ASHTEAD GROUP PLC

Audited preliminary results for the year ended 30 April 2004 and unaudited fourth quarter results

- 42% growth in Sunbelt's full year divisional operating profit* to $73.3m (2003 - $51.5m) reflecting improved operating conditions in the US. Sunbelt's fourth quarter profit was $20.2m (2003 - $3.0m).

- A-Plant's full year divisional operating profit* reduced to £4.0m (2003 – £7.9m) reflecting difficult trading during its refocusing programme which was completed in January. Since then its fourth quarter profit improved to £1.5m (2003 – loss of £2.4m).

- Full year Group EBITDA before exceptional items of £147.0m, up 4% at constant exchange rates. Fourth quarter EBITDA on the same basis of £35.0m, up 45% at constant rates.

- Full year Group profit before exceptional items, goodwill amortisation and tax of £7.6m (2003 - £1.8m loss). For the fourth quarter, the profit on the same basis was £3.1m (2003 - £10.6m loss)

- Full year loss before tax of £33.1m (2003 - £42.2m loss) and after tax loss per share of 10.8p (2003 – 10.3p loss per share) reflecting goodwill amortisation of £9.2m and exceptional charges of £31.5m. Of these, £20.6m related to one time refinancing costs and the balance was mostly non-cash.

- Net free cash inflow** for the year of £56.6m up 46% from £38.9m in 2003

- Net debt*** at 30 April of £526.7m, £95.6m lower than last year's £622.3m. At constant exchange rates, net debt reduced by £53.6m in the year.

* divisional operating profit is defined as the operating profit before exceptional items and goodwill amortisation of our divisions
** net cash inflow from operating activities before exceptional items, less interest paid, net capital expenditure and tax
*** debt plus non-recourse funding received under the account receivable securitisation less cash at bank and in hand
Further details of these performance measures are given in the section on supplemental financial information.

Ashtead's chief executive, George Burnett, commented:

The Group has made significant progress in the past year. Financial stability has been achieved through the extension of our banking facilities to September 2007 and the issue of our ten year bond. Sunbelt, our US business, achieved divisional operating profit growth in dollars of over 40% and continued to take market share in improving trading conditions. Following the completion of its refocusing programme in January 2004, we have seen encouraging signs of an improvement in the trading performance of A-Plant, our UK business. We are looking to build on this momentum in the coming year.

PRESS RELEASE

Overview

The Group closed its year to 30 April 2004 with a strong last quarter performance. Operating profit before exceptional items and goodwill amortisation for the quarter was £12.0m compared with a loss of £0.8m in the previous year and the profit before exceptional items, goodwill amortisation and tax for the quarter was £3.1m (2003 - loss of £10.6m). There were particularly encouraging figures for both Sunbelt Rentals, the Group's US division, where dollar revenues grew by 13.8% and divisional operating profits increased from $3.0m to $20.2m (£1.8m to £11.0m in sterling terms) and for A-Plant whose divisional operating profit was £1.5m compared with a loss of £2.4m in the previous year.

For the full year to 30 April 2004, Group profits before exceptional items, goodwill amortisation and tax were £7.6m (2003 – loss of £1.8m). At constant exchange rates profits would have been 33.5% higher at £10.1m. Turnover before exceptional effects, which declined by 1.6% at constant exchange rates, was further reduced at actual exchange rates by the weakness of the dollar to £500.3m (2003 - £539.5m), a 7.3% decline.

The Group, which started the year in default with its bankers, ended with the achievement of financial stability through the closing of our ten year bond issue in April and the extension of our facilities with existing banks until the end of September 2007. Significant exceptional costs were incurred in this process contributing to the FRS 3 loss before tax of £33.1m (2003 - £42.2m loss).

Review of trading

	Turnover *		EBITDA*		Divisional operating profit**	
	2004	2003	2004	2003	2004	2003
Sunbelt Rentals in $m	572.8	547.0	176.8	155.5	73.3	51.5
Sunbelt Rentals in £m	333.1	349.1	102.8	99.3	42.4	32.9
A-Plant	155.9	178.4	43.2	48.9	4.0	7.9
Ashtead Technology	11.3	12.0	5.7	6.1	2.7	2.5
Group central costs	-	-	(4.7)	(4.2)	(4.9)	(4.2)
	500.3	539.5	147.0	150.1	44.2	39.1

* before exceptional items
** operating profit before goodwill amortisation and exceptional items

Sunbelt Rentals

Sunbelt enjoyed a strong recovery in the year with dollar revenues up $25.8m or 4.7% to $572.8m. Tight control of costs maximised the benefits of operational gearing so that $21.8m of the increased revenue fell to the bottom line. As a result divisional operating profit was up 42.3% to $73.3m (2003 - $51.5m).

Although the weakness of the dollar transformed the 4.7% increase in dollar revenues into a 4.6% decline in sterling, divisional operating profits in sterling were still up 28.9%. EBITDA margins improved from 28.4% to 30.9% and operating margins from 9.4% to 12.8%.

Utilisation levels, which in the first half had trailed the previous year, averaged 65.1% for the year as a whole, compared with 64.5% in the previous year, thanks to a strong last quarter. Rental rates improved with an estimated uplift of 4% for the year as a whole. As the year progressed and the US economy strengthened there was also evidence of accelerating recovery in the non-residential construction market, Sunbelt's principal customer base, and in the equipment rental market itself. This coupled with improved utilisation and pricing produced year on year growth in total quarterly revenues of –1.0%, +3.2%, +4.0% and +13.8% over the four quarters indicating that Sunbelt continued to take market share.

Capital expenditure in the year was kept under tight control, with fleet investment being largely matched with disposals in a market where improving second hand pricing gave further evidence of economic recovery. There were three new profit centre openings in the year bringing the total number to 200.

As separately announced today following the strong profit performance in Sunbelt, Cliff Miller has been appointed President and Chief Executive and Brendan Horgan Chief Operating Officer, allowing George Burnett the Group chief executive, who has also been acting CEO in the United States, to return to the UK.

A-Plant

For A-Plant the past year was one of transition as its business refocusing programme was completed. Three non-core activities were disposed of – Mast Climbing, Big Air and its businesses in Ireland. In addition the final stages of the move from five geographic regions to three product focused divisions, Main Plant, Specialist and Tool Hire Shops, was put in place. These changes, coupled with the network rationalisation begun in 2003 under which over 20 profit centres have been closed, contributed to a 12.6% decline in turnover to £155.9m. Same store turnover was down 5.3% in the year. Costs excluding exceptional items and amortisation were reduced by 10.9% so that the £22.5m turnover decline was restricted to a £3.9m reduction in divisional operating profit to £4.0m.

A-Plant enjoyed a much improved fourth quarter. Same store turnover was almost in line with last year (down 0.9%) and utilisation rates, which for the year as a whole averaged 59.9% compared with 60.7% in the previous year, were 63.6% in the last quarter, significantly above the comparable 2003 figure of 59.6%. As mentioned above, divisional operating profit for the quarter was £1.5m (prior year loss £2.4m).

Ashtead Technology – Offshore and Environmental

Ashtead Technology achieved an 8.0% improvement in its divisional operating profit in the year to 30 April 2004 despite difficult trading in many of its markets. Tight cost controls saw operating margins increase to 23.9% from 20.8% in 2003. The US businesses, both offshore and environmental, saw growth in the year and a new environmental profit centre was opened in the San Francisco area. Since the year end the first such business in the UK has been opened in Hitchin and there are further planned openings in Atlanta and Chicago in the coming twelve months.

Interest and exceptional items

Interest costs before exceptional items declined to £36.6m (2003 - £40.9m) reflecting lower average borrowings and the weakness of the US dollar. Exceptional items totalled £31.5m and principally related to costs incurred in connection with the extension of the maturity of the Company's senior debt facilities.

Cash flow

The Group continued to generate strong cash flow. Net free cash inflow for the year (as defined) was £56.6m up 46% from £38.9m in the previous year. Net debt was reduced by £95.6m reflecting this cash generation and the weakness of the dollar. At constant exchange rates the reduction was £53.6m.

Capital expenditure during the year was reduced in line with market conditions. The total for the year was £72.3m (2003 - £85.5m) of which £64.1m (2003 - £71.0m) was spent on the rental fleet. It is anticipated that capital expenditure in the coming year will rise to approximately £100m, in line with the depreciation charge. The average age of the Group's fleet at 30 April 2004 was 46 months (43 months in the UK and 48 months in total for the US but, when the longer-life aerial work platform fleet is excluded, the average fleet age for the rest of the US fleet reduces to 35 months). Profits on disposal of fixed assets were £6.2m up from £3.0m in the previous year.

Current trading and outlook

The improving turnover performance, seen in the last quarter of the financial year, continued in the months of May and June. Sunbelt's dollar revenues grew 10.9% while A-Plant achieved like for like growth of 2.4%.

While a further weakening of the US dollar and the prospect of higher interest rates could have some negative impact, the Board is encouraged by the improving trends in its businesses and in the markets in which they operate, and believes that further progress should be achieved in the coming year.

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There will be a presentation today to equity analysts at 9.30am at the offices of JPMorgan at 60 Victoria Embankment, London EC4 (entrance on John Carpenter Street). A simultaneous webcast of the meeting and a copy of the slides will be available through the Company's website, www.ashtead-group.com. A recorded playback will also be available shortly after the meeting.

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SUPPLEMENTAL FINANCIAL INFORMATION

Divisional performance

Fourth quarter	Turnover		EBITDA		Profit	
	2004	2003	2004	2003	2004	2003
	£m	£m	£m	£m	£m	£m
Sunbelt Rentals in $m	143.1	125.7	45.2	29.5	20.2	3.0
Sunbelt Rentals in £m	78.1	79.1	24.7	18.5	11.0	1.8
A-Plant	37.5	41.3	10.0	7.8	1.5	(2.4)
Ashtead Technology	2.4	2.5	1.0	1.3	0.5	0.6
Group central costs	-	-	(0.7)	(0.6)	(1.0)	(0.8)
	118.0	122.9	35.0	27.0	12.0	(0.8)
Interest					(8.9)	(9.8)
Profit/(loss) before exceptional items & goodwill amortisation					**3.1**	**(10.6)**
Exceptional items					(13.0)	(14.1)
Goodwill amortisation					(2.4)	(2.2)
Loss before tax					**(12.3)**	**(26.9)**

Full year	Turnover		EBITDA		Profit	
	2004	2003	2004	2003	2004	2003
	£m	£m	£m	£m	£m	£m
Sunbelt Rentals in $m	572.8	547.0	176.8	155.5	73.3	51.5
Sunbelt Rentals in £m	333.1	349.1	102.8	99.3	42.4	32.9
A-Plant	155.9	178.4	43.2	48.9	4.0	7.9
Ashtead Technology	11.3	12.0	5.7	6.1	2.7	2.5
Group central costs	-	-	(4.7)	(4.2)	(4.9)	(4.2)
	500.3	539.5	147.0	150.1	44.2	39.1
Interest					(36.6)	(40.9)
Profit/(loss) before exceptional items & goodwill amortisation					**7.6**	**(1.8)**
Exceptional items					(31.5)	(31.4)
Goodwill amortisation					(9.2)	(9.0)
Loss before tax					**(33.1)**	**(42.2)**

Fixed assets – rental equipment additions	2004	2003
	£m	£m
Sunbelt Rentals	31.8	45.8
A-Plant	29.8	22.4
Ashtead Technology	2.5	2.8
Total rental equipment	64.1	71.0
Other fixed assets	8.2	14.5
Total additions	72.3	85.5

SUPPLEMENTAL FINANCIAL INFORMATION

Summarised cash flow statement	2004	2003
	£m	£m
EBITDA before exceptional items	147.0	150.1
Cash inflow from operations before exceptional items	140.0	157.3
*Cash efficiency ratio**	*95.2%*	*104.8%*
Capital expenditure	(82.9)	(107.1)
Proceeds from sale of used rental equipment	32.3	29.4
Tax received	0.1	0.7
Free cash flow before interest	**89.5**	**80.3**
Interest paid (excluding exceptional interest)	(32.9)	(41.4)
Free cash flow after interest	**56.6**	**38.9**
Acquisitions and disposals	15.2	(0.8)
Exceptional costs	(18.2)	(7.6)
Dividends paid	-	(9.3)
Reduction in total debt	**53.6**	**21.2**

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

Net debt	2004	2003
	£m	£m
First priority senior secured bank debt and overdraft	226.1	422.9
Finance lease obligations	12.1	22.4
12% second priority senior secured notes, due 2014	115.6	-
5.25% unsecured convertible loan note, due 2008	130.6	129.8
	484.4	575.1
Cash at bank and in hand	(9.9)	(10.3)
	474.5	564.8
Non-recourse finance received under debtors securitisation	52.2	57.5
	526.7	622.3

Operating statistics at 30 April 2004

	Profit centre numbers		Staff numbers	
	2004	2003	2004	2003
Sunbelt Rentals	200	193	3,697	3,671
A-Plant	220	249	2,043	2,314
Ashtead Technology	8	7	79	81
Corporate office	-	-	14	12
Group	428	449	5,833	6,078

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL

	2004 Before goodwill amortisation & exceptional items £m	2004 Goodwill amortisation & exceptional items £m	2004 Total £m	2003 Before goodwill amortisation & exceptional items £m (restated)	2003 Goodwill amortisation & exceptional items £m (restated)	2003 Total £m (restated)
Turnover	500.3	(3.3)	497.0	539.5	-	539.5
Operating profit	44.2	(28.0)	16.2	39.1	(38.5)	0.6
Loss on sale of businesses	-	(3.8)	(3.8)	-	-	-
Interest payable and similar charges	(36.6)	(8.9)	(45.5)	(40.9)	(1.9)	(42.8)
Loss on ordinary activities before taxation	7.6	(40.7)	(33.1)	(1.8)	(40.4)	(42.2)
Taxation on loss on ordinary activities:						
- current tax	0.3	-	0.3	(0.3)	-	(0.3)
- deferred tax	(10.5)	8.5	(2.0)	0.7	8.6	9.3
	(10.2)	8.5	(1.7)	0.4	8.6	9.0
Loss for the financial year transferred from reserves	(2.6)	(32.2)	(34.8)	(1.4)	(31.8)	(33.2)
Basic and diluted loss per share			(10.8p)			(10.3p)
Reconciliation of operating profit to EBITDA						
Operating profit	44.2	(28.0)	16.2	39.1	(38.5)	0.6
Depreciation & amortisation	102.8	11.5	114.3	111.0	14.8	125.8
EBITDA	147.0	(16.5)	130.5	150.1	(23.7)	126.4

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 APRIL	2004 £m	2003 £m
Loss for the financial year	(34.8)	(33.2)
Foreign currency translation differences	4.9	(0.4)
Total recognised gains and losses in the year	(29.9)	(33.6)

SUMMARY OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2004 £m	2003 £m
Total recognised gains and losses in the year	(29.9)	(33.6)
Goodwill transferred to profit and loss account in respect of businesses sold	2.3	-
Share capital subscribed	-	0.1
Net decrease in shareholders' funds in the year	(27.6)	(33.5)
Shareholders' funds at the beginning of the year as restated	159.4	192.9
Closing shareholders' funds	131.8	159.4

CONSOLIDATED BALANCE SHEET AT 30 APRIL

	2004	2003
	£m	£m
		(restated)
Fixed assets		
Intangible assets:		
- goodwill	142.9	152.0
Tangible fixed assets:		
- rental equipment	469.7	577.5
- other fixed assets	65.8	74.0
	535.5	651.5
	678.4	803.5
Current assets		
Stock	15.1	11.6
Trade debtors subject to non-recourse financing	82.4	88.0
Non-recourse financing received	(52.2)	(57.5)
Trade debtors net of non-recourse financing	30.2	30.5
Other trade debtors, prepayments & accrued income	11.7	16.3
Cash at bank and in hand	9.9	10.3
	66.9	68.7
Creditors - amounts falling due within one year		
Bank loans, overdrafts and finance lease obligations	(15.6)	(10.6)
Trade and other creditors	(77.3)	(92.2)
	(92.9)	(102.8)
Net current liabilities	(26.0)	(34.1)
Total assets less current liabilities	652.4	769.4
Creditors - amounts falling due after more than one year		
5.25% unsecured convertible loan note, due 2008	(130.6)	(129.8)
Bank and other loans	(338.2)	(434.7)
Trade and other creditors	(9.4)	-
	(478.2)	(564.5)
Provision for liabilities and charges		
Deferred taxation	(27.7)	(28.6)
Other provisions	(14.7)	(16.9)
	(42.4)	(45.5)
Total net assets	131.8	159.4
Capital and reserves		
Called up share capital	32.6	32.6
Share premium account	100.7	100.7
Revaluation reserve	0.5	0.5
Own shares held by ESOT	(1.6)	(1.6)
Profit and loss account	(0.4)	27.2
Total equity shareholders' funds	131.8	159.4

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL

		2004		2003
	£m	£m	£m	£m
Net cash inflow from operating activities				
Cash inflow before exceptional items		140.0		157.3
Exceptional costs		(11.1)		(4.4)
Movement in non-recourse finance received under trade debtors securitisation		(2.2)		57.4
Net cash inflow from operating activities		126.7		210.3
Returns on investments and servicing of Finance				
Interest paid	(32.9)		(41.4)	
Exceptional bank facility costs	(7.1)		(3.2)	
Net cash outflow from returns on investments and servicing of finance		(40.0)		(44.6)
Taxation inflow		0.1		0.7
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(82.9)		(107.1)	
Sale of tangible fixed assets	32.3		29.4	
Net cash outflow from capital expenditure and financial investment		(50.6)		(77.7)
Acquisitions & disposals inflow/(outflow)		15.2		(0.8)
Equity dividends paid		-		(9.3)
Net cash inflow before management of liquid resources and financing		51.4		78.6
Financing				
Issue of ordinary share capital	-		0.1	
Drawdown of loans	115.6		11.9	
Redemption of loans	(156.6)		(65.8)	
Increase in cash collateral balances	(2.6)		(3.7)	
Capital element of finance lease payments	(8.6)		(11.9)	
Net cash outflow from financing		(52.2)		(69.4)
(Decrease)/increase in cash		(0.8)		9.2

NOTES TO THE PRELIMINARY STATEMENT

1. This preliminary announcement of the results for the year ended 30 April 2004 is an excerpt from the forthcoming 2004 Annual Report & Accounts and does not constitute the statutory accounts for either 2003/4 or 2002/3 for the purposes of section 240 (3) of the Companies Act 1985. The 2003/4 figures are extracted from the audited accounts for that year which have not yet been filed with Companies House. The comparative figures are derived from the latest published financial statements that have been delivered to the Registrar of Companies. The auditors' reports in respect of both years were unqualified and do not contain a statement under section 237 of the Companies Act 1985.

2. The audited accounts for the year ended 30 April 2004 have been prepared using consistent accounting policies to those applied in the statutory accounts for the year ended 30 April 2003 except that the provisions of UITF Abstract 38 'Accounting for ESOP Trusts' have been adopted in the year with the effect that the cost of shares held by the employee share ownership trust are now presented as a deduction from shareholders' equity. Additionally the Group profit and loss account is now presented using the type of expenditure format provided for by the Companies Act 1985 in order to provide greater clarity about the main components of the Group's cost base to users of the accounts.

3. The duly authorised Board committee has approved this preliminary announcement.

4. Operating costs

	2004			2003		
	Before goodwill amortisation & exceptional items	Goodwill amortisation & exceptional items	Total	Before goodwill amortisation & exceptional items	Goodwill amortisation & exceptional items	Total
	£m	£m	£m	£m	£m	£m
Staff costs:						
Salaries	153.7	0.5	154.2	167.1	0.5	167.6
Social security costs	13.1	-	13.1	15.2	-	15.2
Other pension costs	3.7	-	3.7	3.8	-	3.8
	170.5	0.5	171.0	186.1	0.5	186.6
Depreciation and amortisation:						
Depreciation	102.8	2.3	105.1	111.0	5.8	116.8
Goodwill amortisation	-	9.2	9.2	-	9.0	9.0
	102.8	11.5	114.3	111.0	14.8	125.8
Other costs:						
Vehicle costs	47.5	-	47.5	50.8	-	50.8
Spares, consumables and external repairs	36.3	-	36.3	41.6	-	41.6
Facilities costs	28.9	1.4	30.3	30.8	1.4	32.2
Refinancing costs	-	10.9	10.9	-	5.6	5.6
Other external charges	75.3	1.4	76.7	82.8	16.5	99.3
	188.0	13.7	201.7	206.0	23.5	229.5
Other operating income:						
Profit on disposal of fixed assets	(5.2)	(1.0)	(6.2)	(2.7)	(0.3)	(3.0)
	456.1	24.7	480.8	500.4	38.5	538.9

5. Segmental analysis

	Turnover			Operating profit			
	Before exceptional items	Exceptional items	Total	Before goodwill amortisation & exceptional items	Goodwill amortisation & exceptional items	Total	Net assets
	£m	£m	£m	£m	£m	£m	£m
2004							
Sunbelt Rentals	333.1	(3.3)	329.8	42.4	(23.8)	18.6	490.2
A-Plant	155.9	-	155.9	4.0	(4.0)	-	186.6
Technology	11.3	-	11.3	2.7	(0.2)	2.5	9.4
Corporate costs	-	-	-	(4.9)	-	(4.9)	-
Central items*	-	-	-	-	-	-	(554.4)
	500.3	(3.3)	497.0	44.2	(28.0)	16.2	131.8
2003							
Sunbelt Rentals	349.1	-	349.1	32.9	(28.8)	4.1	581.0
A-Plant	178.4	-	178.4	7.9	(8.9)	(1.0)	218.0
Technology	12.0	-	12.0	2.5	(0.5)	2.0	11.3
Corporate costs	-	-	-	(4.2)	(0.3)	(4.5)	-
Central items*	-	-	-	-	-	-	(650.9)
	539.5	-	539.5	39.1	(38.5)	0.6	159.4

* net borrowings, non recourse funding under the debtors securitisation and deferred taxation

6. Interest payable and similar charges

	2004	2003
	£m	£m
Bank interest payable	24.1	28.3
Funding cost on trade debtors' securitisation	3.2	2.7
Interest on 5.25% unsecured convertible loan note, due 2008	8.1	7.7
Interest payable on finance leases	1.2	2.2
Total interest payable before exceptional costs	36.6	40.9
Exceptional bank facility costs	8.9	1.9
	45.5	42.8

7. Exceptional items

	2004	2003
	£m	£m
Debt facility costs	20.6	7.5
UK business refocusing programme	6.1	7.4
Prior year impact of change in US estimation methods	5.3	7.4
Prior year impact of the US accounting issue	-	9.4
US severance costs	0.5	-
Profit on sale of land and buildings	(1.0)	(0.3)
Total exceptional items	31.5	31.4
Goodwill amortisation	9.2	9.0
	40.7	40.4

Debt facility costs of £20.6m consist of: (i) £8.9m payable to providers of finance in connection with the waiver on 30 May 2003 by the bank group of the default under our senior secured credit facility and other debt facilities as a result of the accounting issues at Sunbelt Rentals; (ii) £2.2m of legal, accounting and advisory fees related to the waiver of the default; (iii) £6.7m of legal, accounting and advisory fees related to the partial refinancing of the senior secured credit facility through the issue of second priority senior secured notes; and (iv) £2.8m of other costs. Debt facility costs in 2003 comprised principally professional advisory costs related to resolving the defaults under the Company's debt facilities.

The non cash impairment charge of £6.1m in the year ended 30 April 2004 for the UK business refocusing programme is an adjustment to the charge of £7.4m recorded at 30 April 2003 and resulted from A-Plant's non-core asset disposal programme. The charge includes goodwill of £2.3m previously written off to reserves.

The non cash charge of £5.3m for the prior year impact of changes in US estimation methods in the year ended 30 April 2004 relates principally to adjustments of £3.3m to the methods of determining accrued and deferred revenue at 30 April 2003 and of £1.4m to recognise operating lease costs on a straight line basis over the life of the lease at 30 April 2003. Application of the revised methods had no impact on the Group's loss or cash flows for the year ended 30 April 2004 and is not expected to have any significant impact on the results of future periods. The charge of £7.4m in the year ended 30 April 2003 related to the adjustment arising from the refinement of the method of estimating the provision for self insured retained risk under Sunbelt's insurance policies at 30 April 2002.

The charge of £9.4m relating to the prior year impact of the US accounting issue in the year ended 30 April 2003 is comprised of the errors in the balance sheet at 30 April 2002. The US severance costs relate to the departure of the former President and Chief Executive Officer of Sunbelt Rentals.

Exceptional items are presented in the profit and loss account as follows:

	2004 £m	2003 £m
Turnover	3.3	-
Staff costs	0.5	0.5
Depreciation	2.3	5.8
Other operating costs	13.7	23.5
Other operating income	(1.0)	(0.3)
Charged in arriving at operating profit	18.8	29.5
Loss on sale of businesses	3.8	-
Interest payable and similar charges	8.9	1.9
	31.5	31.4

8. Taxation

	2004	2003
	£m	£m
UK Corporation tax at 30% (2003 – 30%)	-	(0.2)
Overseas taxation	(0.3)	0.5
Total current tax (credit)/charge	(0.3)	0.3
Deferred taxation credit - current year charge/(credit)	0.9	(4.8)
- prior year charge/(credit)	1.1	(4.5)
	2.0	(9.3)
	1.7	(9.0)

9. Loss per share

Loss per share for the year ended 30 April 2004 has been calculated based on the loss for the financial year and on 322,931,814 (2003: 322,716,194) ordinary shares, being the weighted average number of ordinary shares in issue during the year excluding the shares held by the ESOT. Diluted loss per share has been calculated using the loss for the financial year and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

	2004			2003		
	Loss for the financial year £m	Weighted average no of shares million	Per share amount pence	Loss for the financial year £m	Weighted average no of shares million	Per share amount pence
As used in the calculation of basic earnings per share	(34.8)	322.9	(10.8)	(33.2)	322.7	(10.3)
Outstanding share options	-	-	-	-	-	-
As used in the calculation of diluted earnings per share	(34.8)	322.9	(10.8)	(33.2)	322.7	(10.3)

10. Tangible fixed assets

Net book value	Rental equipment Held under finance leases	Owned	Other fixed assets	Total tangible fixed assets
	£m	£m	£m	£m
At 1 May 2003	17.1	560.4	74.0	651.5
Reclassifications	(1.1)	0.9	0.2	-
Exchange difference	(1.6)	(35.9)	(3.2)	(40.7)
Additions	-	64.1	8.2	72.3
Disposals	-	(37.9)	(4.6)	(42.5)
Depreciation	(1.8)	(94.5)	(8.8)	(105.1)
At 30 April 2004	12.6	457.1	65.8	535.5

11. Provisions for liabilities and charges

	Deferred taxation £m	Self insurance £m	Other £m	Total £m
At 1 May 2003	28.6	13.4	3.5	45.5
Exchange differences	(2.9)	(1.3)	-	(4.2)
Transfer from/(to) other creditors	-	0.7	(0.8)	(0.1)
Utilised	-	(7.9)	(1.7)	(9.6)
Charged in the year	2.0	7.7	1.1	10.8
At 30 April 2004	27.7	12.6	2.1	42.4

At 30 April 2004 there was an unrecognised deferred tax asset of £28.7m (2003 - £18.1m).

Self insurance provisions relate to the estimated liability in respect of costs to be incurred under the Group's self insurance programmes for events occurring up to the year end. The provision is established based on advice received from independent consultants of the estimated total cost of self insured retained risk based on historical claims experience. Other provisions relate primarily to vacant property costs which are expected to be utilised over a period of up to five years.

12. Notes to cash flow statement

a) Cash flow from operating activities	2004 £m	2003 £m
Operating profit before exceptional items and amortisation	44.2	39.1
Depreciation (excluding exceptional impairment)	102.8	111.0
EBITDA	147.0	150.1
Gain on sale of tangible fixed assets	(5.2)	(2.7)
(Increase)/decrease in stocks	(4.4)	1.3
Decrease in trade debtors	0.5	5.4
Increase in trade creditors	0.9	2.5
Exchange differences	1.2	0.7
Net cash inflow from operating activities before exceptional items	140.0	157.3

b) Reconciliation to net debt

	2004	2003
Decrease/(increase) in cash in the period	0.8	(9.2)
Increase in cash collateral balances	(2.6)	(3.7)
Decrease in bank loans	(41.0)	(53.9)
Decrease in finance lease obligation	(8.6)	(11.9)
Change in net debt from cash flows	(51.4)	(78.7)
Translation difference	(39.7)	(38.3)
Non cash movement: - 5.25% unsecured convertible loan note	0.8	0.1
- obligation due on finance leases	-	6.4
Movement in net debt in the period	(90.3)	(110.5)
Net bank debt at 1 May	564.8	675.3
Net debt at 30 April	474.5	564.8

c) Analysis of net debt	1 May 2003	Exchange movement	Cash flows	Non-cash Movement	30 April 2004
	£m	£m	£m	£m	£m
Cash	(6.6)	0.4	2.3	-	(3.9)
Cash collateral balances	(3.7)	0.3	(2.6)	-	(6.0)
Overdrafts	4.8	-	(1.5)	-	3.3
	(5.5)	0.7	(1.8)	-	(6.6)
Debt due after 1 year	564.5	(36.7)	(63.1)	0.8	465.5
Debt due within 1 year	5.8	(3.7)	13.5	-	15.6
Total net debt	564.8	(39.7)	(51.4)	0.8	474.5

The non-cash movement relates to the accrued interest on the 5.25% unsecured loan note, due 2008. The combined total of cash and cash collateral balances (which are restricted cash held to secure letters of credit) of £9.9m is classified in the balance sheet as cash at bank and in hand. Of the debt due after 1 year, £9.7m is due between one and two years, £343.5m is due between two and five years and £115.6m in more than five years.

d) Acquisitions and disposals	2004	2003
	£m	£m
Deferred consideration paid on prior year acquisitions	(0.1)	(0.8)
Net proceeds from the sale of non-core businesses	15.3	-
	15.2	(0.8)

During the year the Group sold certain of A-Plant’s non-core businesses including its Irish business. Total net proceeds of £15.3m had been received at 30 April 2004. The businesses sold contributed turnover of £7.4m (2003 - £13.2m) and operating profit of £0.1m (2003 - £1.0m) to the results for the year.

e) Exceptional items

Exceptional costs paid in the year comprise £11.1m classified under operating activities relating to advisory, accounting and legal costs incurred in connection with the Group’s debt facilities and a further £7.1m classified under servicing of finance relating to amounts paid to providers of finance.

13. Pensions

The Group accounts for pensions in accordance with SSAP 24. Under the methodology required by FRS 17, the proposed UK accounting standard for pension plans, the deficit in the defined benefit plans was £12.5m compared with £14.5m at 30 April 2003.