18 June 2009

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2009

Financial summary	Fourth quarter 2009 £m	Fourth quarter 2008 £m	Fourth quarter Growth %	Year 2009 £m	Year 2008 £m	Year Growth %
Underlying revenue[1]	232.1	244.8	-5%	1,073.5	1,047.8	+2%
Underlying operating profit[1]	16.4	39.4	-59%	155.0	187.1	-17%
Underlying (loss)/profit before taxation[1]	(0.2)	22.1	-101%	87.4	112.3	-22%
Underlying earnings per share[1]	0.2p	3.4p	-93%	11.9p	14.8p	-20%
(Loss)/profit before taxation[1]	(29.2)	21.1	n/a	0.8	109.7	-98%
Basic (loss)/earnings per share	(3.3p)	3.3p	n/a	12.5p	14.2p	-12%

[1] See explanatory notes below

Highlights

- Robust performance despite difficult market conditions
- Cost reduction programme announced in December now fully implemented delivering operating cost savings of at least £100m
- £246m net cash inflow generated in the year (2008: £1m outflow) of which £157m was from operations. A minimum inflow of £100m is targeted for 2009/10
- £217m of the net inflow applied to pay down debt with £29m returned to equity holders
- Debt package remains committed for the long term and structured to remain covenant free throughout the cycle
- Final dividend of 1.675p per share proposed (2008: 1.675p), making 2.575p for the year (2008: 2.5p)

Ashtead's chief executive, Geoff Drabble, commented:

"Market conditions weakened further during the fourth quarter. Revenues in both the US and UK markets were adversely affected by lower volumes and yields although we continued to benefit from the stronger dollar. Whilst infrastructure and utility work continues to hold up, the relative lack of finance available for private sector commercial development makes it inevitable that construction volumes overall will remain weak.

Our business model and capital structure are designed to cope with the cyclical nature of our markets so we were well prepared for this downturn and this is reflected in our robust performance. We took prompt action to control costs and also to address fleet size which is helping us sustain good utilisation. May and early June have seen rental volumes in line with our expectations whilst rental yields have shown some tentative signs of flattening month on month. As a result, the Board confirms that its current expectations regarding 2009/10 performance are unchanged from those described in the trading update issued on 11 May.

We continue to believe that the fundamentals of our markets remain attractive and that, with our continuing focus on meeting the challenges of current market conditions and on cash generation, we are well positioned for the next phase of the cycle."

Contacts:

Geoff Drabble	Chief executive	020 7726 9700
Ian Robson	Finance director	
Brian Hudspith	Maitland	020 7379 5151

Explanatory notes

a) The Group adopted the amendment to IAS 16 - Property, plant and equipment (and consequent amendment to IAS 7 - Statement of cash flows) included within 'Improvements to IFRSs'. This increased the Group's reported revenues and operating costs although there is no impact on earnings and prior year figures have been restated accordingly.

b) Underlying revenue, profit and earnings per share are stated before exceptional items and amortisation of acquired intangibles. 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.

c) IFRS requires that, as a disposed business, Ashtead Technology's after tax profits and total assets and liabilities are reported in the Group's accounts as single line items with the result that revenues, operating profit and pre-tax profits as reported in the Group accounts exclude Ashtead Technology. Total group results include the results of both continuing operations and Ashtead Technology.

Geoff Drabble and Ian Robson will host a meeting for equity analysts to discuss the results at 9.30am on Thursday 18 June at the offices of RBS Hoare Govett at 250 Bishopsgate, London EC2M 4AA. This meeting will be webcast live via the Company's website at www.ashtead-group.com and a replay will be 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. A conference call for bondholders will begin 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 (Ashley Forget) at +44 (0)20 7379 5151.

Overview and markets

The year was characterised by good rental volumes and profits in our first half followed by a rapid decline into recessionary conditions and weak profitability in the second half. Although the pace of decline from still good market volumes last summer into recessionary conditions was significantly more rapid than has been seen in previous cycles, the market conditions we face and the way our markets are moving through the cycle are not without precedent. Consequently, the way we have responded reflects the flexibility inherent in our business model and our experience of previous downturns.

Private non-residential construction was the first of our major markets to see a slow down, particularly amongst the smaller builders. Sectors which are most exposed to consumer spending, such as retail, were affected first but the impact is now widespread across all sectors. The speed of the decline in the current cycle is evidenced by the number of private sector projects where the decision was taken to stop work mid-project, but many more have been postponed or cancelled without work ever having begun. As usual it will take a return to GDP growth before growth returns but a consequence of the rapid slowdown is the large number of projects that are ready to recommence as soon as developers and financiers gain the necessary confidence to resume development.

Infrastructure work, most of which is publicly financed, will as usual remain stronger through the cycle with particular areas of strength being utilities, prisons, schooling and transportation. Future strength, however, depends on central funding and hence it is helpful that both US and UK administrations are committed to delivering public sector investment to improve ageing infrastructure and support employment. On the ground, however, the fact that this spending is largely delivered by local and not central government brings uncertainty over which projects will be supported and generates some delay in projects proceeding.

We believe that a combination of financial constraint and uncertain order books will result in contractors, particularly in the US, increasingly choosing the rental option. We therefore expect the established trend towards increased outsourcing of equipment supply in the US will accelerate through the cycle. At the same time our industry remains fragmented with a number of smaller rental companies surviving on leasing finance often with low or zero cost interest rates which historically was provided by the equipment manufacturers. As this source of finance has become increasingly scarce and substantially more expensive, we expect the rental market to consolidate further during the downturn, benefitting the larger, better financed players such as ourselves.

As a result, with strong market positions in both the UK and US, supported by young fleets and sound long-term debt facilities, we continue to expect that we will emerge from the current downturn with greater market share and, in the US, in a market with enhanced rental penetration.

In the face of reducing demand, it was, however, necessary that we configured our operations to be as efficient as possible and to lower cost. As a result, in the second half, we have reduced our rental fleets by around 10%, merged or shut 100 profit centres and reduced our workforce by around 14%. Overall these actions resulted in savings of around £100m compared to last summer in our annualised local currency cost base.

Critically, in taking rationalisation action, we have ensured that we remain positioned to service all our main geographies and markets when the upturn comes. The one-time exceptional charge incurred in delivering the savings, much of which is non-cash relating to asset impairments and future costs on closed properties, was £83m. Including the proceeds realised from the sale of the surplus equipment, the programme generated a net cash inflow in the year of around £40m.

Trading results

	Revenue		EBITDA		Operating profit	
	2009	2008	2009	2008	2009	2008
Sunbelt in $m	1,450.0	1,626.0	500.4	598.9	241.8	330.9
Sunbelt in £m	865.5	810.0	298.7	298.4	144.4	164.9
A-Plant	208.0	237.8	62.8	73.2	16.1	30.2
Group central costs	-	-	(5.4)	(7.9)	(5.5)	(8.0)
Continuing operations	1,073.5	1,047.8	356.1	363.7	155.0	187.1
Net financing costs					(67.6)	(74.8)
Profit before tax, exceptionals and amortisation from continuing operations					**87.4**	**112.3**
Ashtead Technology					2.8	10.6
Exceptional items (net)					(17.1)	-
Amortisation					(3.4)	(2.6)
Total Group profit before taxation					69.7	120.3
Taxation					(6.7)	(42.7)
Profit attributable to equity holders of the Company					63.0	77.6
Margins						
Sunbelt			*34.5%*	*36.8%*	*16.7%*	*20.4%*
A-Plant			*30.2%*	*30.8%*	*7.7%*	*12.7%*
Group			*33.2%*	*34.7%*	*14.4%*	*17.9%*

The year's results reflect markedly different performances in the first and second half of the year. In the first half we saw revenue and profit growth whereas the second half saw significant local currency revenue and profit declines. During the second half operating results also benefited from the stronger dollar. As a result, reported Group revenues grew to £1.07bn[1] (2008: £1.05bn), whilst the underlying pre-tax profit was £87.4m (2008: £112.3m). Measured at constant exchange rates, to eliminate currency translation effects, underlying revenue declined 11% and underlying pre-tax profit declined 29%.

[1] Following adoption in the year end accounts of the provisions of the 2008 "Improvements to IFRSs", underlying revenues now include as revenue £43.9m of proceeds generated from the sale of used rental equipment whilst underlying costs include as a cost of revenue, the £37.3m net book value of the equipment sold. This aligns our treatment of used sale proceeds under IFRS with that followed by Sunbelt's peers under US GAAP. Previously under IFRS Ashtead would have shown the £6.6m net gain as other income. Consequently this presentational change has had no impact on reported operating profit or earnings.

Sunbelt

For the year, Sunbelt's rental revenue declined 8% to $1,311m reflecting a rental fleet which was on average broadly flat, physical utilisation of 66% (2008: 68%) and a decline in yield which averaged 5% for the year as a whole. Rental revenue grew 2% in the first half followed by a 19% decline in the second half as markets slowed. In the fourth quarter, measured against strong comparatives, rental revenue declined 24% reflecting an 8% reduction in fleet size, physical utilisation of 61% (2008: 64%) and a 14% reduction in yield.

Since the acquisition of NationsRent in August 2006, Sunbelt reconfigured and reshaped its enlarged business to deliver improved services to its customer base cost effectively. The ongoing benefit of these steps was underpinned by the cost reduction actions taken in the second half resulting in an 8% reduction in Sunbelt's full year operating cost base (excluding depreciation). The fourth quarter cost reduction was greater, with pre-depreciation costs down 20% as the additional cost reduction measures took hold.

As a result, Sunbelt's EBITDA for the year declined 16% to $500m. Depreciation reflected broadly the movement in Sunbelt's average fleet size and declined 4% in the year to give an underlying operating profit for the year of $242m (2008: $331m).

A-Plant

For the year, A-Plant's rental revenue declined 8% to £191m reflecting a 6% increase in average fleet size, physical utilisation of 67% (2008: 71%) and an 8% reduction in average yield. As with Sunbelt, this reflected first half growth followed by a rapid reduction in the second half. For the fourth quarter, again measured against a strong comparative, A-Plant's rental revenue decline was 22% reflecting a fleet size 5% smaller than in the prior year, physical utilisation at 68% (2008: 74%) and a yield reduction of 11%.

Action taken to reduce A-Plant's costs resulted in a 12% reduction in underlying full year operating costs (excluding depreciation) to £145m and a much larger 23% reduction in the fourth quarter to £31m.

Reflecting these factors, A-Plant's full year EBITDA declined 14% to £63m whilst the depreciation charge rose 9% to £47m reflecting the growth in its fleet size in the second half of the previous year. Consequently A-Plant's full year underlying operating profit was £16m down from £30m in the previous year.

Group results

On a continuing basis, excluding Ashtead Technology throughout, Group EBITDA before exceptional items declined 2% to £356m whilst underlying operating profit reduced 17% to £155m. This reflected the trading results discussed above together with the translation benefit from the stronger dollar which averaged $1.68 in the year to April 2009, 16% stronger than 2007/8's average of $2.01.

Lower average interest rates and significantly lower underlying average debt levels resulted in a lower financing cost despite an adverse translation effect from the stronger dollar in which 99% of our debt is denominated.

Exceptional items comprised the £83m discussed above in relation to the cost reduction programmes together with a £66m pre-tax gain from the sale of Ashtead Technology in June 2008. Technology also contributed a £2m profit in the period prior to disposal. After amortisation of acquired intangibles of £3m, the reported profit before tax for the year was £1m (2008: £110m) whilst the underlying pre-tax profit from continuing operations before exceptionals was £87m (2008: £112m).

The effective tax rate for the year was stable at 34% (2008: 35%) with, again, virtually no cash tax being due. Underlying earnings per share for the year decreased 20% to 11.9p (2008: 14.8p) whilst basic earnings per share for the year were 12.5p (2008: 14.2p).

Capital expenditure

Capital expenditure totalled £238m (2008: £331m) including £208m on rental fleet replacement. Disposal proceeds totalled £100m (2008: £78m) giving net expenditure of £138m (2008: £253m). The average age of the Group's rental fleet at 30 April 2009 was 35 months up by only 4 months from 31 months at 30 April 2008.

Next year's capital expenditure is again expected to be entirely for replacement rather than growth. We currently anticipate spending around 70% of depreciation or around £100m net of disposal proceeds but, with short lead times and no forward commitments, we have the flexibility to adjust this as required to reflect market conditions.

Cash flow and net debt

£246m of net cash inflow was generated in the year comprising £157m from operations and a further £89m generated from the sale of Ashtead Technology. £29m of this net inflow was returned to equity shareholders by way of dividends (£13m) and share buy-backs (£16m) with £217m applied to reduce outstanding debt.

As a result, closing net debt was significantly lower than last year on an underlying basis at £1,036m (2008 net debt at 2009 exchange rates: £1,268m). Closing net debt was also $20m below the $1,555m target announced a year ago. Closing net debt, however, includes an adverse translation increase of £285m since last year end reflecting sterling's 25% decline against the dollar and the fact that 99% of our debt is drawn in dollars to provide a natural hedge against Sunbelt's dollar based assets on which there was an equivalent £355m translation gain. The ratio of net debt to underlying EBITDA at constant rates was 2.6 times at 30 April 2009, almost unchanged from last year's 2.5 times and well within our 2-3 times target range.

Our debt package remains well structured for the challenges of current market conditions. We retain substantial headroom on facilities which are committed for the long term, an average of 4.6 years at 30 April 2009, with the first maturity on our asset-based senior bank facility not being due until August 2011. Availability under the $1.75bn asset-based loan facility was $550m at 30 April 2009 ($602m at 30 April 2008) well above the $125m level at which the entire debt package is covenant free.

Return on Investment

Return on investment (underlying operating profit divided by the weighted average net assets employed, including goodwill but excluding debt and tax) was 9.7% (2008: 14.0%) for the year. RoI for Sunbelt was 10.8% (2008: 14.4%) whilst RoI at A-Plant was 5.1% (2008: 10.9%).

Dividends

The Board is proposing a final dividend of 1.675p (2008: 1.675p) making 2.575p for the year (2008: 2.5p) and costing £12.8m (2008: £12.8m). The proposed full year dividend is covered 4.5 times by underlying profits after tax from continuing operations. If approved by shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on 11 September 2009 to shareholders on record at 21 August 2009.

Current trading and outlook

Most of our markets remain weak with limited visibility. However, May and early June have seen rental volumes in line with our expectations whilst rental yields have shown some tentative signs of flattening month on month. As a result, the Board confirms that its current expectations regarding 2009/10 performance are unchanged from those described in the trading update issued on 11 May.

We continue to believe that the fundamentals of our markets remain attractive and that, with our continuing focus on meeting the challenges of current market conditions and on cash generation, we are well positioned for the next phase of the cycle.

Forward looking statements

This announcement contains forward looking statements. These have been made by the directors in good faith using information available up to the date on which they approved this report. The directors can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both business and economic risk factors underlying such forward looking statements, actual results may differ materially from those expressed or implied by these forward looking statements. Except as required by law or regulation, the directors undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Directors' responsibility statement

The forthcoming Annual Report & Accounts contains the following statement by the Board acknowledging its responsibility for the financial statements:

"The Board confirms to the best of its knowledge (a) the consolidated financial statements, prepared in accordance with IFRS as issued by the International Accounting Standards Board and IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and (b) the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces."

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 APRIL 2009

	2009			2008		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation (restated)	Exceptional items and amortisation	Total (restated)
	£m	£m	£m	£m	£m	£m
Fourth quarter – unaudited						
Continuing operations						
Revenue						
Rental revenue	218.8	-	218.8	220.3	-	220.3
Sale of new equipment, merchandise and consumables	12.2	-	12.2	14.7	-	14.7
Sale of used rental equipment	1.1	30.5	31.6	9.8	-	9.8
	232.1	30.5	262.6	244.8	-	244.8
Operating costs						
Staff costs	(76.7)	(2.9)	(79.6)	(70.9)	-	(70.9)
Used rental equipment sold	0.4	(30.3)	(29.9)	(10.8)	-	(10.8)
Other operating costs	(87.6)	(17.0)	(104.6)	(80.4)	-	(80.4)
Other income	-	0.1	0.1	1.0	(0.3)	0.7
	(163.9)	(50.1)	(214.0)	(161.1)	(0.3)	(161.4)
EBITDA*	68.2	(19.6)	48.6	83.7	(0.3)	83.4
Depreciation	(51.8)	(8.2)	(60.0)	(44.3)	-	(44.3)
Amortisation of intangibles	-	(1.2)	(1.2)	-	(0.7)	(0.7)
Operating (loss)/profit	16.4	(29.0)	(12.6)	39.4	(1.0)	38.4
Net financing costs	(16.6)	-	(16.6)	(17.3)	-	(17.3)
(Loss)/profit on ordinary activities before taxation	(0.2)	(29.0)	(29.2)	22.1	(1.0)	21.1
Taxation:						
- current	(0.6)	1.3	0.7	3.8	-	3.8
- deferred	2.0	9.9	11.9	(10.8)	0.6	(10.2)
	1.4	11.2	12.6	(7.0)	0.6	(6.4)
(Loss)/profit from continuing operations	1.2	(17.8)	(16.6)	15.1	(0.4)	14.7
(Loss)/profit from discontinued operations	-	(0.1)	(0.1)	2.8	-	2.8
(Loss)/profit attributable to equity holders of the Company	1.2	(17.9)	(16.7)	17.9	(0.4)	17.5
Continuing operations						
Basic earnings per share	0.2p	(3.5p)	(3.3p)	2.9p	(0.1p)	2.8p
Diluted earnings per share	0.2p	(3.5p)	(3.3p)	2.9p	(0.1p)	2.8p
Total continuing and discontinued operations						
Basic earnings per share	0.2p	(3.5p)	(3.3p)	3.4p	(0.1p)	3.3p
Diluted earnings per share	0.2p	(3.5p)	(3.3p)	3.4p	(0.1p)	3.3p

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.
Details of principal risks and uncertainties are given in the Review of Fourth Quarter, Balance Sheet and Cash Flow accompanying these financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2009

	2009			2008		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation (restated)	Exceptional items and amortisation	Total (restated)
	£m	£m	£m	£m	£m	£m
Year to 30 April 2009 - audited						
Continuing operations						
Revenue						
Rental revenue	974.0	-	974.0	917.3	-	917.3
Sale of new equipment, merchandise and consumables	55.6	-	55.6	58.8	-	58.8
Sale of used rental equipment	43.9	50.5	94.4	71.7	-	71.7
	1,073.5	50.5	1,124.0	1,047.8	-	1,047.8
Operating costs						
Staff costs	(313.4)	(4.5)	(317.9)	(298.9)	-	(298.9)
Used rental equipment sold	(37.3)	(50.3)	(87.6)	(63.4)	-	(63.4)
Other operating costs	(367.6)	(35.7)	(403.3)	(323.2)	-	(323.2)
Other income	0.9	0.7	1.6	1.4	-	1.4
	(717.4)	(89.8)	(807.2)	(684.1)	-	(684.1)
EBITDA*	356.1	(39.3)	316.8	363.7	-	363.7
Depreciation	(201.1)	(43.9)	(245.0)	(176.6)	-	(176.6)
Amortisation of intangibles	-	(3.4)	(3.4)	-	(2.6)	(2.6)
Operating profit	155.0	(86.6)	68.4	187.1	(2.6)	184.5
Net financing costs	(67.6)	-	(67.6)	(74.8)	-	(74.8)
Profit on ordinary activities before taxation	87.4	(86.6)	0.8	112.3	(2.6)	109.7
Taxation:						
- current	(2.7)	2.6	(0.1)	(5.7)	-	(5.7)
- deferred	(26.9)	28.2	1.3	(33.4)	(0.6)	(34.0)
	(29.6)	30.8	1.2	(39.1)	(0.6)	(39.7)
Profit from continuing operations	57.8	(55.8)	2.0	73.2	(3.2)	70.0
Profit from discontinued operations	2.0	59.0	61.0	7.6	-	7.6
Profit attributable to equity holders of the Company	59.8	3.2	63.0	80.8	(3.2)	77.6
Continuing operations						
Basic earnings per share	11.5p	(11.1p)	0.4p	13.4p	(0.6p)	12.8p
Diluted earnings per share	11.4p	(11.0p)	0.4p	13.3p	(0.6p)	12.7p
Total continuing and discontinued operations						
Basic earnings per share	11.9p	0.6p	12.5p	14.8p	(0.6p)	14.2p
Diluted earnings per share	11.8p	0.7p	12.5p	14.7p	(0.6p)	14.1p

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.
Details of principal risks and uncertainties are given in the Review of Fourth Quarter, Balance Sheet and Cash Flow accompanying these financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2009	2008 (restated)	2009	2008 (restated)
	£m	£m	£m	£m
Net (loss)/profit for the period	(16.7)	17.5	63.0	77.6
Net actuarial loss on defined benefit pension scheme	(7.4)	(0.6)	(7.4)	(0.6)
Tax on items taken directly to equity	2.8	(0.9)	(1.3)	(3.0)
Foreign currency translation differences	(3.4)	0.7	59.8	2.0
Total recognised income and expense for the period	(24.7)	16.7	114.1	76.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2009	2008 (restated)	2009	2008 (restated)
	£m	£m	£m	£m
Total recognised income and expense for the period	(24.7)	16.7	114.1	76.0
Issue of ordinary shares, net of expenses		-	-	0.5
Re-issue of ordinary shares from treasury	-	-	0.2	-
Dividends paid	(4.5)	(4.4)	(12.9)	(10.5)
Share-based payments	0.3	0.5	(0.8)	2.5
Own shares purchased by the Company	-	(12.2)	(15.7)	(23.3)
Own shares purchased by the ESOT	-	(0.1)	(0.4)	(1.6)
Realisation of foreign exchange translation differences on Technology disposal	-	-	1.2	-
Net (decrease)/increase in equity in the year	(28.9)	0.5	85.7	43.6
Opening equity as reported	549.9	439.8	436.1	396.7
Restatement on application of IFRIC 14 (note 1)	5.0	-	4.2	-
Closing equity	526.0	440.3	526.0	440.3

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2009

	Audited	
	2009	2008 (restated)
	£m	£m
Current assets		
Inventories	10.4	22.6
Trade and other receivables	148.3	159.9
Current tax asset	1.5	2.2
Cash and cash equivalents	1.7	1.8
	161.9	186.5
Assets held for sale	1.6	26.8
	163.5	213.3
Non-current assets		
Property, plant and equipment		
- rental equipment	1,140.5	994.0
- other assets	153.5	136.1
	1,294.0	1,130.1
Intangible assets - brand names and other acquired intangibles	5.9	8.0
Goodwill	385.4	291.9
Deferred tax asset	12.3	18.0
Defined benefit pension fund surplus	0.3	5.8
	1,697.9	1,453.8
Total assets	1,861.4	1,667.1
Current liabilities		
Trade and other payables	106.7	129.1
Debt due in less than one year	6.9	7.6
Provisions	17.4	9.1
	131.0	145.8
Liabilities associated with assets classified as held for sale	-	6.5
	131.0	152.3
Non-current liabilities		
Debt due in more than one year	1,030.7	957.4
Provisions	36.8	18.8
Deferred tax liability	136.9	98.3
	1,204.4	1,074.5
Total liabilities	1,335.4	1,226.8
Equity		
Share capital	55.3	56.2
Share premium account	3.6	3.6
Capital redemption reserve	0.9	-
Non-distributable reserve	90.7	90.7
Own shares held by the Company	(33.1)	(23.3)
Own shares held through the ESOT	(6.3)	(7.0)
Cumulative foreign exchange translation differences	29.1	(28.2)
Retained earnings	385.8	348.3
Equity attributable to equity holders of the Company	526.0	440.3
Total liabilities and equity	1,861.4	1,667.1

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2009

	Audited	
	2009	2008 (restated)
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental fleet	373.6	356.4
Exceptional costs	(9.4)	(9.5)
Payments for rental property, plant and equipment	(208.5)	(315.7)
Proceeds from disposal of rental property, plant and equipment before exceptional disposals	39.2	87.1
Exceptional proceeds from disposal of rental property, plant and equipment	46.1	-
Cash generated from operations	241.0	118.3
Financing costs paid	(64.7)	(76.4)
Tax received/(paid)	0.8	(6.4)
Net cash from operating activities	177.1	35.5
Cash flows from investing activities		
Acquisition of businesses	(0.3)	(5.9)
Disposal of businesses	89.3	-
Payments for non-rental property, plant and equipment	(27.1)	(35.8)
Proceeds on sale of non-rental property, plant and equipment	6.6	5.6
Net cash from/(used in) investing activities	68.5	(36.1)
Cash flows from financing activities		
Drawdown of loans	147.8	186.7
Redemption of loans	(353.4)	(143.9)
Capital element of finance lease payments	(11.6)	(7.0)
Purchase of own shares by the Company	(15.7)	(22.9)
Purchase of own shares by the ESOT	(0.4)	(1.6)
Dividends paid	(12.9)	(10.5)
Proceeds from issue of ordinary shares	0.2	0.5
Net cash (used in)/from financing activities	(246.0)	1.3
(Decrease)/increase in cash and cash equivalents	(0.4)	0.7
Opening cash and cash equivalents	1.8	1.1
Effect of exchange rate differences	0.3	-
Closing cash and cash equivalents	1.7	1.8

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the year ended 30 April 2009 were approved by the directors on 17 June 2009. This preliminary announcement of the results for the year ended 30 April 2009 contains information derived from the forthcoming 2008/9 Annual Report & Accounts and does not contain sufficient information to comply with International Financial Reporting Standards (IFRS) and does not constitute the statutory accounts for the purposes of section 435 of the Companies Act 2006. The 2007/8 Annual Report & Accounts has been delivered to the Registrar of Companies. The 2008/9 Annual Report & Accounts will be delivered to the Registrar of Companies and made available on the Group's website at www.ashtead-group.com in July 2009. The auditors' reports in respect of both years are unqualified, do not include a reference to any matter by way of emphasis without qualifying the report and do not contain a statement under section 498(2) or (3) of the Companies Act 2006 in relation to the current year or under section 237(2) or (3) of the Companies Act 1985 for the comparative year.

The results for the year ended and quarter ended 30 April 2009 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 2008 except for the adoption of the amendment to IAS 16 - Property, plant and equipment (and consequential amendment to IAS 7 - Statement of cash flows) relating to the sale of rental assets and IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirement and their interaction. The amendment to IAS 16 has increased the Group's reported revenues and operating costs although there has been no impact on the profit attributable to equity shareholders, reported in the Consolidated statement of income. The adoption of IFRIC 14 has increased the Group's total assets and shareholders' funds due to the inclusion of the pension scheme surplus as an asset. Comparative amounts have been restated for the impact of adopting this amendment and new interpretation.

The figures for the fourth quarter are unaudited.

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

	2009	2008
Average for the quarter ended 30 April	1.44	1.98
Average for the year ended 30 April	1.68	2.01
At 30 April	1.48	1.98

2. Segmental analysis

Three months to 30 April	Revenue before exceptionals £m	Operating profit before exceptionals and amortisation £m	Exceptional items and amortisation £m	Operating (loss)/profit £m
2009				
Sunbelt	189.4	16.2	(13.4)	2.8
A-Plant	42.7	1.6	(15.6)	(14.0)
Corporate costs	-	(1.4)	-	(1.4)
	232.1	16.4	(29.0)	(12.6)
2008				
Sunbelt	185.5	32.9	(0.5)	32.4
A-Plant	59.3	8.3	(0.5)	7.8
Corporate costs	-	(1.8)	-	(1.8)
	244.8	39.4	(1.0)	38.4

NOTES TO THE FINANCIAL STATEMENTS

2. Segmental analysis (continued)

Year to 30 April	Revenue before exceptionals	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
	£m	£m	£m	£m
2009				
Sunbelt	865.5	144.4	(54.8)	89.6
A-Plant	208.0	16.1	(31.8)	(15.7)
Corporate costs	-	(5.5)	-	(5.5)
	1,073.5	155.0	(86.6)	68.4
2008				
Sunbelt	810.0	164.9	(2.1)	162.8
A-Plant	237.8	30.2	(0.5)	29.7
Corporate costs	-	(8.0)	-	(8.0)
	1,047.8	187.1	(2.6)	184.5

	Segment assets	Cash	Taxation assets	Total assets
At 30 April 2009				
Sunbelt	1,514.7	-	-	1,514.7
A-Plant	331.0	-	-	331.0
Central items	0.2	1.7	13.8	15.7
	1,845.9	1.7	13.8	1,861.4
At 30 April 2008				
Sunbelt	1,254.4	-	-	1,254.4
A-Plant	362.7	-	-	362.7
Central items - restated	1.2	1.8	20.2	23.2
Continuing operations	1,618.3	1.8	20.2	1,640.3
Discontinued operations	26.0	-	0.8	26.8
	1,644.3	1.8	21.0	1,667.1

NOTES TO THE FINANCIAL STATEMENTS

3. Operating costs

	2009			2008		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Three months to 30 April						
Staff costs:						
Salaries	69.2	2.9	72.1	64.8	-	64.8
Social security costs	6.0	-	6.0	5.3		5.3
Other pension costs	1.5	-	1.5	0.8	-	0.8
	76.7	2.9	79.6	70.9	-	70.9
Used rental equipment sold	(0.4)	30.3	29.9	10.8	-	10.8
Other operating costs:						
Vehicle costs	18.0	0.3	18.3	17.1	-	17.1
Spares, consumables & external repairs	14.9	0.4	15.3	15.0	-	15.0
Facility costs	12.8	10.9	23.7	10.9	-	10.9
Other external charges	41.9	5.4	47.3	37.4	-	37.4
	87.6	17.0	104.6	80.4	-	80.4
Other income:						
Profit on disposal of non-rental property, plant and equipment	-	(0.1)	(0.1)	(1.0)	0.3	(0.7)
Depreciation and amortisation:						
Depreciation	51.8	8.2	60.0	44.3	-	44.3
Amortisation of acquired intangibles	-	1.2	1.2	-	0.7	0.7
	51.8	9.4	61.2	44.3	0.7	45.0
	215.7	59.5	275.2	205.4	1.0	206.4
Year to 30 April						
Staff costs:						
Salaries	284.6	4.5	289.1	271.7	-	271.7
Social security costs	23.0	-	23.0	22.5	-	22.5
Other pension costs	5.8	-	5.8	4.7	-	4.7
	313.4	4.5	317.9	298.9	-	298.9
Used rental equipment sold	37.3	50.3	87.6	63.4	-	63.4
Other operating costs:						
Vehicle costs	84.0	0.5	84.5	71.0	-	71.0
Spares, consumables & external repairs	61.9	1.9	63.8	55.7	-	55.7
Facility costs	47.3	25.3	72.6	40.9	-	40.9
Other external charges	174.4	8.0	182.4	155.6	-	155.6
	367.6	35.7	403.3	323.2	-	323.2
Other income:						
Profit on disposal of non-rental property, plant and equipment	(0.9)	(0.7)	(1.6)	(1.4)	-	(1.4)
Depreciation and amortisation:						
Depreciation	201.1	43.9	245.0	176.6	-	176.6
Amortisation of acquired intangibles	-	3.4	3.4	-	2.6	2.6
	201.1	47.3	248.4	176.6	2.6	179.2
	918.5	137.1	1,055.6	860.7	2.6	863.3

NOTES TO THE FINANCIAL STATEMENTS

4. Exceptional items and amortisation

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. 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 amortisation are excluded from underlying profit and earnings per share and are set out below.

	Three months to 30 April		Year to 30 April	
	2009	2008	2009	2008
	£m	£m	£m	£m
US cost reduction programme	(12.3)	-	(52.2)	-
UK cost reduction programme	(15.6)	-	(31.7)	-
Profit on sale of property from closed sites	0.1	-	0.7	-
Profit on sale of Ashtead Technology	(0.1)	-	66.1	-
UK restructuring	-	(0.3)	-	-
Total exceptional items before taxation	(27.9)	(0.3)	(17.1)	-
Taxation on exceptional items	10.7	0.2	22.4	(1.6)
Total exceptional items	(17.2)	(0.1)	5.3	(1.6)
Amortisation of acquired intangibles (net of tax credit)	(0.7)	(0.3)	(2.1)	(1.6)
	(17.9)	(0.4)	3.2	(3.2)

The US and the UK cost reduction programmes relate to store closures, fleet downsizing and other cost reduction measures taken in expectation of lower demand for our equipment. The principal costs relate to impairment of rental fleet as a result of the accelerated disposal programme and vacant property costs and the impairment of leasehold improvements at profit centres that will be closed. The gain on Ashtead Technology arose on the sale of that business (refer note 13).

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

	Three months to 30 April		Year to 30 April	
	2009	2008	2009	2008
	£m	£m	£m	£m
Sale of used rental equipment	30.5	-	50.5	-
Staff costs	(2.9)	-	(4.5)	-
Used rental equipment sold	(30.3)	-	(50.3)	-
Other operating costs	(17.0)	-	(35.7)	-
Other income	0.1	(0.3)	0.7	-
Depreciation	(8.2)	-	(43.9)	-
Amortisation of acquired intangibles	(1.2)	(0.7)	(3.4)	(2.6)
Charged in arriving at operating profit and profit before tax	(29.0)	(1.0)	(86.6)	(2.6)
Taxation	11.2	0.6	30.8	(0.6)
	(17.8)	(0.4)	(55.8)	(3.2)
(Loss)/profit after taxation from discontinued operations	(0.1)	-	59.0	-
	(17.9)	(0.4)	3.2	(3.2)

The exceptional depreciation charge of £43.9m consists of £40.6m relating to the impairment of rental equipment sold during the accelerated disposal programme and £3.3m relating to the impairment of leasehold improvements at closed sites.

NOTES TO THE FINANCIAL STATEMENTS

5. Financing costs

	Three months to 30 April		Year to 30 April	
	2009	2008	2009	2008
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	1.0	1.1	4.1	4.3
Interest expense:				
Bank interest payable	3.8	7.5	21.6	36.1
Interest payable on second priority senior secured notes	12.0	9.0	42.4	35.4
Interest payable on finance leases	0.1	0.3	0.7	1.2
Non-cash unwind of discount on defined benefit pension plan liabilities	0.8	0.7	3.1	2.9
Non-cash unwind of discount on self insurance provisions	0.1	0.2	1.1	1.1
Amortisation of deferred costs of debt raising	0.8	0.7	2.8	2.4
Total interest expense	17.6	18.4	71.7	79.1
Net financing costs	16.6	17.3	67.6	74.8

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 40% in the US (2008: 40%) and 29% in the UK (2008: 30%) applied to the profit before tax, exceptional items and amortisation of acquired intangibles. The blended effective rate for the Group as a whole is 34%.

The tax charge of £29.6m (2008: £39.1m) on the underlying pre-tax profit of £87.4m (2008: £112.3m) from continuing operations consists of current tax of £2.6m relating to the UK (2008: £nil), current tax of £0.1m relating to the US (2008: £5.7m), deferred tax of £10.4m relating to the UK (2008: £18.0m) and deferred tax of £16.5m relating to the US (2008: £15.4m). In addition, the tax credit of £30.8m (2008: charge of £0.6m) on exceptional costs (including amortisation) of £86.6m (2008: £2.6m) relating to continuing operations consists of a current tax credit of £2.6m relating to the UK (2008: £nil), a deferred tax credit of £5.9m (2008: charge of £1.4m) relating to the UK and a deferred tax credit of £22.3m (2008: £0.8m) relating to the US.

Tax on discontinued operations is discussed in note 13.

NOTES TO THE FINANCIAL STATEMENTS

7. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 2009 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 in treasury and 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	
	2009	2008	2009	2008
(Loss)/profit for the financial period (£m)				
From continuing operations	(16.6)	14.7	2.0	70.0
From discontinued operations	(0.1)	2.8	61.0	7.6
From continuing and discontinued operations	(16.7)	17.5	63.0	77.6
Weighted average number of shares (m) - basic	497.9	531.3	504.5	547.0
- diluted	498.0	532.4	504.7	549.2
Basic earnings per share				
From continuing operations	(3.3p)	2.8p	0.4p	12.8p
From discontinued operations	-	0.5p	12.1p	1.4p
From continuing and discontinued operations	(3.3p)	3.3p	12.5p	14.2p
Diluted earnings per share				
From continuing operations	(3.3p)	2.8p	0.4p	12.7p
From discontinued operations	-	0.5p	12.1p	1.4p
From continuing and discontinued operations	(3.3p)	3.3p	12.5p	14.1p

Underlying earnings per share (defined in any period as the earnings before exceptional items and amortisation of acquired intangibles 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	
	2009	2008	2009	2008
Basic earnings per share	(3.3p)	3.3p	12.5p	14.2p
Exceptional items and amortisation of acquired intangibles	5.8p	0.2p	4.1p	0.5p
Tax on exceptional items and amortisation	(2.3p)	(0.1p)	(4.7p)	(0.2p)
Exceptional deferred tax charge	-	-	-	0.3p
Underlying earnings per share	0.2p	3.4p	11.9p	14.8p
Other deferred tax	(0.4p)	2.1p	5.4p	6.6p
Cash tax earnings per share	(0.2p)	5.5p	17.3p	21.4p

8. Dividends

During the year, an interim dividend of 0.9p (2008: 0.825p) per share and a final dividend in respect of the year ended 30 April 2008 of 1.675p (2007: 1.1p) per share were paid to shareholders.

9. Property, plant and equipment

	2009		2008	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	994.0	1,130.1	920.6	1,048.0
Exchange difference	233.4	262.9	5.7	6.4
Reclassifications	(0.6)	-	(0.5)	-
Additions	207.5	238.3	294.8	331.0
Acquisitions	0.1	0.1	2.8	2.8
Disposals	(43.6)	(50.6)	(52.8)	(57.7)
Depreciation	(210.8)	(245.0)	(158.8)	(182.3)
	1,180.0	1,335.8	1,011.8	1,148.2
Transfer to assets held for sale	(39.5)	(41.8)	(17.8)	(18.1)
At 30 April	1,140.5	1,294.0	994.0	1,130.1

Included in depreciation is an impairment charge of £43.9m (see note 4).

10. Called up share capital

Ordinary shares of 10p each:

	2009 Number	2008 Number	2009 £m	2008 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	553,325,554	561,572,726	55.3	56.2

During the year, the Company has purchased 27,288,283 shares at a total cost of £15.7m, which are held in treasury and the ESOT has purchased 491,513 shares at a total cost of £0.4m. In addition, during the period, 675,559 ordinary shares of 10p each were re-issued out of treasury at an average price of 23p per share raising £0.2m and 8,247,172 shares held in treasury were cancelled.

11. Statement of changes in equity

	Share capital	Share premium	Capital redemption reserve	Non distributable reserves	Treasury stock	Own shares held by ESOT	Cumulative foreign exchange translation differences	Retained reserves	Total	30 April 2008 (restated)
	£m	£m		£m	£m	£m	£m	£m	£m	£m
Total recognised income and expense	-	-	-	-	-	-	56.1	58.0	114.1	76.0
Shares issued/re-issued	-	-	-	-	0.5	-	-	(0.3)	0.2	0.5
Dividends paid	-	-	-	-	-	-	-	(12.9)	(12.9)	(10.5)
Share-based payments	-	-	-	-	-	-	-	(0.8)	(0.8)	2.5
Vesting of share awards	-	-	-	-	-	1.1	-	(1.1)	-	-
Own shares purchased	-	-	-	-	(15.7)	(0.4)	-	-	(16.1)	(24.9)
Cancellation of shares held in treasury by the Company	(0.9)	-	0.9	-	5.4	-	-	(5.4)	-	-
Realisation of foreign exchange translation differences	-	-	-	-	-	-	1.2	-	1.2	-
Net changes in shareholders' equity	(0.9)	-	0.9	-	(9.8)	0.7	57.3	37.5	85.7	43.6
Opening shareholders' equity as reported	56.2	3.6	-	90.7	(23.3)	(7.0)	(28.2)	344.1	436.1	396.7
Restatement on application of IFRIC 14 (note 1)	-	-	-	-	-	-	-	4.2	4.2	-
Closing shareholders' equity	55.3	3.6	0.9	90.7	(33.1)	(6.3)	29.1	385.8	526.0	440.3

NOTES TO THE FINANCIAL STATEMENTS

12. Notes to the cash flow statement

	Year to 30 April 2009 £m	2008 (restated) £m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation:		
- continuing operations	155.0	187.1
- discontinued operations	2.8	10.6
	157.8	197.7
Depreciation		
- continuing operations	201.1	176.6
- discontinued operations	-	5.7
EBITDA before exceptional items	358.9	380.0
Profit on disposal of rental equipment	(6.6)	(9.0)
Profit on disposal of other property, plant and equipment	(0.9)	(1.1)
Decrease in inventories	10.5	1.7
Decrease/(increase) in trade and other receivables	47.1	(16.1)
Decrease in trade and other payables	(34.5)	(2.5)
Exchange differences	0.1	1.0
Other non-cash movements	(1.0)	2.4
Cash generated from operations before exceptional items and changes in rental equipment	373.6	356.4

b) Reconciliation to net debt

	2009 £m	2008 £m
Decrease/(increase) in cash in the period	0.4	(0.7)
(Decrease)/increase in debt through cash flow	(217.2)	35.8
Change in net debt from cash flows	(216.8)	35.1
Exchange differences	285.0	9.8
Non-cash movements:		
- deferred costs of debt raising	2.8	2.4
- capital element of new finance leases	1.7	-
Movement in net debt in the period	72.7	47.3
Opening net debt	963.2	915.9
Closing net debt	1,035.9	963.2

c) Analysis of net debt

	1 May 2008 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	30 April 2009 £m
Cash	(1.8)	(0.3)	0.4	-	(1.7)
Debt due within 1 year	7.6	1.9	(4.5)	1.9	6.9
Debt due after 1 year	957.4	283.4	(212.7)	2.6	1,030.7
Total net debt	963.2	285.0	(216.8)	4.5	1,035.9

Details of the Group's debt are given in the Review of Fourth Quarter, Balance Sheet and Cash flow accompanying these financial statements.

d) Acquisitions

	Year to 30 April 2009 £m	2008 £m
Cash consideration	0.3	5.9

In February 2009, A-Plant acquired £0.3m of site accommodation units from one of its customers under a sole supply agreement.

NOTES TO THE FINANCIAL STATEMENTS

13. Disposal of Ashtead Technology

The Group sold its Ashtead Technology division on 26 June 2008 for a cash consideration of £96.0m which has been applied to reduce outstanding debt. Ashtead Technology has been accounted for as a discontinued operation and accordingly the after tax profit for the period from its operations and the gain on the sale of its assets and liabilities has been shown as a single line item within the Group's income statement. The profit after taxation from operations of the business sold comprises:

	Two months to 30 June 2008 £m	Year to 30 April 2008 £m
Revenue	5.1	27.6
Operating costs	(2.3)	(11.3)
EBITDA	2.8	16.3
Depreciation	-	(5.7)
Operating profit	2.8	10.6
Net financing costs	-	-
Profit before taxation from operations	2.8	10.6
Taxation	(0.8)	(3.0)
Profit after taxation from operations	2.0	7.6
Profit on sale of Ashtead Technology net of taxation of £7.1m	59.0	-
Profit after taxation from discontinued operations	61.0	7.6

The £0.8m tax charge consists of a deferred tax charge of £0.4m (2008: £1.8m) relating to the UK, a deferred tax charge of £0.3m relating to the US (2008: £0.9m), a deferred tax charge of £nil (2008: £0.1m) relating to Singapore and a current tax charge of £0.1m (2008: £0.2m) also relating to Singapore.

The assets and liabilities of Ashtead Technology as at the date of disposal were:

	At 26 June 2008	
	£m	£m
Assets		
Cash and cash equivalents		2.8
Inventories		0.1
Trade and other receivables		5.8
Taxation assets		0.8
Property, plant and equipment - rental equipment	18.9	
- other assets	0.3	
		19.2
Goodwill		2.0
Total assets		30.7
Liabilities		
Trade and other payables		4.6
Taxation liabilities		2.5
Total liabilities		7.1
Net assets		23.6

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

13. Disposal of Ashtead Technology (continued)

The proceeds from the sale of Ashtead Technology which have been included in the profit after tax from discontinued operations are as follows:

Sale of Ashtead Technology	2009 £m
Consideration received	96.0
Less: Costs of disposal	(5.1)
Net disposal consideration	90.9
Less: Carrying amounts of net assets disposed of	(23.6)
Less: Recycling of cumulative foreign exchange translation differences	(1.2)
Gain on sale before taxation	66.1
Taxation	(7.1)
	59.0

The results of the discontinued operations which have been included in the consolidated cash flow statement are as follows:

	Two months to 30 June 2008 £m	Year to 30 April 2008 £m
Cash flows attributable to discontinued operations		
Cash flows from operating activities	2.8	7.1
Cash flows from investing activities	-	-
Cash flows from financing activities	(0.3)	(7.1)
	2.5	-

Net cash inflow on disposal	
Consideration received in cash	96.0
Less: Cash and cash equivalents balance sold	(2.8)
Less: Costs of disposal paid	(3.9)
Net consideration reported on cash flow statement	89.3

14. Contingent liabilities and contingent assets

Sunbelt is subject to a class action lawsuit in Florida alleging, inter alia, that NationsRent (prior to its acquisition by Sunbelt in 2006) improperly charged its customers an environmental fee. In February 2009 the court certified a class of all persons charged an environmental fee by NationsRent in the period between June 2003 and August 2006. The plaintiffs are asking that the environmental fee be returned to class members (an estimated $20m), plus interest and legal costs. The plaintiff's claim is based on the theory that because NationsRent did not place the environmental fee revenue into an escrow account, it spent no money on 'environmental-related' expenses and the fee was 'pure profit'. Sunbelt's legal advisers believe that the merits of the lawsuit are weak because there is no legal obligation to place the environmental fee into a segregated account. Moreover, NationsRent never indicated to its customers the environmental fee was hypothecated to any particular expenditure and, regardless, NationsRent incurred substantial 'environmental related' costs. On 28 May 2009, a similar case was filed in the North Carolina Court against Sunbelt by a plaintiff represented by the same plaintiff attorneys acting in the Florida case.

The Group is also subject to periodic legal claims and tax audits in the ordinary course of its business, none of which, including the NationsRent environmental matter, is expected to have a significant impact on the Group's financial position.

REVIEW OF FOURTH QUARTER, BALANCE SHEET AND CASH FLOW

Fourth quarter

	Revenue		EBITDA		Operating profit	
	2009	2008	2009	2008	2009	2008
Sunbelt in $m	266.2	367.5	78.2	131.2	17.3	64.9
Sunbelt in £m	189.4	185.5	57.6	66.4	16.2	32.9
A-Plant	42.7	59.3	11.9	19.0	1.6	8.3
Group central costs	-	-	(1.3)	(1.7)	(1.4)	(1.8)
	232.1	244.8	68.2	83.7	16.4	39.4
Net financing costs					(16.6)	(17.3)
(Loss)/profit before tax, exceptionals and amortisation from continuing operations					**(0.2)**	**22.1**
Ashtead Technology					-	3.3
Exceptional items					(27.9)	(0.3)
Amortisation					(1.2)	(0.7)
Total Group (loss)/profit before taxation					(29.3)	24.4
Taxation					12.6	(6.9)
Profit attributable to equity holders of the Company					(16.7)	17.5

Fourth quarter results reflect the weak market conditions which now exist in both our US and UK markets with Sunbelt's rental revenue in dollars declining 24% and A-Plant's 22% in the quarter against strong prior year comparatives earned when market conditions were still good. Fourth quarter revenues reflected a reduction in Sunbelt's fleet size of 8%, physical utilisation of 61% (2008: 64%) and a 14% reduction in yield. At A-Plant, fleet size was 5% less than the prior year, whilst utilisation was 68% (2008: 74%) and yield also reduced 11%.

Including some early benefit from the cost reduction measures, costs, before depreciation, declined 20% in Sunbelt and 23% in A-Plant in the quarter. As a result of the lower revenues, underlying operating profits declined in both businesses whilst the stronger exchange rate and lower central costs helped bring the underlying operating profit at Group level to £16.4m (2008: £39.4m).

Lower interest rates as well as lower debt levels were largely offset by the translation impact from the stronger dollar bringing the quarter's interest charge to £16.6m (2008: £17.3m) whilst the underlying pre-tax loss for the quarter was £0.2m (2008: profit of £22.1m).

Exceptional items of £27.9m include £12.3m and £15.6m relating to, respectively, the US and UK cost reduction programmes. The quarter's results also included a £1.2m expense for amortisation of acquired intangibles.

Balance sheet

Fixed assets

Capital expenditure in the year was £238.3m (2008: £331.0m) of which £207.5m was invested in the rental fleet (2008: £294.8m in total). Expenditure on rental equipment was 87% 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:

	2009	2008
Sunbelt in $m	221.0	352.2
Sunbelt in £m	149.1	177.8
A-Plant	58.4	108.3
Continuing operations	207.5	286.1
Ashtead Technology	-	8.7
Total rental equipment	207.5	294.8
Delivery vehicles, property improvements & computers	30.8	36.2
Total additions	238.3	331.0

As a result of the decision to actively reduce fleet size due to the recession, both Sunbelt's and A-Plant's fleets were smaller at 30 April 2009 than at 30 April 2008. Accordingly, this year all capital expenditure has been for replacement. In 2008, £126.0m was spent on growth and £168.8m on replacement.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2009 was 35 months (2008: 31 months) on a net book value basis. Sunbelt's fleet had an average age of 38 months (2008: 34 months) comprising 39 months for aerial work platforms which have a longer life and 36 months for the remainder of its fleet and A-Plant's fleet had an average age of 27 months (2008: 23 months).

The original cost of the Group's rental fleet and the dollar utilisation for the year ended 30 April 2009 are shown below:

	Rental fleet at original cost			LTM rental	LTM	LTM
	30 April 2009	30 April 2008	LTM average	and rental related revenues	dollar utilisation	physical utilisation
Sunbelt in $m	2,136	2,314	2,284	1,311	57%	66%
Sunbelt in £m	1,442	1,168	1,541	783	57%	66%
A-Plant	321	360	365	191	52%	67%
	1,763	1,528	1,906	974		

Dollar utilisation is defined as rental revenues divided by average fleet at original (or "first") cost. Dollar utilisation at Sunbelt was 57% in the year ended 30 April 2009 (2008: 62%). Dollar utilisation of 52% (2008: 60%) at A-Plant reflects the lower pricing (relative to equipment cost) in the competitive UK market. Physical utilisation is time based utilisation, which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date.

Trade receivables

Receivable days at 30 April were 47 days (2008: 52 days). The bad debt charge for the year ended 30 April 2009 as a percentage of total turnover was 1.6% (2008: 0.8%). Trade receivables at 30 April 2009 of £124.0m (2008: £137.1m) are stated net of provisions for bad debts and credit notes of £17.6m (2008: £12.6m) with the provision representing 12.4% (2008: 8.4%) of gross receivables.

Trade and other payables

Group payable days were 53 days in 2009 (2008: 70 days). The reduction is due, primarily, to lower capital expenditure related payables at 30 April 2009 of £9.4m (2008: £24.1m) which have longer payment terms. Payment periods for purchases other than rental equipment vary between seven and 45 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Year to 30 April	
	2009	2008
	£m	£m
EBITDA before exceptional items	358.9	380.0
Cash inflow from operations before exceptional items and changes in rental equipment	373.6	356.4
*Cash efficiency ratio**	*104.1%*	*93.8%*
Maintenance rental capital expenditure	(208.5)	(195.3)
Non-rental capital expenditure	(27.1)	(35.8)
Rental equipment disposal proceeds	85.3	87.1
Other property, plant and equipment disposal proceeds	6.6	5.6
Tax received/(paid)	0.8	(6.4)
Financing costs paid	(64.7)	(76.4)
Cash flow before growth capex and exceptionals	**166.0**	**135.2**
Growth capital expenditure	-	(120.4)
Exceptional costs	(9.4)	(9.5)
Free cash flow	**156.6**	**5.3**
Business disposals/(acquisitions)	89.0	(5.9)
Total cash generated/(absorbed)	**245.6**	**(0.6)**
Dividends paid	(12.9)	(10.5)
Share buy-backs and other equity transactions (net)	(15.9)	(24.0)
Decrease/(increase) in net debt	216.8	(35.1)

* Cash inflow from operations before exceptional items and changes in rental equipment as a percentage of EBITDA before exceptional items.

Cash inflow from operations before exceptional items and changes in rental equipment increased 4.8% to £373.6m and the cash efficiency ratio was 104.1% (2008: 93.8%) as we converted over 100% of our pre-exceptional EBITDA into cash.

This year payments for capital expenditure were broadly in line with capital expenditure delivered into the fleet with a net £143.7m spent in the year (2008: £258.8m).

There was a small tax recovery reflecting the fact that tax payments remain low as a result of tax depreciation in excess of book and utilisation of tax losses. Financing costs paid differ slightly from the accounting charge in the income statement due to the timing of interest payments in the year and non-cash interest charges. They reduced significantly due to the impact of both lower average interest rates and lower average debt levels.

After exceptional costs paid of £9.4m, representing mostly staff severance and vacant property costs, the Group generated £245.6m of net cash inflow in the year. This reflected net cash generation of £156.6m from operations and a further £89.0m generated from the sale of Ashtead Technology. £28.8m of this net inflow was returned to equity shareholders by way of dividends (£12.9m) and share buy-backs (£15.9m) with the balance of £216.8m applied to reduce outstanding debt.

Net debt

	2009	2008
	£m	£m
First priority senior secured bank debt	501.1	556.2
Finance lease obligations	7.9	15.2
8.625% second priority senior secured notes, due 2015	165.1	122.2
9% second priority senior secured notes, due 2016	363.5	271.4
	1,037.6	965.0
Cash and cash equivalents	(1.7)	(1.8)
Total net debt	1,035.9	963.2

Net debt at 30 April 2009 was £1,035.9m (30 April 2008: £963.2m) which includes a translation increase of £285.0m due to the weakness of sterling relative to the dollar. The Group's underlying EBITDA (excluding Ashtead Technology) for the year calculated at constant 30 April 2009 exchange rates was £395.1m. Accordingly the ratio of net debt to underlying EBITDA was 2.6 times at constant exchange rates at 30 April 2009 (30 April 2008: 2.5 times).

The Group's debt facilities are now committed for a weighted average period of approximately 4.6 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 6%, 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 not to exceed 4.0 times; and
- a fixed charge ratio comparing EBITDA before exceptional items less net capital expenditure paid in cash to the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid which is required to be equal or greater to 1.1 times.

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 2009 availability under the bank facility was $550m ($602m at 30 April 2008). Although the covenants were therefore not required to be measured at 30 April 2009, the Group was in compliance with both of them at that date. Accordingly, the Board continues to believe that it is appropriate to prepare the accounts on a going concern basis.

Financial risk management

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

<u>Market risk</u>

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps whereas the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

The Group has fixed and variable rate debt in issue with 52% of the drawn debt at a fixed rate. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. The interest rates currently applicable to this variable rate debt are LIBOR as applicable to the currency borrowed (US dollars or pounds) plus 175bp.

The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2009, the Group had no such outstanding swap agreements. The Group also holds cash and cash equivalents, which earn interest at a variable rate.

Currency exchange risk

Currency exchange risk is limited to translation risk as there are no transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is the pound sterling. However, a majority of our assets, liabilities, revenue and costs is denominated in US dollars. The Group has arranged its financing such that virtually all of its debt is also denominated in US dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense.

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenues in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign exchange exposures or the impact of exchange rate movements on the translation of overseas profits into sterling. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions (e.g. acquisitions) is considered on an individual basis.

Credit risk

The Group's financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has a large number of unrelated customers, serving over 680,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage credit risk more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit rating agencies and the maintenance of a credit control function.

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group generates significant free cash flow (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow is available to the Group to invest in growth capital expenditure, acquisitions and dividend payments or to reduce debt.

In addition to the free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2009, availability under this facility was $550m (£371m).

Principal risks and uncertainties

The Group faces a number of risks and uncertainties in its day-to-day operations and it is management's role to mitigate and manage these risks. The Board has established a formal risk management process which has identified the following principal risks and uncertainties which could affect employees, operations, revenues, profits, cash flows and assets of the Group:

Economic conditions

The construction industry in which we earn the majority of our revenues is cyclical with construction industry cycles typically lagging the general economic cycle by between six and 18 months. We recognise that we operate in a cyclical industry and expect that demand for our products and services will decline during the down phase of the cycle. As a result we seek to manage our operations prudently through the different phases of the cycle to our competitive advantage. We have also arranged our capital structure and our debt facilities in recognition of the cyclical nature of our industry.

Competition

The Group operates in a highly competitive market. While there are a small number of large companies, such as ourselves, operating on a national basis in each of our markets, there are also a large number of much smaller competitors at a local level. Considerable barriers of entry make it unlikely that additional national competitors will emerge in the short to medium term due to the significant effort and resources needed to develop the suitable IT systems, personnel, locations and equipment fleets required to operate on a national scale. However, on a local basis there is considerable churn amongst our smaller competitors.

The competitive trading environment in which we operate helps maintain our business focus on creating commercial advantage by providing our customers with a high level of service, consistently, and at a price they consider good value. We regularly estimate and monitor our market share and track the performance of our competitors to ensure that we are performing effectively.

People

Our ability to attract and retain good people is key to delivering superior performance and customer service. We believe we provide attractive remuneration packages that reward and incentivise our staff, many of whom remain with us for much of their careers, thus preserving our skills base. If we were to suffer excessive staff turnover then it is likely that there would be an impact on our ability to maintain the appropriate quality of service to our customers which would ultimately adversely impact our financial performance.

Health and safety

The Board is determined to ensure that our businesses provide a safe working environment for all our employees. We also have substantial processes in place to help support our customers exercise their responsibility to their own workforces when using our equipment. We maintain appropriate health and safety policies and procedures to reasonably guard our employees against risk and reinforce these procedures through appropriate training and induction programmes. Failures in our health and safety practices could have an adverse impact on individuals, attract financial penalties or harm our reputation.

Acquisitions

It is part of the Group's strategy at the appropriate time in the construction cycle to acquire businesses in our core markets which add value. We recognise the risks associated in acquiring businesses and mitigate the risk of failure of an acquisition through a rigorous acquisition process, which is overseen by the Board. We undertake detailed operational and financial due diligence to ensure particularly that operational risks are identified and appropriately factored into our valuation of the target. Risks associated with the post-acquisition integration of an acquired business are mitigated through the development of a rigorous integration plan with close management and monitoring to ensure synergies are realised fully.

Information technology

Our businesses involve us in tracking and recording a high volume of relatively low value transactions. For example we own over 280,000 units of rental equipment and in the past year entered into 2.4m rental contracts which are tracked and controlled using fully integrated computer systems in the US and UK. We are therefore heavily dependent on the robustness of the application software and network infrastructure which delivers these systems.

Both Sunbelt and A-Plant have invested in sophisticated and well protected data centres with multiple data links to protect against the risk of failure and consequently ensure these systems are on-line to all our locations every working day. A serious uncured failure in this area would have an immediate effect so each business also maintains separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at the primary site. Both businesses have also prepared detailed business recovery plans which are tested periodically.

Compliance with laws and regulations

The regulatory environment changes frequently imposing a continuing need on the Group to ensure that it has appropriate processes in place to achieve compliance with relevant legislation. The Group's policies and practices therefore evolve as we update them to take account of changes in legal obligations. Our training and induction programmes are designed to ensure that our staff receive appropriate training and briefing on the policies relevant to their position and function in the organisation. This is underpinned by a Group-wide ethics policy and 'whistle blowing' arrangements, by which employees may, in confidence, raise concerns about any improprieties. Failures in these processes could result in reputational damage or financial penalty.

Accounting and treasury

There is a risk that fraud or accounting discrepancies may occur if our financial and operational control framework is inadequate. This could result in a misstatement of the Group's financial performance. The Group believes that it has established a robust internal financial control framework to mitigate this risk.

The Group's trading and financial activities expose it to various financial risks which, if left unmanaged, could adversely affect current or future earnings. Principal amongst these are the risks that either the Group's existing debt facilities become unavailable by virtue of non-compliance with the terms of those agreements or that the Group fails to replace existing facilities prior to their maturity and consequently has inadequate debt facilities available to it to meet its borrowing requirements.

The risk that the Group's existing facilities become unavailable for any reason is substantially mitigated by the form of facilities chosen by the Group as discussed under "net debt" above which results in there being effectively no quarterly monitored financial covenants to adhere to and also in the Group maintaining substantial availability on its asset-based senior bank debt. The Group maintains close contacts with the providers of all its debt facilities to ensure they have timely access to all the information about the Group that they require.

The liquidity risk, relating to the continued availability to the Group of sufficient debt facilities is managed firstly by the long maturity profile in the Group's existing facilities which have an average remaining term of 4.6 years at 30 April 2009. Within this the earliest maturity is of the asset based senior bank debt facility where the existing commitment expires on 31 August 2011. The finance director reports regularly to the Board on the management of our debt liquidity profile.

Suppliers

The inability to obtain the right equipment and parts at the right time for a reasonable cost could have an adverse impact on the Group's financial performance. We have established close relationships with suppliers that have a strong reputation for product quality and reliability and good after-sales service and support. We believe the Group also has sufficient alternative sources of supply for the equipment it purchases in each of its product categories. The size and scale of our business and of our rental fleets also enables us to negotiate favourable delivery, pricing, warranty and other terms with our suppliers.

Environmental

Our operations are subject to numerous laws governing environmental protection and occupational health and safety matters. These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. Under these laws, we may be liable for, among other things, the cost of investigating and remediating contamination at our sites as well as sites to which we send hazardous wastes for disposal or treatment regardless of fault, and also fines and penalties for non-compliance.

Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment, dispose of solid and hazardous waste and wastewater from equipment washing, and store and dispense petroleum products from underground and above-ground storage tanks located at some of our locations. We take our environmental and health and safety responsibilities seriously and have stringent policies and procedures in place at all our depots to help minimise undue impact on the environment and keep our employees safe.

OPERATING STATISTICS - CONTINUING GROUP

	Profit centre numbers		Staff numbers	
	2009	2008	2009	2008
Sunbelt Rentals	398	430	6,072	7,039
A-Plant	122	192	2,077	2,422
Corporate office	-	-	13	13
Group	520	622	8,162	9,474

Sunbelt’s profit centre numbers include 90 Sunbelt at Lowes stores at 30 April 2009 (90 at 30 April 2008).