ASHTEAD GROUP PLC

UNAUDITED FIRST QUARTER RESULTS
FOR THE THREE MONTHS ENDED 31 JULY 2005

Ashtead Group plc, the equipment rental group serving the US and UK construction, industrial and homeowner markets, announces first quarter results for the three months ended 31 July 2005.

Highlights

- Sunbelt's operating profit up 51% to $38.6m (2004 - $25.6m)
- A-Plant's operating profit up 23% to £3.7m (2004 - £3.0m)
- Group pre-tax profit of £12.3m (2004 - £4.9m)
- Capital reorganisation announced in July successfully concluded
- Strong market conditions in US continue
- Admitted to the FTSE 250 effective 19 September 2005

Ashtead's chief executive, George Burnett, commented:

"Sunbelt again delivered a strong performance with first quarter dollar revenue up 16.6% reflecting strong growth in its key non-residential construction market, increasing market share and the shift from ownership to rental in the US. As a result of this growth Sunbelt's operating profit grew 51% in the quarter. A-Plant and Ashtead Technology both also exceeded last year's first quarter performance by more than 20%.

We anticipate that Sunbelt, which now accounts for around three-quarters of the Group's profits, and Ashtead Technology, will continue to perform strongly. A-Plant's rate of growth is expected to slow from the 23% achieved in the first quarter reflecting the continued competitiveness of the UK market. The recently completed capital reorganisation has strengthened our balance sheet and provides us with substantial flexibility to take advantage of the strong US market. The Board therefore looks forward to a successful outcome to the year."

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PRESS RELEASE

Overview

The Group performed strongly in the first quarter with revenue up 12.3% to £145.9m and pre-tax profit of £12.3m, 2.5 times last year's £4.9m. Sunbelt again delivered a good performance with first quarter dollar revenue up 16.6% reflecting strong growth in its key non-residential construction market, increasing market share and the shift from ownership to rental in the US. As a result of this growth Sunbelt's operating profit grew 50.8% in the quarter. A-Plant and Ashtead Technology both also exceeded last year's first quarter performance by more than 20%. The impact of changes in exchange rates in the quarter was insignificant.

Cash tax earnings per share were 3.7p (2004 - 1.5p) and, after the accounting tax charge, basic earnings per share were 2.0p (2004 - 0.4p).

For the first time this quarter the Group is reporting its results under international accounting standards. Full details of the impact of this change on previously reported results for the year ended 30 April 2005 are included in the separate statement available on the Company's website, www.ashtead-group.com but the overall effect has been generally small.

Review of first quarter trading

	Revenue		EBITDA		Profit	
	2005	2004	2005	2004	2005	2004
Sunbelt in $m	186.8	160.2	69.0	54.2	38.6	25.6
Sunbelt in £m	103.3	87.9	38.2	29.7	21.3	14.1
A-Plant	38.8	39.0	12.6	12.3	3.7	3.0
Ashtead Technology	3.8	3.0	1.9	1.5	1.0	0.7
Group central costs	-	-	(1.6)	(1.8)	(1.6)	(1.8)
	145.9	129.9	51.1	41.7	24.4	16.0
Interest					(12.1)	(11.1)
Profit before tax					12.3	4.9

As a result of the Group's operational gearing the 12.3% revenue increase resulted in a 22.5% increase in EBITDA to £51.1m and an increase of 52.5% in operating profit to £24.4m. These improvements were reflected in the Group's margins. EBITDA margins grew from 32.1% to 35.0% and operating margins rose from 12.3% to 16.7%.

Sunbelt

Recently published figures show that, in the year to 31 December 2004, the US rental market grew by 10% to approximately $26.4 billion. During the same period the top ten players, including Sunbelt, grew 8.9% while Sunbelt itself achieved a 14.7% revenue increase. This strong performance has continued in 2005. In the quarter to 31 July 2005 revenue grew 16.6% to $186.8m reflecting strong growth of approximately 11% in rental rates and a 5% increase in the average fleet size. Utilisation decreased slightly from 70.7% to 70.4%. Revenue growth was broadly based with all regions and all major product areas trading ahead of last year.

Sunbelt's revenue improvement reflected market share gains and growth in non-residential construction activity as well as the continued shift from ownership to rental. Sunbelt's operating profit was up 50.8% in the first quarter from $25.6m to $38.6m, representing a margin of 20.7% (2004 - 16.0%).

Sunbelt continued its investment programme to enable it to take advantage of the strong market conditions in the US. $65m was invested in its rental fleet in the quarter, two new greenfield stores were opened and a further ten rental stores have now been acquired since year-end for a total consideration of approximately $29m. Sunbelt also disposed of 12 west coast specialist scaffold locations shortly after the quarter end for an estimated consideration of $24m. The new stores continue Sunbelt's strategy of clustering major markets to ensure that these are covered in depth. These steps are in line with our strategy to focus on growth markets and, based on the last 12 months performance, the net effect of the transactions is EBITDA positive. Additional infill acquisition opportunities remain under consideration but Sunbelt also continues to emphasise organic growth. 14.0% of the total first quarter revenue growth of 16.6% was delivered by stores open throughout both periods.

Since the end of the quarter, Sunbelt has been involved in the clean-up efforts on the US Gulf Coast following hurricane Katrina. Sunbelt's two stores in the immediately affected area experienced only minor damage and none of their staff were hurt. As regards the impact on our revenues of the clean-up and reconstruction work, Sunbelt's pump and power business (16 of Sunbelt's 208 stores) shipped equipment from as far afield as Baltimore and Charlotte into the affected area as it did following 2004's Florida hurricane damage last September and is currently experiencing high utilisation. We anticipate that this will increase pump and power's revenue and that the Mobile general tool store will also experience strong demand during both the immediate clean-up and longer-term reconstruction phase.

A-Plant

In a continued competitive market, A-Plant's revenue of £38.8m was similar to last year's £39.0m but was achieved from a fleet which on average was approximately 3% smaller than last year. This reflected the year on year effect of last year's downsizing of the business which has now been concluded. The growth in rental rates in the first quarter was approximately 5% whilst average utilisation decreased from 65.6% to 63.6%.

Against this market background, careful management of costs continued and these declined 1.9% year over year mainly reflecting the full year impact of measures taken last year. Although A-Plant's first quarter operating profit grew to £3.7m (2004 - £3.0m), representing a margin of 9.5% (2004 - 7.7%), given the continued competitiveness of the UK market A-Plant is not expected to continue this rate of growth in the second quarter.

Commencing at the start of the quarter, A-Plant launched a programme to reorganise the management of its sales force onto a national basis to improve further the level of service to its many large national and regional customers and to provide easier access for all our customers to the Company's wide range of specialist and general equipment.

Ashtead Technology

Ashtead Technology's performance continued the trend established in the second half of last year with first quarter revenues up 26.7% from £3.0m to £3.8m and operating profit up 42.9% from £0.7m to £1.0m. This performance reflects the recent increases in investment by the oil majors which is delivering higher offshore exploration and construction activity as well as continued growth in our on-shore environmental business. These trends are expected to continue.

<u>Capital expenditure and net debt</u>

Capital expenditure in the three months was £61.5m of which £55.4m was on the rental fleet (2004 - £34.4m in total) with the increased expenditure focussed mainly to enable Sunbelt to take advantage of the improving economic conditions in the US. £28.2m of the fleet expenditure was for growth with the remainder being spent to replace existing equipment. First quarter disposal proceeds were £10.9m (2004 - £7.1m) generating a profit on disposal of £2.2m (2004 - £1.1m).

Net debt at 31 July was £518.5m, an increase of £36.2m since 30 April 2005 reflecting seasonal trends but a reduction of £5.7m since 31 July 2004. At constant exchange rates the increase since year end was £21.5m with debt lowered by £14.1m in the past year.

<u>Capital reorganisation</u>

The capital reorganisation closed shortly after the quarter end on 3 August and is therefore not reflected in the July balance sheet or in the net debt levels discussed above. In the capital reorganisation the Group raised approximately £70m from the equity placing and open offer as well as $250m of new second lien 8.625% senior secured notes due 2015. The proceeds of the placing and the debt issue were applied to redeem early, at an approximate 11% discount, the £134m convertible loan note and to redeem £42m of the 12% second priority senior secured loan notes due 2014. After payment of transaction costs, the remaining £26.5m of funds raised were applied to reduce outstandings under our asset based debt facility.

On a pro forma basis, net debt at 31 July adjusted for the effects of the subsequent closing of the capital reorganisation is £467.0m and the ratio of adjusted net debt to trailing twelve months EBITDA is 2.6 times. This compares with a peak ratio of over 4 times at April 2003. Pro forma availability under the asset based facility at 31 July was over £125m ($220m).

Completion of the capital reorganisation means that the Group's debt facilities are now committed for a weighted average period of approximately 6.5 years and carry a weighted average interest rate of approximately 7.5%. Following the recent strong share price growth and the £70m equity offering, debt now funds just under half the Group's enterprise value.

Following approval by shareholders at the extraordinary general meeting of the Company held on 1 August of the resolution to cancel the amount standing to the credit of the share premium account, High Court of Justice approval of the cancellation was received on 24 August. Accordingly of the total amount cancelled of £163.8m, £93.8m has been credited to a special non-distributable reserve whilst the balance of £70m has been credited to the Company's profit and loss account reserve.

This step and the finalisation of the capital reorganisation now mean that the legal formalities necessary for the resumption of dividends in the current financial year have been completed.

Current trading and outlook

We anticipate that Sunbelt, which now accounts for around three-quarters of the Group's profits, and Ashtead Technology, will continue to perform strongly. A-Plant's rate of growth is expected to slow from the 23% achieved in the first quarter reflecting the continued competitiveness of the UK market. The recently completed capital reorganisation has strengthened our balance sheet and provides us with substantial flexibility to take advantage of the strong US market. The Board therefore looks forward to a successful outcome to the year.

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There will be a meeting for equity analysts at the offices of JPMorgan Cazenove at 20 Moorgate at 9.30am this morning and a conference call at 4.00pm this afternoon (11.00am Eastern Standard Time) for debt investors. A simultaneous webcast of the equity analysts presentation will be available through the Company's website, www.ashtead-group.com and there will also be a recorded playback available from shortly after the call finishes.

CONSOLIDATED INCOME STATEMENT

	Unaudited Three months to 31 July 2005 £m	2004 £m
Revenue	145.9	129.9
Staff costs	(47.4)	(42.8)
Other operating costs (net)	(47.4)	(45.4)
EBITDA*	51.1	41.7
Depreciation	(26.7)	(25.7)
Operating profit	24.4	16.0
Financing costs	(12.1)	(11.1)
Profit before taxation	12.3	4.9
Taxation:		
- current	(0.4)	(0.1)
- deferred	(5.5)	(3.4)
	(5.9)	(3.5)
Profit attributable to equity shareholders of the company	6.4	1.4
Basic and diluted earnings per share	2.0p	0.4p

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

All results are from continuing operations.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

	£m	£m
Net profit for the period	6.4	1.4
Gain on cash flow hedges taken to equity	0.8	-
Foreign currency translation differences	20.3	(4.6)
Total recognised income and expense for the period	27.5	(3.2)

EQUITY SHAREHOLDERS' FUNDS RECONCILIATION

	£m	£m
Total recognised income and expense for the period	27.5	(3.2)
Issue of ordinary shares, net of expenses	0.3	-
Share incentive plan awards	0.1	0.1
Net increase in equity shareholders' funds	27.9	(3.1)
Equity shareholders' funds at 30 April	109.9	120.5
Equity shareholders' funds at 31 July	137.8	117.4

CONSOLIDATED BALANCE SHEET

	Unaudited 31 July 2005	Unaudited 31 July 2004	Audited 30 April 2005
	£m	£m	£m
Non-current assets			
Property, plant and equipment			
- rental equipment	496.2	464.7	452.9
- other assets	88.9	84.2	84.2
	585.1	548.9	537.1
Intangible assets – goodwill	127.8	123.9	118.2
	712.9	672.8	655.3
Current assets			
Inventory	14.9	15.7	13.8
Trade and other receivables	103.1	96.9	91.9
Cash and cash equivalents	1.2	11.6	2.1
	119.2	124.2	107.8
Non-current assets held for sale	9.5	-	-
Total assets	841.6	797.0	763.1
Current liabilities			
Trade and other payables	100.2	80.2	95.0
Debt due in less than one year	13.2	22.0	12.2
Provisions	8.5	5.4	7.1
	121.9	107.6	114.3
Non-current liabilities			
Other payables	7.9	9.5	7.9
Debt due in more than one year	506.5	513.8	472.2
Provisions	8.1	9.6	7.9
Defined benefit pension fund deficit	16.1	12.8	16.2
Deferred taxation	43.3	26.3	34.7
	581.9	572.0	538.9
Total liabilities	703.8	679.6	653.2
Equity shareholders' funds			
Share capital	32.7	32.6	32.6
Share premium account	101.0	100.7	100.8
Equity element of convertible loan note	24.3	24.3	24.3
Own shares held by ESOT	(1.6)	(1.6)	(1.6)
Translation reserve	(12.3)	(21.2)	(32.6)
Retained earnings	(6.3)	(17.4)	(13.6)
Total equity shareholders' funds	137.8	117.4	109.9
Total liabilities and equity shareholders' funds	841.6	797.0	763.1

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 31 July 2005 £m	2004 £m
Cash flows from operating activities		
Cash generated from operations before non-recurring items	38.3	32.7
Non-recurring items	-	(3.7)
Cash generated from operations	38.3	29.0
Financing costs paid	(11.2)	(2.4)
Tax paid	(0.1)	(0.3)
Net cash from operating activities	27.0	26.3
Cash flows from investing activities		
Acquisitions	(2.0)	-
Purchase of property, plant and equipment	(51.8)	(27.3)
Proceeds on disposal of property, plant and equipment	10.8	7.1
Net cash used in investing activities	(43.0)	(20.2)
Cash flows from financing activities		
Drawdown of loans	27.7	3.4
Redemption of loans	(9.6)	(3.2)
Capital element of finance lease payments	(3.3)	(4.4)
Proceeds from issue of ordinary shares	0.3	-
Net cash from/(used) in financing activities	15.1	(4.2)
(Decrease)/increase in cash and cash equivalents	(0.9)	1.9
Cash and cash equivalents at 1 May	2.1	9.9
Effect of exchange rate changes	-	(0.2)
Cash and cash equivalents at 31 July	1.2	11.6

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the three months ended 31 July 2005 were approved by the directors on 19 September 2005.

They have been prepared in accordance with relevant International Accounting Standards and the accounting policies set out in the document entitled "Impact of adoption of International Accounting Standards and restatement of previously reported financial information" published on 20 September 2005 on the Company's website at www.ashtead-group.com. They are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The statutory accounts for the year ended 30 April 2005 were prepared in accordance with UK accounting standards and have been mailed to shareholders and filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237 of the Companies Act 1985.

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

	2005	2004
Average for the quarter ended 31 July	1.8085	1.8218
Period end rate	1.7606	1.8184

2. Segmental analysis

Three months to 31 July	Revenue £m	Operating profit £m	Capital expenditure £m	Net assets £m
2005				
Sunbelt Rentals	103.3	21.3	42.3	518.6
A-Plant	38.8	3.7	17.5	194.3
Technology	3.8	1.0	1.7	13.2
Corporate costs	-	(1.6)	-	(10.4)
Central items*	-	-	-	(577.9)
	145.9	24.4	61.5	137.8
2004				
Sunbelt Rentals	87.9	14.1	19.9	478.9
A-Plant	39.0	3.0	13.0	204.6
Technology	3.0	0.7	1.5	10.9
Corporate costs	-	(1.8)	-	(13.7)
Central items*	-	-	-	(563.3)
	129.9	16.0	34.4	117.4

* Net borrowings, the provision for the defined benefit pension fund deficit and deferred taxation.

NOTES TO THE FINANCIAL STATEMENTS

3. Operating costs

	Three months to 31 July 2005 £m	2004 £m
Staff costs:		
Salaries	43.0	38.3
Social security costs	3.6	3.5
Other pension costs	0.8	1.0
	47.4	42.8
Other costs (net):		
Vehicle costs	11.4	10.3
Spares, consumables and external repairs	10.1	9.9
Facilities costs	7.2	7.0
Other external charges	20.9	19.3
Profit on disposal of fixed assets	(2.2)	(1.1)
	47.4	45.4
Depreciation	26.7	25.7
	121.5	113.9

4. Financing costs

	Three months to 31 July 2005 £m	2004 £m
Bank interest payable	3.6	3.1
Funding cost on trade debtors' securitisation	-	0.9
Interest on second priority senior secured notes	3.6	3.6
Interest on 5.25% unsecured convertible loan note, due 2008	1.9	1.9
Interest payable on finance leases	0.5	0.5
Other	2.5	1.1
	12.1	11.1

5. Taxation

The effective rate of tax for the three months ended 31 July 2005 is nil% (2004 - nil%) in the UK and 39.3% (2004 - 40.4%) in the US. The tax charge for the period has been calculated applying the directors' best estimate of the annual tax rate in each jurisdiction in which the Group operates to the relevant proportion of the profit before tax for the period.

6. Earnings per share

Basic and diluted earnings per share for the three months ended 31 July 2005 have been calculated based on the profit for the relevant period and on the weighted average number of ordinary shares in issue during that period which excludes the 2,723,461 shares held by the ESOT in respect of which dividends have been waived. Diluted earnings per share is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Earnings per share (continued)

		Three months to 31 July 2005	2004
Profit for the financial period (£m)		6.4	1.4
Weighted average number of shares (m)	- basic	323.5	322.9
	- diluted	327.4	323.9
Basic/diluted earnings per share (p)		2.0p	0.4p

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

	Three months to 31 July 2005	2004
Basic earnings per share	2.0p	0.4p
Deferred tax	1.7p	1.1p
Cash tax earnings per share	3.7p	1.5p

7. Tangible fixed assets

Net book value	2005 Rental equipment £m	2005 Total £m	2004 Rental equipment £m	2004 Total £m
At 1 May	452.9	537.1	469.7	554.9
Exchange difference	25.8	29.4	(7.9)	(8.7)
Additions	55.4	61.5	30.3	34.4
Acquisitions	2.0	2.0	-	-
Assets held for sale	(9.1)	(9.5)	-	-
Disposals	(8.1)	(8.7)	(5.6)	(6.0)
Depreciation	(22.7)	(26.7)	(21.8)	(25.7)
At 31 July	496.2	585.1	464.7	548.9

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Notes to cash flow statement

	Three months to 31 July 2005 £m	Three months to 31 July 2004 £m
a) Cash flow from operating activities		
Operating profit	24.4	16.0
Depreciation	26.7	25.7
EBITDA	51.1	41.7
Profit on disposal of property, plant and equipment	(2.2)	(1.1)
Increase in inventories	(0.1)	(0.9)
Increase in trade and other receivables	(6.0)	(4.1)
Decrease in trade and other payables	(4.4)	(3.3)
Exchange differences	(0.3)	0.4
Other non-cash movements	0.2	-
Cash generated from operations	38.3	32.7

b) Reconciliation to net debt

	2005 £m	2004 £m
Decrease/(increase) in cash in the period	0.9	(1.9)
Increase/(decrease) in debt through cash flow	14.8	(4.2)
Change in net debt from cash flows	15.7	(6.1)
Exchange difference	16.9	(5.7)
Non cash movements:		
- amortisation of deferred costs of debt raising	0.7	0.1
- convertible loan note interest	1.1	0.9
- capital element of new finance leases	1.8	2.8
Movement in net debt in the period	36.2	(8.0)
Opening bank debt	482.3	532.2
Closing debt	518.5	524.2

c) Analysis of net debt	1 May 2005 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 July 2005 £m
Cash	(2.1)	-	0.9	-	(1.2)
Debt due within 1 year	12.2	0.8	(3.3)	3.5	13.2
Debt due after 1 year	472.2	16.1	18.1	0.1	506.5
Total net debt	482.3	16.9	15.7	3.6	518.5

OPERATING AND FINANCIAL REVIEW

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

Overview

	2005	2004
	£m	£m
Revenue	145.9	129.9
Staff costs	(47.4)	(42.8)
Other operating costs (net)	(47.4)	(45.4)
EBITDA*	51.1	41.7
Depreciation	(26.7)	(25.7)
Operating profit	24.4	16.0
Financing costs	(12.1)	(11.1)
Profit before taxation	12.3	4.9
Taxation:		
- current	(0.4)	(0.1)
- deferred	(5.5)	(3.4)
	(5.9)	(3.5)
Profit for the quarter	6.4	1.4

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

First quarter revenue increased 11.7% at constant 2005 exchange rates to £145.9m and by 12.3% at actual rates. EBITDA grew by 21.6% at constant exchange rates to £51.1m and by 22.5% at actual rates. Operating profit of £24.4m in the quarter increased 50.8% at constant 2005 exchange rates and 52.5% from £16.0m in 2004 at actual rates. EBITDA margins grew from 32.1% to 35.0% and operating margins rose from 12.3% to 16.7%.

Divisional performance

Divisional results are summarised below:

	Revenue		EBITDA		Operating profit	
	2005	2004	2005	2004	2005	2004
Sunbelt in $m	186.8	160.2	69.0	54.2	38.6	25.6
Sunbelt in £m	103.3	87.9	38.2	29.7	21.3	14.1
A-Plant	38.8	39.0	12.6	12.3	3.7	3.0
Ashtead Technology	3.8	3.0	1.9	1.5	1.0	0.7
Group central costs	-	-	(1.6)	(1.8)	(1.6)	(1.8)
	145.9	129.9	51.1	41.7	24.4	16.0

Sunbelt

Revenue increased 16.6% to $186.8m reflecting strong growth of approximately 11% in rental rates and a 5% increase in the average fleet size. Utilisation decreased slightly from 70.7% to 70.4%. Revenue growth was broadly based with all regions and all major product areas trading ahead of last year. Sunbelt's revenue improvement reflected market share gains and growth in non-residential construction activity as well as the continued shift from ownership to rental.

Costs (excluding depreciation) rose 11.1% to $117.8m in 2005. This reflected principally increased headcount, higher commissions and profit share payments to staff as a result of the increased activity levels and increased fuel costs for Sunbelt's delivery fleet. As a result, EBITDA grew 27.3% to $69.0m and the EBITDA margin for the quarter improved to 36.9% from 33.8% in 2004. Sunbelt's operating profit increased 50.8% to $38.6m representing a margin of 20.7% (2004 - 16.0%). Sunbelt's results in sterling reflected the factors discussed above and the slightly stronger US dollar.

A-Plant

First quarter revenue was similar to last year at £38.8m, reflecting improved rental rates (up approximately 5%), a fleet size which was approximately 3% smaller than in the equivalent period a year ago whilst utilisation decreased from 65.6% to 63.6%. Against this market background, strong management of costs (excluding depreciation) continued and these declined 1.9% year over year mainly reflecting the full year impact of cost reduction measures taken last year. As a result EBITDA increased 2.4% to £12.6m and the EBITDA margin increased from 31.5% to 32.5% in 2005. A-Plant's operating profit increased 23.3% to £3.7m representing a margin of 9.5% (2004 - 7.7%).

Ashtead Technology

Ashtead Technology's performance continued the trend established in the second half of last year with first quarter revenues up 26.7% to £3.8m at actual and constant exchange rates. Ashtead Technology's operating profit of £1.0m increased from £0.7m in 2004 at both actual and constant exchange rates. These results reflected recent increases in investment by the oil majors which is delivering higher offshore exploration and construction activity as well as continued growth in our on-shore environmental business. These trends are expected to continue.

Financing costs

Financing costs increased to £12.1m from £11.1m in 2004 reflecting marginally lower average debt levels but higher average interest rates following the recent rises in US dollar interest rates.

Taxation

The tax charge for the quarter of £5.9m (2004 - £3.5m) comprised a charge for current tax of £0.4m and a charge for deferred tax of £5.5m. The Group remains in a tax loss position in the UK for which it is unable to take benefit through its deferred tax charge and, accordingly, the deferred tax charge reflects only a charge on US profits which accounts for the high reported effective tax rate. Cash tax payments remain low.

Profit before taxation

The profit before taxation for the first quarter was £12.3m compared with £4.9m in 2004. After taxation, there was a profit for the quarter of £6.4m compared to £1.4m in 2004.

Balance sheet

Tangible fixed assets

Net book value	2005 Rental equipment £m	2005 Total £m	2004 Rental equipment £m	2004 Total £m
At 1 May	452.9	537.1	469.7	554.9
Exchange difference	25.8	29.4	(7.9)	(8.7)
Additions	55.4	61.5	30.3	34.4
Acquisitions	2.0	2.0	-	-
Assets held for sale	(9.1)	(9.5)	-	-
Disposals	(8.1)	(8.7)	(5.6)	(6.0)
Depreciation	(22.7)	(26.7)	(21.8)	(25.7)
At 31 July	496.2	585.1	464.7	548.9

Capital expenditure in the first quarter was £61.5m of which £55.4m was on the rental fleet (2004 - £34.4m in total). Expenditure on rental equipment was 90.1% of total capital expenditure. Capital expenditure by division was as follows:

	2005 Growth	2005 Maintenance	2005 Total	2004 Total
Sunbelt in $m	27.6	37.2	64.8	29.8
Sunbelt in £m	15.7	21.1	36.8	16.4
A-Plant	11.1	5.8	16.9	12.5
Ashtead Technology	1.4	0.3	1.7	1.4
Total rental equipment	28.2	27.2	55.4	30.3
Other fixed assets			6.1	4.1
Total additions			61.5	34.4

With the improvement in market conditions in the US, the Group spent £28.2m of its rental equipment capital expenditure on growth with £27.2m spent on replacing existing fleet. The growth proportion is estimated on the basis of the assumption that maintenance capital expenditure in any period is equal to the original cost of equipment sold in that period.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 July 2005 was 43 months (2004 - 46 months) on a net book value basis. At 31 July, Sunbelt's fleet had an average age of 44 months (2004 - 48 months) comprising 60 months for aerial work platforms which have a longer life and 28 months for the remainder of its fleet. At the same date A-Plant's fleet had an average age of 42 months (2004 - 42 months).

Reflecting the recent strengthening of the dollar which raises the sterling value of Sunbelt's capital expenditure, we now expect that gross capital expenditure for the current financial year will be in the region of £180m.

Trade debtors

Debtor days improved to 51 days (2004 - 54 days). The bad debt charge as a percentage of total turnover was 0.7% in 2005 compared with 1.2% in 2004.

Trade and other creditors

Group creditor days were 67 days in 2005 (2004 - 65 days). Capital expenditure related payables at 31 July 2005 totalled £44.8m (2004 - £25.0m). Payment periods for purchases other than rental equipment vary between 30 and 60 days and for rental equipment between 60 and 90 days.

Cash flow and net debt

Free cash flow in the three months ended 31 July 2005 (which is defined as our net cash inflow from operations less net maintenance capital expenditure, financing costs paid and tax paid) is summarised below:

	Three months to 31 July	
	2005	2004
	£m	£m
EBITDA before non-recurring items	51.1	41.7
Cash inflow from operations before non-recurring items	38.3	32.7
*Cash efficiency ratio**	*75.0%*	*78.4%*
Maintenance capital expenditure	(38.1)	(24.5)
Proceeds from sale of used rental equipment	10.8	7.1
Tax paid	(0.1)	(0.3)
Free cash flow before interest	10.9	15.0
Financing costs paid	(11.2)	(2.4)
Free cash flow after interest	(0.3)	12.6
Growth capital expenditure	(13.7)	(2.8)
Acquisitions and disposals	(2.0)	-
Issue of ordinary share capital	0.3	-
Non recurring refinancing costs paid	-	(3.7)
(Increase)/reduction in total debt	(15.7)	6.1

* Cash inflow from operations before non-recurring items as a percentage of EBITDA before non-recurring items.

Cash inflow from operations increased 17.1% to £38.3m and the cash efficiency ratio was 75.0% (2004 - 78.4%) reflecting seasonal increases in working capital. After net maintenance capital expenditure of £27.3m (2004 - £17.4m) and tax, free cash flow before interest was £10.9m (2004 - £15.0m). Financing costs paid this year were broadly in line with the accounting charge. Last year's financing costs of £2.4m were exceptionally low compared to last year's £11.1m accounting charge and reflected an unusual timing of interest payments. Consequently, after interest, there was a free cash outflow of £0.3m (2004 - inflow of £12.6m).

Including payments of £13.7m in respect of growth capital expenditure and £2.0m in respect of acquisitions there was a net draw under our bank facilities in the quarter of £15.7m. Because this outflow resulted principally from investment in rental equipment, there was a corresponding increase in the borrowing base under our asset based facilities so that, despite the cash outflow, availability under the asset based debt facility increased from $156.7m at 30 April 2005 to $175.4m at 31 July 2005.

Net debt

		31 July	
	Pro forma 2005	2005	2004
		£m	£m
First priority senior secured bank debt	223.4	249.8	217.8
Finance lease obligations	32.5	32.5	29.7
12% second priority senior secured notes, due 2014	75.3	115.9	115.6
New 8.625% second priority senior secured notes, due 2015	137.0	-	-
Non-recourse finance received under debtors securitisation	-	-	55.1
5.25% unsecured convertible loan note, due 2008	-	121.5	117.6
	468.2	519.7	535.8
Cash at bank and in hand	(1.2)	(1.2)	(11.6)
Total net debt	467.0	518.5	524.2

At 31 July 2005 total net debt was £518.5m (31 July 2004 - £524.2m and 30 April 2005 - £482.3m). Measured at constant (31 July 2005) exchange rates, the decrease in total net debt since 31 July last year was £14.1m whilst debt has increased £21.5m in the three months since year end.

Capital reorganisation

The capital reorganisation closed shortly after the quarter end on 3 August and is therefore not reflected in the July balance sheet or in the net debt levels discussed above. In the capital reorganisation the Group raised approximately £70m from the equity placing and open offer as well as $250m of new second lien 8.625% senior secured notes due 2015. The proceeds of the placing and the debt issue were applied to redeem early, at an approximate 11% discount, the £134m convertible loan note and to redeem £42m of the 12% second priority senior secured loan notes due 2014. After payment of transaction costs, the remaining £26.5m of funds raised were applied to reduce outstandings under our asset based debt facility.

On a pro forma basis, net debt at 31 July adjusted for the effects of the subsequent closing of the capital reorganisation is £467.0m and the ratio of net debt to trailing twelve months EBITDA is 2.6 times. This compares with a peak ratio of over 4 times at April 2003. Pro forma availability under the asset based facility at 31 July was over £125m ($220m).

Completion of the capital reorganisation means that the Group's debt facilities are now committed for a weighted average period of approximately 6.5 years and carry a weighted average interest rate of approximately 7.5%. Following the recent strong share price growth and the £70m equity offering, debt now funds just under half the Group's enterprise value.

OPERATING STATISTICS

	Profit centre numbers			Staff numbers		
	31 July		30 April	31 July		30 April
	2005	2004	2005	2005	2004	2005
Sunbelt Rentals	208	200	200	4,034	3,802	3,854
A-Plant	201	225	202	1,977	2,053	1,973
Ashtead Technology	10	10	10	80	81	94
Corporate office	-	-	-	14	14	14
Group	419	435	412	6,105	5,950	5,935