Away from the hurricane related states (Florida, Alabama, Louisiana and Mississippi) which were still affected by unusually strong comparatives, rental and rental related revenues in the rest of the US grew 5% in the quarter.

Operating margins benefited from the growth in rental revenues resulting from focusing the acquired profit centres on more profitable rental business and from the regional and head office cost savings which ran at an annual rate of approximately $48m in the quarter. Pro forma fourth quarter operating profit margins increased from 9.7% a year ago to 17.1% giving a 78% increase in pro forma operating profit to $59.8m.

For the year as a whole, which on a pro forma basis includes four months prior to our taking ownership of NationsRent, total revenues grew 8% whilst rental and rental related revenues grew 9%. Pro forma operating profit grew 43% to $272.3m representing an improvement in pro forma margins from 13.4% to 17.7%.

Exceptional costs incurred in the year in relation to the NationsRent acquisition totalled £31.5m and related to redundancies, retention bonuses, rebranding and other costs. In addition £68.0m of exceptional financing costs and non-cash fair value remeasurements were incurred at closing relating to debt redeemed in connection with the acquisition. The charge for intangible amortisation for the year was £11.0m, mostly relating to the write off of the acquired NationsRent brand name which ceased to be used with the completion of the profit centre rebranding programme by year end.

A-Plant

	Fourth quarter			Year		
	2007	2006	Growth	2007	2006	Growth
	£m	£m		£m	£m	
Revenue						
As reported	50.2	41.8	+20%	189.9	160.7	+18%
Lux Traffic	-	5.1		9.5	18.4	
Pro forma combined	50.2	46.9	+7%	199.4	179.1	+11%
Underlying operating profit						
As reported	5.9	4.3	+40%	20.1	13.9	+45%
Lux Traffic	-	0.3		0.6	0.8	
Pro forma combined	5.9	4.6	+29%	20.7	14.7	+40%
Pro forma margin	11.8%	9.8%		10.4%	8.2%	

The year also saw substantial progress at A-Plant where we continued to build on the investment in additional sales resources made in the previous year and delivered double digit same store revenue growth. The Lux Traffic business acquired in October was integrated smoothly thereby making A-Plant the UK market leader in the rental of temporary traffic systems.

In April we began to implement a new investment programme for A-Plant. This will involve the restructuring of its profit centre infrastructure over the coming year to create fewer, larger sites with higher levels of activity. These larger pools of equipment and staff will improve operational efficiency and enable A-Plant to meet the needs of its customers better.

A-Plant continued to trade strongly in the fourth quarter with same store revenue growth of 7%. For the year as a whole, the same store revenue growth was 11% which reflected a 5% increase in average fleet size, a 5% increase in average fleet utilisation to 69% (2006 - 65%) and a 1% growth in rental rates as A-Plant regained market share. On a pro forma basis, 2006/7's revenues exceeded those of 2001/2, A-Plant's previous record year.

The increased revenues and the acquisition of the higher margin, Lux Traffic business drove improved pro forma margins which grew from 8.2% to 10.4% for the year. As a result pro forma operating profit totalled £20.7m.

An exceptional charge of £6.2m was recorded in the fourth quarter in respect of, principally, vacant premises cost at the profit centres which will be closed as a result of the new investment plan.

Ashtead Technology

	Fourth quarter			Year		
	2007	2006	Growth*	2007	2006	Growth*
	£m	£m		£m	£m	
Revenue	5.3	4.3	+30%	21.6	16.1	+39%
Operating profit	1.8	1.1	+58%	6.2	4.0	+57%
Margin	34.0%	25.6%		28.7%	24.8%	

* At constant exchange rates

Ashtead Technology rents specialist equipment including underwater survey and positioning equipment, remote visual inspection and non-destructive testing equipment and environmental monitoring equipment. Both Ashtead Technology's offshore and onshore markets remain good and the division has continued to invest in order to take advantage of these markets. This has enabled the business to deliver excellent revenue and profit growth all year, trends which look set to continue.

Taxation

Following the refinancing at the time of the NationsRent acquisition and the improvement in A-Plant's profitability the Group has recognised £35.9m of the previously unrecognised UK deferred tax asset as an exceptional item. As a result the effective tax rate on underlying pre-tax profits for the year was 35% (2006 – 31%) and is now expected to remain at around 35% in coming years. There was again no significant cash tax charge and, due to available tax losses and the capital intensive nature of the business, the cash tax charge is expected to remain well below the effective accounting tax charge for several more years.

Earnings per share

Basic earnings per share for the year were 1.5p (2006 -13.5p) and 1.5p (2006 - 13.2p) on a fully diluted basis reflecting the significant exceptional integration and financing costs incurred in the year, principally in connection with the NationsRent acquisition. Before these items, underlying earnings per share were 10.3p (2006 - 11.3p) whilst, on a cash tax basis, underlying earnings per share were 15.8p (2006 - 16.4p). The reduction in underlying earnings per share was 3% at constant exchange rates reflecting the expected first year dilution from the NationsRent acquisition.

Return on Investment and Return on Equity

Reflecting the inclusion of the lower margin NationsRent business Group return on investment declined to 12.9% (2006 - 14.7%), still well above our cost of capital. RoI for Sunbelt was 14.0% (2006 - 17.2%) whilst that for A-Plant continued its recently improving trend and was 8.8% (2006 - 7.0%). Following the NationsRent and Lux acquisitions, RoI is now computed including goodwill and is defined as underlying operating profit divided by average shareholders' equity plus debt and deferred tax, less the pension fund surplus and financial assets - derivatives.

Following the recognition of the UK deferred tax asset, the Group's tax position has normalised and return on equity (defined as underlying profit after tax and financing costs divided by average stockholders equity) has also become relevant. For the year, after tax, the return on equity was 15.3% indicating strong returns for shareholders.

Balance sheet and debt position

Capital expenditure in the year totalled £290.2m (2006 - £220.2m) including £256.4m on the rental fleet. £181.7m of the rental fleet expenditure was maintenance or replacement expenditure with £74.7m spent for growth. Disposal proceeds totalled £89.1m (2006 - £63.7m) giving net expenditure of £201.1m (2006 - £156.5m). The average age of the Group's rental fleet at 30 April 2007 was 31 months (2006 - 37 months). In the coming year gross capital expenditure is expected to be approximately £275m including £50m of NationsRent fleet reconfiguration spend rolled over from 2006/7. Net of disposal proceeds, 2007/8 capital expenditure is expected to be approximately £225m.

Net debt of £916m at 30 April 2007 compares to pro forma net debt at closing of the NationsRent acquisition on 31 August 2006 of £990m. The ratio of net debt to last twelve months pro forma EBITDA was 2.7 times at 30 April 2007 compared to 3.2 times on 31 August 2006 when the NationsRent acquisition closed (in each case, not including pro forma cost savings).

Dividends

The Board is proposing a final dividend of 1.1p (2006 - 1.0p) making 1.65p for the year (2006 - 1.5p). If approved by shareholders at the forthcoming Annual General Meeting, the dividend will be paid on 28 September 2007 to shareholders on record as of 7 September 2007.

Current trading and outlook

The new financial year has started with May results in line with our expectations. Looking forward, the markets in which we operate remain strong and the drive to rental, due to both the financial and operational benefits of outsourcing, will continue, particularly in the US. Given the ongoing integration benefits from the acquired NationsRent business, together with the improving performance of both A-Plant and Ashtead Technology, we look forward to 2008 with confidence.

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Geoff Drabble and Ian Robson will host a meeting for equity analysts to discuss the results at 10.30am on Tuesday 26 June at the offices of JPMorgan Cazenove at 20 Moorgate, London EC2. For the information of shareholders and other interested parties, the analysts' meeting will be webcast live via the Company's website at www.ashtead-group.com and there will also be a replay available from shortly after the call concludes. A copy of this announcement and the slide presentation used for the meeting will also be available for download on the Company's website. There will also be a conference call for bondholders at 3pm (10am EST).

Analysts and bondholders have already been invited to participate in the meeting and conference call but anyone not having received dial-in details should contact the Company's PR advisers, Maitland (Jane Franklin) at +44 (0)20 7379 5151.

CONSOLIDATED INCOME STATEMENT

Three months to 30 April – unaudited

	2007 Before exceptional items, amortisation and fair value remeasurements+ £m	2007 Exceptional items, amortisation and fair value remeasurements+ £m	2007 Total £m	2006 Before exceptional items and fair value remeasurements+ £m	2006 Exceptional items and fair value remeasurements+ £m	2006 Total £m
Revenue	233.8	-	233.8	161.7	-	161.7
Staff costs	(78.3)	(1.4)	(79.7)	(52.5)	-	(52.5)
Other operating costs	(81.8)	(16.1)	(97.9)	(58.4)	(0.5)	(58.9)
Other income	5.2	(0.9)	4.3	3.6	(0.4)	3.2
EBITDA*	78.9	(18.4)	60.5	54.4	(0.9)	53.5
Depreciation	(43.2)	(0.9)	(44.1)	(28.7)	-	(28.7)
Amortisation of intangibles	-	(4.4)	(4.4)	-	-	-
Operating profit	35.7	(23.7)	12.0	25.7	(0.9)	24.8
Investment income	0.8	-	0.8	0.6	0.5	1.1
Interest expense	(20.8)	-	(20.8)	(11.8)	-	(11.8)
Net financing costs	(20.0)	-	(20.0)	(11.2)	0.5	(10.7)
(Loss)/profit on ordinary activities before taxation	15.7	(23.7)	(8.0)	14.5	(0.4)	14.1
Taxation:						
- current	(0.4)	-	(0.4)	1.2	(5.4)	(4.2)
- deferred	(5.2)	6.8	1.6	(2.1)	4.6	2.5
	(5.6)	6.8	1.2	(0.9)	(0.8)	(1.7)
(Loss)/profit attributable to equity shareholders	10.1	(16.9)	(6.8)	13.6	(1.2)	12.4
Basic earnings per share	1.8p	(3.0p)	(1.2p)	3.1p	(0.3p)	2.8p
Diluted earnings per share	1.8p	(3.0p)	(1.2p)	3.1p	(0.3p)	2.8p

Year to 30 April - audited

	2007 Before exceptional items, amortisation and fair value remeasurements+ £m	2007 Exceptional items, amortisation and fair value remeasurements+ £m	2007 Total £m	2006 Before exceptional items and fair value remeasurements+ £m	2006 Exceptional items and fair value remeasurements+ £m	2006 Total £m
Revenue	896.1	-	896.1	638.0	-	638.0
Staff costs	(284.6)	(10.1)	(294.7)	(200.1)	(0.3)	(200.4)
Other operating costs	(313.0)	(26.5)	(339.5)	(222.3)	(1.3)	(223.6)
Other income	11.8	(0.9)	10.9	9.1	15.0	24.1
EBITDA*	310.3	(37.5)	272.8	224.7	13.4	238.1
Depreciation	(159.8)	(0.9)	(160.7)	(113.6)	-	(113.6)
Amortisation of intangibles	-	(11.0)	(11.0)	-	-	-
Operating profit	150.5	(49.4)	101.1	111.1	13.4	124.5
Investment income	3.9	-	3.9	2.7	7.8	10.5
Interest expense	(73.0)	(68.5)	(141.5)	(46.3)	(7.0)	(53.3)
Net financing costs	(69.1)	(68.5)	(137.6)	(43.6)	0.8	(42.8)
(Loss)/profit on ordinary activities before taxation	81.4	(117.9)	(36.5)	67.5	14.2	81.7
Taxation:						
- current	(0.4)	-	(0.4)	(0.1)	(5.4)	(5.5)
- deferred	(28.3)	73.1	44.8	(21.0)	0.4	(20.6)
	(28.7)	73.1	44.4	(21.1)	(5.0)	(26.1)
Profit attributable to equity shareholders	52.7	(44.8)	7.9	46.4	9.2	55.6
Basic earnings per share	10.3p	(8.8p)	1.5p	11.3p	2.2p	13.5p
Diluted earnings per share	10.1p	(8.6p)	1.5p	11.0p	2.2p	13.2p

* 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.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2007	2006	2007	2006
	£m	£m	£m	£m
Net (loss)/profit for the period	(6.8)	12.4	7.9	55.6
Actuarial gain on defined benefit pension schemes	2.5	0.2	2.5	0.2
Foreign currency translation differences	(2.5)	(3.9)	(13.0)	15.4
Tax on items taken directly to equity	1.6	-	1.6	-
Total recognised income and expense for the period	(5.2)	8.7	(1.0)	71.2

CONSOLIDATED MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2007	2006	2007	2006
	£m	£m	£m	£m
Total recognised income and expense for the period	(5.2)	8.7	(1.0)	71.2
Issue of ordinary shares, net of expenses	0.7	1.4	148.9	70.9
Dividends paid	(3.0)	(2.0)	(7.0)	(2.0)
Credit in respect of share based payments	0.4	0.5	2.4	1.3
Own shares acquired by ESOT	-	-	(4.9)	(2.8)
Net (decrease)/increase in equity shareholders' funds	(7.1)	8.6	138.4	138.6
Opening equity shareholders' funds	403.8	249.7	258.3	119.7
Closing equity shareholders' funds	396.7	258.3	396.7	258.3

CONSOLIDATED BALANCE SHEET

	Audited 30 April 2007 £m	Audited 30 April 2006 £m
Current assets		
Inventories	24.2	12.7
Trade and other receivables	163.7	110.4
Current tax asset	2.0	-
Assets held for sale	10.3	-
Cash and cash equivalents	1.1	1.0
	201.3	124.1
Non-current assets		
Property, plant and equipment		
- rental equipment	920.6	559.9
- other assets	127.4	86.8
	1,048.0	646.7
Intangible assets - brand names and other acquired intangibles	9.7	-
Goodwill	289.6	149.0
Deferred tax asset	41.7	2.9
Other financial assets - derivatives	-	15.4
Defined benefit pension fund surplus	5.2	1.7
	1,394.2	815.7
Total assets	1,595.5	939.8
Current liabilities		
Trade and other payables	166.8	99.1
Current tax liability	0.7	3.3
Debt due in less than one year	9.0	10.6
Provisions	12.7	7.0
	189.2	120.0
Non-current liabilities		
Debt due in more than one year	908.0	484.0
Provisions	19.6	11.3
Deferred tax liability	82.0	66.2
	1,009.6	561.5
Total liabilities	1,198.8	681.5
Equity shareholders' funds		
Share capital	56.0	40.4
Share premium account	3.3	3.2
Non-distributable reserve	90.7	90.7
Own shares held in treasury through the ESOT	(8.7)	(4.2)
Cumulative foreign exchange translation differences	(30.2)	(17.2)
Distributable reserves	285.6	145.4
Total equity shareholders' funds	396.7	258.3
Total liabilities and equity shareholders' funds	1,595.5	939.8

CONSOLIDATED CASH FLOW STATEMENT

	Audited Year to 30 April 2007		2006	
	£m	£m	£m	£m
Cash flows from operating activities				
Cash generated from operations before exceptional items		319.3		215.2
Pension payment		-		(17.1)
Exceptional items		(19.0)		11.1
Cash generated from operations		300.3		209.2
Financing costs paid before exceptional items	(64.2)		(38.7)	
Exceptional financing costs paid	(49.8)		(13.3)	
Financing costs paid		(114.0)		(52.0)
Tax paid		(5.0)		(2.8)
Net cash from operating activities		181.3		154.4
Cash flows from investing activities				
Acquisition of businesses		(327.2)		(57.0)
Disposal of businesses		-		12.8
Payments for property, plant and equipment		(308.3)		(229.3)
Proceeds on sale of property, plant and equipment and assets held for sale		78.5		50.4
Net cash used in investing activities		(557.0)		(223.1)
Cash flows from financing activities				
Drawdown of loans		890.5		257.5
Redemption of loans		(641.8)		(244.0)
Capital element of finance lease payments		(9.9)		(12.1)
Purchase of own shares by the ESOT		(4.9)		(2.8)
Dividends paid		(7.0)		(2.0)
Proceeds from issue of ordinary shares		148.9		70.9
Net cash from financing activities		375.8		67.5
Increase/(decrease) in cash and cash equivalents		0.1		(1.2)
Opening cash and cash equivalents		1.0		2.1
Effect of exchange rate changes		-		0.1
Closing cash and cash equivalents		1.1		1.0

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the year ended 30 April 2007 were approved by the directors on 25 June 2007. This preliminary announcement of the results for the year ended 30 April 2007 contains information derived from the forthcoming 2007 Annual Report & Accounts and does not constitute the statutory accounts for either 2006/7 or 2005/6 for the purposes of section 240(3) of the Companies Act 1985. The 2006/7 results are extracted from the audited accounts for that year which have not yet been filed with Companies House. The comparative figures for 2005/6 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(2) or (3) of the Companies Act 1985. The results for the year ended and quarter ended 30 April 2007 have been prepared in accordance with relevant IFRS and the accounting policies set out in the Group's Annual Report & Accounts for the year ended 30 April 2006.

The figures for the fourth quarter are unaudited.

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

	2007	2006
Average for the year ended 30 April	1.91	1.78
At 30 April	2.00	1.82

2. Segmental analysis

	Revenue	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
Three months to 30 April	£m	£m	£m	£m
2007				
Sunbelt	178.3	30.4	(17.1)	13.3
A-Plant	50.2	5.9	(6.5)	(0.6)
Ashtead Technology	5.3	1.8	-	1.8
Corporate costs	-	(2.4)	(0.1)	(2.5)
	233.8	35.7	(23.7)	12.0
2006				
Sunbelt	115.6	21.6	(0.9)	20.7
A-Plant	41.8	4.3	-	4.3
Ashtead Technology	4.3	1.1	-	1.1
Corporate costs	-	(1.3)	-	(1.3)
	161.7	25.7	(0.9)	24.8
Year to 30 April				
2007				
Sunbelt	684.6	132.5	(42.3)	90.2
A-Plant	189.9	20.1	(6.8)	13.3
Ashtead Technology	21.6	6.2	-	6.2
Corporate costs	-	(8.3)	(0.3)	(8.6)
	896.1	150.5	(49.4)	101.1
2006				
Sunbelt	461.2	98.9	13.4	112.3
A-Plant	160.7	13.9	-	13.9
Ashtead Technology	16.1	4.0	-	4.0
Corporate costs	-	(5.7)	-	(5.7)
	638.0	111.1	13.4	124.5

NOTES TO THE FINANCIAL STATEMENTS

3. Operating costs

	2007			2006		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items	Exceptional items	Total
	£m	£m	£m	£m	£m	£m
Three months to 30 April						
Staff costs:						
Salaries	71.2	-	71.2	47.7	-	47.7
Social security costs	6.1	-	6.1	4.2	-	4.2
Other pension costs	1.0	-	1.0	0.6	-	0.6
Redundancies and retention bonuses	-	1.4	1.4	-	-	-
	78.3	1.4	79.7	52.5	-	52.5
Other operating costs:						
Vehicle costs	15.4	-	15.4	12.7	-	12.7
Spares, consumables & external repairs	15.3	-	15.3	12.9	-	12.9
Facility costs	13.3	6.1	19.4	8.9	-	8.9
Other external charges	37.8	10.0	47.8	23.9	0.5	24.4
	81.8	16.1	97.9	58.4	0.5	58.9
Other income:						
Profit on disposal of fixed assets	(5.2)	0.9	(4.3)	(3.6)	0.4	(3.2)
Depreciation and amortisation:						
Depreciation	43.2	0.9	44.1	28.7	-	28.7
Amortisation of acquired intangibles	-	4.4	4.4	-	-	-
	43.2	5.3	48.5	28.7	-	28.7
	198.1	23.7	221.8	136.0	0.9	136.9
Year to 30 April						
Staff costs:						
Salaries	258.5	-	258.5	181.8	0.3	182.1
Social security costs	21.4	-	21.4	15.5	-	15.5
Other pension costs	4.7	-	4.7	2.8	-	2.8
Redundancies and retention bonuses	-	10.1	10.1	-	-	-
	284.6	10.1	294.7	200.1	0.3	200.4
Other operating costs:						
Vehicle costs	64.3	-	64.3	51.7	-	51.7
Spares, consumables & external repairs	57.5	-	57.5	45.3	-	45.3
Facility costs	47.8	10.2	58.0	31.8	0.5	32.3
Other external charges	143.4	16.3	159.7	93.5	0.8	94.3
	313.0	26.5	339.5	222.3	1.3	223.6
Other income:						
Profit on disposal of fixed assets	(11.8)	0.9	(10.9)	(9.1)	(3.7)	(12.8)
Other income	-	-	-	-	(11.3)	(11.3)
	(11.8)	0.9	(10.9)	(9.1)	(15.0)	(24.1)
Depreciation and amortisation:						
Depreciation	159.8	0.9	160.7	113.6	-	113.6
Amortisation of acquired intangibles	-	11.0	11.0	-	-	-
	159.8	11.9	171.7	113.6	-	113.6
	745.6	49.4	795.0	526.9	(13.4)	513.5

NOTES TO THE FINANCIAL STATEMENTS

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

'Exceptional items' are those items of financial performance that are material and non-recurring in nature. Amortisation relates to the periodic write off of acquired intangible assets. 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, amortisation and fair value remeasurements are excluded from underlying profit and earnings per share and are set out below:

	Three months to 30 April		Year to 30 April	
	2007	2006	2007	2006
	£m	£m	£m	£m
Senior note redemption costs	-	-	42.1	5.0
Write off of deferred financing costs relating to debt redeemed	-	-	10.5	1.5
Acquisition integration costs	5.2	0.4	21.3	0.8
Rebranding costs	6.9	-	9.4	-
UK restructuring	6.2	-	6.2	-
Litigation proceeds	-	-	-	(11.3)
Profit on sale of scaffolding	-	0.5	-	(2.9)
Gain on repayment of convertible loan note	-	-	-	(2.0)
Other costs	1.0	-	2.0	0.3
Total exceptional items	19.3	0.9	91.5	(8.6)
Amortisation of acquired intangibles	4.4	-	11.0	-
Fair value remeasurements of embedded derivatives	-	(0.5)	15.4	(5.6)
	23.7	0.4	117.9	(14.2)

Senior note redemption costs include 'make-whole' payments and associated costs of £25.4m paid at closing on 31 August 2006 for NationsRent's $400m secured and unsecured loan notes and £16.7m paid on the same date on redemption of the £78m Ashtead secured loan notes due 2014. The write off of deferred financing costs relates to deferred costs previously carried forward on both Ashtead's sterling senior notes and its $800m asset based bank facility which was replaced on 31 August 2006 by a new $1.75bn asset based bank facility. Acquisition integration costs relate primarily to employee retention and severance costs and vacant property costs following the NationsRent acquisition while rebranding relates to new signage and painting of former NationsRent facilities and equipment. The UK restructuring relates to principally vacant property costs and the write off of leasehold improvements at profit centres that will be closed as a result of the A-Plant move to fewer, larger sites.

The items detailed in the table above are presented in the income statement as follows:

	Three months to 30 April		Year to 30 April	
	2007	2006	2007	2006
	£m	£m	£m	£m
Staff costs	1.4	-	10.1	0.3
Other operating costs	16.1	0.5	26.5	1.3
Other income	0.9	0.4	0.9	(15.0)
Depreciation	0.9	-	0.9	-
Amortisation of acquired intangibles	4.4	-	11.0	-
Charged/(credited) in arriving at operating profit	23.7	0.9	49.4	(13.4)
Net financing (income)/costs	-	(0.5)	68.5	(0.8)
Charged/(credited) in arriving at profit before tax	23.7	0.4	117.9	(14.2)

NOTES TO THE FINANCIAL STATEMENTS

5. Financing costs

	Three months to 30 April 2007 £m	Three months to 30 April 2006 £m	Year to 30 April 2007 £m	Year to 30 April 2006 £m
Investment income:				
Interest and other financial income	-	0.3	0.1	0.5
Expected return on assets of defined benefit pension plan	0.8	0.3	3.8	2.2
	0.8	0.6	3.9	2.7
Exceptional income and fair value remeasurements of embedded derivatives in long term debt	-	0.5	-	7.8
Total investment income	0.8	1.1	3.9	10.5
Interest expense:				
Bank interest payable	9.9	4.4	34.0	16.3
Interest on second priority senior secured notes	9.1	5.4	31.7	19.7
Interest payable on finance leases	0.4	0.4	1.6	1.8
5.25% unsecured convertible loan note, due 2008:				
- interest payable	-	-	-	1.9
- non-cash unwind of discount	-	-	-	1.0
Non-cash unwind of discount on defined benefit pension plan liabilities	0.5	0.2	2.5	2.2
Non-cash unwind of discount on self insurance provisions	0.3	0.4	0.7	0.4
Amortisation of deferred costs of debt raising	0.6	0.7	2.5	2.7
Other	-	0.3	-	0.3
	20.8	11.8	73.0	46.3
Exceptional costs and fair value remeasurements of embedded derivatives in long term debt	-	-	68.5	7.0
Total interest expense	20.8	11.8	141.5	53.3
Net financing costs before exceptional items and fair value remeasurements of embedded derivatives	20.0	11.2	69.1	43.6
Net exceptional items and fair value remeasurements of embedded derivatives	-	(0.5)	68.5	(0.8)
Net financing costs	20.0	10.7	137.6	42.8

6. Taxation

Following the refinancing of the Group at the time of the NationsRent acquisition and the improved trading results at A-Plant, the Group has recognised, as an exceptional tax credit, a previously unrecognised UK deferred tax asset of £35.9m.

The remaining tax credit for the year of £8.5m comprises a charge on profits before tax, exceptional items and intangible amortisation of £28.7m and a deferred tax credit of £37.2m on the exceptional items and intangible amortisation. The £28.7m tax charge on the underlying pre-tax profit of £81.4m represents an effective tax rate of 35% (2006 - 31%). The £28.7m underlying tax charge consists of a current tax charge of £0.1m relating to Singapore (2006 - £0.1m), a current tax charge of £0.3m relating to the US (2006 - £0.4m), a deferred tax charge of £6.0m relating to the UK (2006 - credit of £2.9m), a deferred tax charge of £22.2m relating to the US (2006 - charge of £23.5m), and a deferred tax charge of £0.1m relating to Singapore (2006 - £nil).

NOTES TO THE FINANCIAL STATEMENTS

7. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 2007 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 (excluding shares held by the ESOT over 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 30 April		Year to 30 April	
		2007	2006	2007	2006
Profit for the financial period (£m)		(6.8)	12.4	7.9	55.6
Weighted average number of shares (m)	- basic	551.4	432.7	512.3	410.9
	- diluted	562.1	443.0	519.0	419.9
Basic earnings per share		(1.2p)	2.8p	1.5p	13.5p
Diluted earnings per share		(1.2p)	2.8p	1.5p	13.2p

The weighted average number of shares shown as being in issue in previous periods has been adjusted to take account of the bonus element of the rights issue on 29 August 2006.

Underlying earnings per share (defined in any period as the earnings before exceptional items, amortisation of acquired intangibles 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 other deferred taxes 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 30 April		Year to 30 April	
	2007	2006	2007	2006
Basic earnings per share	(1.2p)	2.8p	1.5p	13.5p
Exceptional items, amortisation of acquired intangibles and fair value remeasurements	4.3p	0.1p	23.0p	(3.4p)
Tax on exceptional items, amortisation and fair value remeasurements	(1.5p)	0.2p	(7.2p)	1.2p
Exceptional deferred tax credit for previously unrecognised UK tax losses	0.2p	-	(7.0p)	-
Underlying earnings per share	1.8p	3.1p	10.3p	11.3p
Other deferred tax	1.0p	0.5p	5.5p	5.1p
Cash tax earnings per share	2.8p	3.6p	15.8p	16.4p

NOTES TO THE FINANCIAL STATEMENTS

8. Property, plant and equipment

Net book value	2007 Rental equipment £m	2007 Total £m	2006 Rental equipment £m	2006 Total £m
At 1 May	559.9	646.7	452.9	537.1
Exchange difference	(48.4)	(54.4)	16.3	18.6
Reclassifications	(0.4)	-	0.3	-
Additions	256.4	290.2	201.8	220.2
Acquisitions	344.6	385.2	32.2	35.3
Disposals	(53.1)	(59.0)	(47.4)	(50.9)
Depreciation	(138.4)	(160.7)	(96.2)	(113.6)
At 30 April	920.6	1,048.0	559.9	646.7

9. Called up share capital

Ordinary shares of 10p each:

	2007 Number	2006 Number	2007 £m	2006 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	559,898,348	404,334,066	56.0	40.4

On 29 August 2006 the Group issued 152,240,015 ordinary shares of 10p each at £1 per share through a 3 for 8 rights issue which raised £152.2m before issue expenses of £5.5m. A further 3,324,267 shares were issued in the year ended 30 April 2007 at an average price of 64.6p per share under share option plans raising £2.2m.

10. Statement of changes in shareholders' equity

	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	30 April 2006 £m
Total recognised income and expense	-	-	-	-	(13.0)	12.0	(1.0)	71.2
Shares issued	15.6	0.1	-	-	-	133.2	148.9	70.9
Dividends paid	-	-	-	-	-	(7.0)	(7.0)	(2.0)
Share based payments	-	-	-	-	-	2.4	2.4	1.3
Vesting of share awards	-	-	-	0.4	-	(0.4)	-	-
Own shares purchased	-	-	-	(4.9)	-	-	(4.9)	(2.8)
Net changes in shareholders' equity	15.6	0.1	-	(4.5)	(13.0)	140.2	138.4	138.6
Opening shareholders' equity	40.4	3.2	90.7	(4.2)	(17.2)	145.4	258.3	119.7
Closing shareholders' equity	56.0	3.3	90.7	(8.7)	(30.2)	285.6	396.7	258.3

NOTES TO THE FINANCIAL STATEMENTS

11. Notes to the cash flow statement

	Year to 30 April 2007 £m	2006 £m
a) Cash flow from operating activities		
Operating profit	101.1	124.5
Depreciation and amortisation	171.7	113.6
Exceptional items	37.5	(13.4)
EBITDA before exceptional items	310.3	224.7
Profit on disposal of property, plant and equipment	(11.8)	(9.1)
Decrease in inventories	14.8	2.2
Decrease/(increase) in trade and other receivables	7.2	(11.2)
(Decrease)/increase in trade and other payables	(4.6)	7.5
Exchange differences	1.1	(0.3)
Other non-cash movements	2.3	1.4
Cash generated from operations before exceptional items	319.3	215.2

b) Reconciliation to net debt

	2007 £m	2006 £m
(Increase)/decrease in cash in the period	(0.1)	1.2
Increase in debt through cash flow	238.8	1.4
Change in net debt from cash flows	238.7	2.6
Debt acquired	232.8	-
Exchange difference	(64.7)	3.7
Non-cash movements:		
- deferred costs of debt raising	13.0	4.0
- convertible loan note	-	(1.0)
- capital element of new finance leases	2.5	2.0
Movement in net debt in the period	422.3	11.3
Opening net debt	493.6	482.3
Closing net debt	915.9	493.6

c) Analysis of net debt

	1 May 2006 £m	Exchange movement £m	Cash flow £m	Debt acquired £m	Non-cash movements £m	30 April 2007 £m
Cash	(1.0)	-	(0.1)	-	-	(1.1)
Debt due within 1 year	10.6	(0.6)	(13.4)	7.3	5.1	9.0
Debt due after 1 year	484.0	(64.1)	252.2	225.5	10.4	908.0
Total net debt	493.6	(64.7)	238.7	232.8	15.5	915.9

Details of the changes in the Group’s debt following the NationsRent acquisition are given in the Review of Results, Balance Sheet and Cashflow accompanying these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

11. Notes to the cash flow statement (continued)

d) Acquisitions

	Year to 30 April 2007 NationsRent	Lux	Total	2006 Total
	£m	£m	£m	£m
Initial consideration	311.2	15.8	327.0	57.0
Less: cash/overdrafts acquired	(6.5)	0.3	(6.2)	-
Attributable costs paid	6.1	0.3	6.4	-
	310.8	16.4	327.2	57.0

12. Acquisitions

NationsRent Companies Inc ("NationsRent")

On 31 August 2006, Sunbelt acquired the entire issued share capital of NationsRent for an initial consideration of $592m plus acquisition costs subject to adjustment under closing balance sheet mechanisms. $28m of the initial consideration was paid to an escrow agent to secure any claims under the warranties and indemnities with the balance being paid to the vendors at closing. $0.5m of the escrow amount was returned to Sunbelt on 5 June 2007 by way of an agreed reduction in consideration resulting from warranty claims. Following the latest release from the escrow account to the vendors on 5 June 2007 $6m remains in escrow.

As part of the NationsRent acquisition, the Group has agreed to pay deferred contingent consideration of up to $89m. The amount of the deferred contingent consideration is linked to the Company's share price performance over the three years from 1 September 2006 to 31 August 2009. In the event that the Company's share price (measured on a five day average basis) rises by more than 22.2% above the reference price of 204p (as adjusted for the bonus element of the rights issue), contingent consideration becomes payable at the rate of $5m for every additional 1% rise in the share price up to a maximum of 40% above the reference price. Accordingly, deferred contingent consideration starts to become payable when the Company's share price reaches 250p with the maximum $89m being payable at 286p. The contingent consideration is payable on a quarterly basis in cash. It is not practicable to estimate reliably the amount of contingent consideration which will become payable and accordingly no provision has been made.

NationsRent's revenues and estimated operating profits under IFRS and Ashtead Group plc specific accounting policies for the period pre-acquisition (1 May to 31 August 2006) were $230.7m and $19.2m respectively. For the previous full year (1 May 2005 to 30 April 2006) NationsRent's estimated revenue and operating profit were $605.8m and $14.9m respectively on the same accounting basis.

Due to the operational integration of NationsRent and Sunbelt since acquisition, in particular the movement of rental equipment between profit centres and the merger of some profit centres, it is not practical to report the revenue and profit of the acquired business post acquisition.

NOTES TO THE FINANCIAL STATEMENTS

12. Acquisitions (continued)

The provisional goodwill arising on the NationsRent acquisition is as follows:

	At estimated fair value
	£m
Net assets acquired:	
Inventory	28.0
Trade and other receivables	54.4
Cash and cash equivalents	6.5
Property, plant and equipment:	
- rental equipment	340.4
- other assets	39.8
Intangible assets - tradename and distribution agreements	17.9
Assets held for sale	31.1
Trade and other payables	(90.8)
Deferred tax liability (net of acquired tax losses of £28.7m)	(29.2)
Debt	(232.6)
Net assets acquired	165.5
Consideration paid:	
Cash	311.2
Amount receivable relating to adjustment to initial consideration	(0.3)
Directly attributable costs	6.1
	317.0
Goodwill	151.5

Lux Traffic Controls Limited ("Lux")

On 16 October 2006, A-Plant purchased the entire issued share capital of Lux for total consideration of £15.8m and attributable costs of £0.3m. The acquisition included arrangements for the vendor to acquire from Lux for cash immediately after closing assets valued at £0.3m and consequently, before costs, there was a net cash outflow of £15.5m in connection with the acquisition. The consideration payable was subject to downwards only adjustment to the extent that Lux's net assets at closing are less than £4.25m. The necessary closing accounts have now been prepared and agreed with £60,000 of the £0.5m escrow amount being returned and the balance released to the vendor.

The net assets acquired and the goodwill arising on the acquisition are summarised in the table below:

NOTES TO THE FINANCIAL STATEMENTS

12. Acquisitions (continued)

	At fair value £m
Net assets acquired:	
Inventory	0.1
Trade and other receivables	2.8
Assets acquired by the vendor immediately after closing	0.3
Property, plant and equipment:	
- rental equipment	4.2
- other assets	0.5
Intangible assets (tradenames, customer list and non-competes)	3.1
Trade and other payables	(2.8)
Short term borrowings	(0.3)
Deferred tax liabilities	(1.3)
Debt	(0.2)
	6.4
Consideration paid:	
Paid in cash at closing	15.8
Directly attributable costs	0.3
	16.1
Goodwill	9.7

Lux's revenue and operating profit in the period from 1 May 2006 to 16 October 2006 were £9.5m and £0.6m, respectively and, for the year ended 30 April 2006, £18.4m and £0.8m respectively. For the same reasons as NationsRent, it is not practical to report the revenue and profit of the acquired business post acquisition.

13. Contingent liabilities and contingent assets

The Group is subject to periodic legal claims in the ordinary course of its business. However, net of provisions held, the claims outstanding at 30 April 2007 are not expected to have a significant impact on the Group's financial position.

14. 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.

Additionally, our equipment is used extensively in the recovery from natural disasters such as floods, wind and storm damage (including hurricanes), earthquakes etc. and the incidence of such events can impact the level of our revenues.

REVIEW OF RESULTS, BALANCE SHEET AND CASH FLOW

Results

Segmental results

Divisional results before exceptional items and amortisation of acquired intangibles for the three months and year ended 30 April 2007 are summarised below:

	Revenue		EBITDA		Operating profit	
Three months to 30 April	2007	2006	2007	2006	2007	2006
Sunbelt in $m	349.4	202.7	122.8	72.4	59.8	37.7
Sunbelt in £m	178.3	115.6	62.6	41.3	30.4	21.6
A-Plant	50.2	41.8	15.7	12.0	5.9	4.3
Ashtead Technology	5.3	4.3	3.0	2.3	1.8	1.1
Group central costs	-	-	(2.4)	(1.2)	(2.4)	(1.3)
	233.8	161.7	78.9	54.4	35.7	25.7
Net financing costs					(20.0)	(11.2)
Profit before tax, exceptionals and amortisation					15.7	14.5
Exceptional items					(19.3)	(0.4)
Amortisation					(4.4)	-
(Loss)/profit before taxation					(8.0)	14.1
Year to 30 April						
Sunbelt in $m	1,307.9	818.7	475.0	307.9	253.1	175.5
Sunbelt in £m	684.6	461.2	248.6	173.4	132.5	98.9
A-Plant	189.9	160.7	58.9	48.9	20.1	13.9
Ashtead Technology	21.6	16.1	11.0	8.0	6.2	4.0
Group central costs	-	-	(8.2)	(5.6)	(8.3)	(5.7)
	896.1	638.0	310.3	224.7	150.5	111.1
Net financing costs					(69.1)	(43.6)
Profit before tax, exceptionals and amortisation					81.4	67.5
Exceptional items					(106.9)	14.2
Amortisation					(11.0)	-
(Loss)/profit before taxation					(36.5)	81.7

Revenue increased 44.6% to £233.8m (2006 - £161.7m) in the quarter ended 30 April 2007 and 40.5% to £896.1m (2006 - £638.0m) in the year then ended. This reflects the contribution from NationsRent since 31 August 2006 as well as the limiting effect of the weak dollar which, in the fourth quarter, declined 10% from $1.82 = £1 a year ago to $2.00 = £1. Underlying operating profit increased 39.2% to £35.7m (2006 - £25.7m) in the quarter ended 30 April 2007 and 35.5% to £150.5m (2006 - £111.1m) in the year then ended. Profit before tax, exceptionals and amortisation for the quarter increased to £15.7m (2006 - £14.5m) and for the year ended 30 April 2007 was £81.4m (2006 - £67.5m) reflecting the financing costs of the acquisition but not the full effects of the operational efficiencies and cost savings. After exceptional items and amortisation, the loss before tax for the quarter was £8.0m (2006 – profit of £14.1m) and for the year was a loss of £36.5m (2006 - profit of £81.7m).

Net financing costs

Net financing costs, before exceptional costs and fair value remeasurements, increased from £43.6m to £69.1m reflecting higher average debt levels following the NationsRent acquisition and slightly higher average interest rates. Compared to the previous year, the average interest rate benefited from the repayment of the remaining 12% notes and from a lower margin under our first priority asset based senior secured loan facility, but these benefits have been offset by increases in US dollar interest rates payable under our floating rate senior facility. The average interest rate payable at 30 April 2007 on all of our debt facilities (including the impact of amortisation of deferred debt raising costs) was 8%.

Exceptional items

In addition to the trading results and financing costs discussed above, the consolidated income statement includes significant exceptional costs relating to the acquisitions of NationsRent and Lux as well as to the programme to improve A-Plant's operational efficiency. The key elements of these costs are:

	NationsRent	Lux	UK restructuring	Other	Total
	£m	£m	£m	£m	£m
Debt redemption costs paid at closing	42.1	-	-	-	42.1
Non-cash financing costs	25.9	-	-	-	25.9
Integration & closure costs	31.5	0.5	6.2	0.7	38.9
	99.5	0.5	6.2	0.7	106.9
Paid in cash in the year	60.1	0.4	0.4	0.7	61.6
Payable in future years					
- in less than one year	9.8	0.1	0.6	-	10.5
- in more than one year	2.0	-	3.8	-	5.8
Non-cash items	27.6	-	1.4	-	29.0
	99.5	0.5	6.2	0.7	106.9

NationsRent debt redemption costs relate to the premia payable on redeeming (a) the outstanding NationsRent secured bonds and (b) the outstanding Ashtead 12% senior secured notes. These amounts were paid in cash on 31 August 2006 but are required to be expensed in the income statement and not taken to cost of acquisition because Ashtead made the decision to redeem in order to facilitate the financing of the acquisition.

Non-cash costs relating to NationsRent comprise (a) the non-cash write off of the value placed on the early prepayment option in the Ashtead notes; and (b) the write off of deferred financing costs on the Ashtead debt redeemed in the acquisition refinancing.

NationsRent integration and closure costs comprise (a) redundancies and severance costs of £7.2m to deliver the head office and regional integration cost savings; (b) retention bonuses of £2.0m paid largely to redundant staff to retain them until their services were no longer required; (c) provision for future rent on facilities vacated in Fort Lauderdale and in the merged profit centres (£6.2m); (d) rebranding costs of £9.4m for the NationsRent profit centres and fleet; and (e) £6.7m of other costs.

Lux integration costs totalled £0.5m as analysed in the table above. UK restructuring costs relate principally to a provision of £4.5m to write off leasehold improvements and for future rent and rates on facilities vacated in the UK as we invest in additional larger, better quality premises which will serve a larger area with a bigger fleet than the facilities they replace and accordingly provide greater efficiency through increased scale.

Of the total exceptional costs incurred of £106.9m, £29.0m are non-cash items whilst £61.6m of the cash items had been paid by year end with £16.3m to be paid in future periods. £10.5m of this amount, mostly relating to the rebranding programme and to NationsRent redundancy payments deferred for six months under the US tax code will be paid in 2007/8. The remainder, mostly relating to vacant property provisions, will be payable over the following two to three years.

Amortisation of acquired brand names and other acquired intangibles

£11.0m of intangible amortisation, relating mostly to the NationsRent acquisition was incurred in the year. This included the amortisation of the acquired NationsRent brand name (appraised cost - £9.4m) over the period from acquisition until 30 April 2007 when the rebranding of the acquired fleet and properties was essentially completed and the name was no longer in use.

Balance sheet

Capital expenditure in the year was £290.2m of which £256.4m was invested in the rental fleet (2006 - £220.2m in total). Expenditure on rental equipment was 88.3% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and to computer equipment. Capital expenditure by division was as follows:

	2007			2006
	Growth	Maintenance	Total	Total
Sunbelt in $m	102.2	246.0	348.2	257.9
Sunbelt in £m	51.2	123.0	174.2	141.9
A-Plant	17.1	56.7	73.8	52.1
Ashtead Technology	6.4	2.0	8.4	7.8
Total rental equipment	74.7	181.7	256.4	201.8
Delivery vehicles, property improvements & computers			33.8	18.4
Total additions			290.2	220.2

With strong US market conditions and a much improved performance at A-Plant, the Group spent £74.7m of its rental equipment capital expenditure on growth with £181.7m 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.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2007 was 31 months (2006 - 37 months) on a net book value basis. Sunbelt's fleet had an average age of 32 months (2006 - 38 months) comprising 38 months for aerial work platforms which have a longer life and 25 months for the remainder of its fleet and A-Plant's fleet had an average age of 29 months (2006 - 36 months).

The original cost of the Group's rental fleet and the pro forma dollar utilisation for the year ended 30 April 2007 are shown below:

	Pro forma rental fleet at original cost			Dollar
	30 April 2007	30 April 2006	Average	utilisation
Sunbelt in $m	2,147	2,213	2,244	62%
Sunbelt in £m	1,074	1,218	1,122	62%
A-Plant	321	306	321	60%
Ashtead Technology	39	35	38	56%
	1,434	1,559		

Dollar utilisation is defined as pro forma rental and rental related revenues divided by pro forma average fleet at original (or "first") cost.

Dollar utilisation at Sunbelt rose to 62% from 59% in the year ended 30 April 2006 as Sunbelt focused on improving the previously low dollar utilisation in the acquired NationsRent profit centres. Dollar utilisation of 60% at A-Plant reflects the lower pricing (relative to equipment cost) prevalent in the competitive UK market.

Assets held for sale

This category comprises the remaining NationsRent equipment identified as held for sale as part of the programme to reshape its fleet to contain a similar proportion of higher returning assets as Sunbelt. The lower returning equipment is in the process of being disposed of and has been treated as an asset held for sale, on which no depreciation is charged, effective as of the acquisition date.

Trade receivables

Receivable days increased to 54 days (2006 - 49 days) reflecting the fact that the NationsRent receivables historically collected more slowly than those of Sunbelt. The bad debt charge for the year ended 30 April 2007 as a percentage of total turnover was 0.7% (2006 - 0.7%).

Trade and other payables

Group payable days were 72 days in 2007 (2006 - 57 days) with the increase attributable to increased payment periods agreed with certain suppliers of rental equipment following the NationsRent acquisition. Capital expenditure related payables at 30 April 2007 totalled £47.0m (2006 - £30.0m). Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

Free cash flow (defined as the net cash inflow from operations less net maintenance capital expenditure, financing costs paid and tax paid) is summarised below:

	Year to 30 April 2007 £m	Year to 30 April 2006 £m
EBITDA before exceptional items	310.3	224.7
Cash inflow from operations before exceptional items	319.3	215.2
*Cash efficiency ratio**	*102.9%*	*95.8%*
Maintenance rental capital expenditure	(213.1)	(149.9)
Non-rental capital expenditure	(32.3)	(16.8)
Proceeds from sale of used rental equipment	78.5	50.4
Tax paid	(5.0)	(2.8)
Free cash flow before interest	**147.4**	**96.1**
Financing costs paid	(64.2)	(38.7)
Free cash flow after interest	**83.2**	**57.4**
Growth capital expenditure	(62.9)	(62.6)
Acquisitions and disposals	(327.2)	(44.2)
Issue of ordinary share capital	148.9	70.9
Dividends paid	(7.0)	(2.0)
Purchase of own shares by ESOT	(4.9)	(2.8)
Pension plan funding	-	(17.1)
Exceptional costs paid (net)	(68.8)	(2.2)
Increase in total debt	(238.7)	(2.6)

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

Cash inflow from operations increased 48.4% to £319.3m and the cash efficiency ratio was 102.9% (2006 - 95.8%). Cash inflow from operations in the year ended 30 April 2007 has benefited from cash generated from reducing NationsRent inventory and receivable levels from those prevailing when it was acquired on 31 August 2006. Net cash capital expenditure in the year ended 30 April 2007 increased to £229.8m (2006 - £178.9m) reflecting the strong US market conditions and the improved performance of A-Plant.

Financing costs (excluding exceptional financing costs) paid of £64.2m were lower than the £68.5m accounting charge reflecting non-cash items included in the latter. Payments for exceptional items of £68.8m differ from the exceptional income statement expense of £91.5m due to (a) the inclusion in exceptional payments of £7.2m of interest paid at closing on the NationsRent debt redeemed which was expensed prior to the acquisition; (b) non cash items included in the income statement expense; and (c) accrued integration costs of £16.3m which had not been paid at 30 April 2007.

The Group continues to generate strong free cash flow after interest with £83.2m (2006 - £57.4m) generated in the year.

Acquisition and disposal expenditure of £327.2m relates to the acquisitions of NationsRent and Lux with the majority of the proceeds from the issue of share capital of £148.9m relating to the rights issue in connection with the NationsRent acquisition.

Net debt

	30 April 2007 £m	30 April 2006 £m
First priority senior secured bank debt	506.1	263.2
Finance lease obligations	22.0	23.2
12% second priority senior secured notes, due 2014	-	75.5
8.625% second priority senior secured notes, due 2015	120.6	132.7
9% second priority senior secured notes, due 2016	268.3	-
	917.0	494.6
Cash and cash equivalents	(1.1)	(1.0)
Total net debt	915.9	493.6

Group net debt increased from £493.6m at 30 April 2006 to £915.9m at 30 April 2007 reflecting the impact of the NationsRent acquisition which, together with the Lux acquisition increased net debt by approximately £470m (net of the net rights issue proceeds of £146.7m). The ratio of net debt to pro forma EBITDA was 2.7 times at 30 April 2007. Pro forma EBITDA for this purpose was £341.3m and includes NationsRent's EBITDA excluding its profit on used equipment sales for the pre-acquisition period from 1 May 2006 to 31 August 2006 (but not any pro forma benefit from central overhead savings) together with Lux's EBITDA from 1 May 2006 to 16 October 2006.

New first and second priority senior secured loan facilities

In connection with the NationsRent acquisition, on 31 August 2006, the Group repaid the outstanding borrowings under its $800m first priority asset based senior secured loan facility and replaced it with a new $1.75bn facility on substantially the same terms as the previous facility. The interest rate on borrowings under the new facility varies, according to a grid linked to the ratio of funded debt to EBITDA before exceptional items, between LIBOR plus 150bp and LIBOR plus 225bp. Currently the Group borrows at LIBOR plus 175bp. In addition, during August 2006 the Group raised $550m of new ten year second priority senior secured notes carrying an interest rate of 9% per annum.

The Group's debt facilities are now committed for a weighted average period of approximately 6.25 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%. Financial performance covenants under the two senior secured notes issues are only measured at the time new debt is raised. There are two financial performance covenants under the asset based first priority senior bank facility (funded debt to EBITDA before exceptional items and a fixed charge ratio comparing EBITDA less net capital expenditure to the sum of scheduled debt repayments, interest, tax and dividends paid). These covenants are not, however, required to be adhered to when availability (the difference between the borrowing base and facility utilisation) exceeds $125m. At 30 April 2007 availability under the bank facility was $589m ($283m under the old facility at 30 April 2006).

Currency translation

Following the NationsRent acquisition approximately 98% of our debt is denominated in US dollars. At 30 April 2007 our dollar denominated debt represented approximately 86% of the value of our dollar denominated net assets (other than debt) providing a partial, but substantial, hedge against the translation effects of changes in the dollar exchange rate. The dollar interest payable on this debt also limits the impact of changes in the dollar exchange rate on our pre-tax profits and earnings. Based on the currency mix of our profits we anticipate prevailing in the coming year and on current dollar debt levels and interest rates, every 1% change in the US dollar exchange rate would impact pro-forma pre-tax profit by 0.8%.

OPERATING STATISTICS

	Profit centre numbers		Staff numbers	
	30 April 2007	30 April 2006	30 April 2007	30 April 2006
Sunbelt Rentals	445	209	7,524	4,266
A-Plant	201	193	2,424	2,081
Ashtead Technology	13	11	115	104
Corporate office	-	-	14	14
Group	659	413	10,077	6,465