8 September 2009

Unaudited results for the first quarter ended 31 July 2009

Financial summary

	First quarter 2009 £m	First quarter 2008 £m	%
Underlying revenue[1]	221.6	273.4	-19%
Underlying operating profit[1]	23.9	51.7	-54%
Underlying profit before taxation[1]	8.8	35.9	-75%
Underlying earnings per share[1]	1.2p	4.8p	-76%
Profit before taxation	8.2	35.2	-77%
Basic earnings per share	1.1p	15.9p	-93%

[1] See explanatory note below

Highlights

- Performance in line with market expectations
- Gaining market share in difficult construction markets
- £57m net cash inflow from operations in the quarter (2008: £36m)
- Net debt at 31 July of £873m (30 April 2009 - £1,036m)
- Net debt to EBITDA leverage of 2.6 times, comfortably within our target range

Ashtead's chief executive, Geoff Drabble, commented:

"As anticipated market conditions remain difficult; however, the actions we have taken to cut costs and reduce fleet size have ensured that our margins have held up well. Our continuing focus on developing stronger customer relationships and maintaining an infrastructure to provide excellent customer service throughout the cycle has been rewarded with clear market share gains.

We expect that market conditions and trading levels will remain largely unchanged for the second quarter. Visibility for Q3 and Q4, our seasonally more challenging periods, is less clear both in terms of demand and the pricing environment. However, the Board continues to believe that the actions taken will deliver full year results and cash generation in line with its expectations.

We continue to believe that the fundamentals of our business model and the markets we serve remain attractive. Ashtead is well placed both in terms of its continuing operational momentum and its financial strength to benefit when markets recover."

Contacts:

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

Explanatory note

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.

Geoff Drabble and Ian Robson will hold a conference call for equity analysts at 9.00am on Tuesday 8 September. Dial in details for this call have already been distributed but any analyst not having received them should contact Ashley Forget at Maitland on 020 7379 5151. The call will be webcast live via the Company's website at www.ashtead-group.com and there will also be a replay available via the website from shortly after the call concludes. There will, as usual, also be a separate call for bondholders at 3.30pm UK time (10.30am EST).

Trading results

	Revenue		EBITDA		Operating profit	
	2009	2008	2009	2008	2009	2008
Sunbelt in $m	287.7	422.0	98.9	158.6	38.9	92.0
Sunbelt in £m	179.0	213.8	61.6	80.3	24.3	46.5
A-Plant	42.6	59.6	11.4	19.2	1.1	7.1
Group central costs	-	-	(1.4)	(1.9)	(1.5)	(1.9)
Continuing operations	221.6	273.4	71.6	97.6	23.9	51.7
Net financing costs					(15.1)	(15.8)
Profit before tax, exceptionals and amortisation from continuing operations					**8.8**	**35.9**
Ashtead Technology					-	2.8
Exceptional items (net)					-	67.3
Amortisation					(0.6)	(0.7)
Total Group profit before taxation					8.2	105.3
Taxation					(2.8)	(23.1)
Profit attributable to equity holders of the Company					5.4	82.2
Margins						
Sunbelt			*34.4%*	*37.6%*	*13.5%*	*21.8%*
A-Plant			*26.7%*	*32.2%*	*2.6%*	*11.9%*
Group			*32.3%*	*35.7%*	*10.8%*	*18.9%*

First quarter results reflected the prevailing market conditions with rental revenues declining in Sunbelt by 29% to $268.1m and in A-Plant by 26% to £39.9m. Total revenue reductions were 32% in Sunbelt and 28% in A-Plant due to the greater reduction in sales of equipment, merchandise and consumables.

The volume of fleet on rent held up well as a result of market share gains. Average fleet on rent in the quarter reduced 12% year on year at Sunbelt and 17% at A-Plant. Pricing continued to be under pressure in both markets with yield declining 19% in Sunbelt and 10% in A-Plant compared to the same period in the prior year. Encouragingly, during the quarter we saw yield stabilising in both markets.

Our prompt action on cost reduction measures is reflected in the quarter's results with operating costs down 28% in Sunbelt and 23% in A-Plant. As a result, Group EBITDA margins remain above 30% and underlying operating profit margins above 10%. In sterling, including the translation benefit from the stronger dollar, this meant that a first quarter revenue reduction of £52m was held to declines of only about half that amount at the EBITDA, operating profit and pre-tax levels. Accordingly the underlying pre-tax profit for the quarter was £8.8m (2008: £35.9m).

Whilst we continue to take appropriate actions on cost control, we are balancing this with the ongoing needs of the business. We remain confident as to the fundamentals of our markets and therefore continue to focus on developing long-term relationships across a wide range of market sectors. Our success in market share gains is demonstrated by our relatively strong volumes of fleet on rent and rental revenues. These successes will provide the springboard for improving margins and revenues as markets recover.

The effective tax rate for the quarter was broadly stable at 35% (2008: 36%). Underlying earnings per share for the quarter decreased to 1.2p (2008: 4.8p) whilst basic earnings per share for the quarter were 1.1p (2008: 15.9p, including the 11.6p impact of June 2008's exceptional gain on disposal of Ashtead Technology).

Capital expenditure

Capital expenditure in the quarter was £15.2m (2008: £108.5m) including £12.2m on rental fleet replacement. Disposal proceeds were £6.0m, including £1.2m from the disposal of most of the remaining assets held for sale at year end, giving net capital expenditure in the first quarter of £9.2m (2008: £93.9m). We retain a significant ability to age our fleet and sustain our free cash flow at a time of lower earnings. This is a result of the relatively low average age of the Group's rental fleet which, at 31 July 2009, was 37 months (2008: 31 months).

This year's capital expenditure is again expected to be entirely for replacement rather than growth. We currently anticipate spending this year around £100m gross and £75m net of disposal proceeds. 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

£56.5m of net cash inflow was generated from operations in the quarter, up 58% on last year's £35.9m, all of which was applied to reduce outstanding debt. As a result, including the benefit of a translation gain of £108m, closing net debt at 31 July 2009 reduced to £873m (30 April 2009: £1,036m). The ratio of net debt to EBITDA was 2.6 times at 31 July 2009 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 31 July 2009, with the first maturity on our asset-based senior bank facility not being due until August 2011. Availability under the $1.7bn asset-based loan facility was $635m at 31 July 2009 ($550m at 30 April 2009) well above the $125m level at which the entire debt package is covenant free.

Current trading and outlook

We expect that market conditions and trading levels will remain largely unchanged for the second quarter. Visibility for Q3 and Q4, our seasonally more challenging periods, is less clear both in terms of demand and the pricing environment. However, the Board continues to believe that the actions taken will deliver full year results and cash generation in line with its expectations.

We continue to believe that the fundamentals of our business model and the markets we serve remain attractive. Ashtead is well placed both in terms of its continuing operational momentum and its financial strength to benefit when markets recover.

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 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
Continuing operations						
Revenue						
Rental revenue	206.8	-	206.8	244.1	-	244.1
Sale of new equipment, merchandise and consumables	11.1	-	11.1	15.4	-	15.4
Sale of used rental equipment	3.7	1.2	4.9	13.9	-	13.9
	221.6	1.2	222.8	273.4	-	273.4
Operating costs						
Staff costs	(70.0)	-	(70.0)	(75.4)	-	(75.4)
Used rental equipment sold	(4.4)	(1.2)	(5.6)	(11.6)	-	(11.6)
Other operating costs	(75.7)	-	(75.7)	(89.0)	-	(89.0)
Other income	0.1	-	0.1	0.2	-	0.2
	(150.0)	(1.2)	(151.2)	(175.8)	-	(175.8)
EBITDA*	71.6	-	71.6	97.6	-	97.6
Depreciation	(47.7)	-	(47.7)	(45.9)	-	(45.9)
Amortisation of intangibles	-	(0.6)	(0.6)	-	(0.7)	(0.7)
Operating profit	23.9	(0.6)	23.3	51.7	(0.7)	51.0
Net financing costs	(15.1)	-	(15.1)	(15.8)	-	(15.8)
Profit on ordinary activities before taxation	8.8	(0.6)	8.2	35.9	(0.7)	35.2
Taxation:						
- current	(0.9)	-	(0.9)	(1.1)	-	(1.1)
- deferred	(2.1)	0.2	(1.9)	(11.8)	0.2	(11.6)
	(3.0)	0.2	(2.8)	(12.9)	0.2	(12.7)
Profit from continuing operations	5.8	(0.4)	5.4	23.0	(0.5)	22.5
Profit from discontinued operations	-	-	-	2.0	57.7	59.7
Profit attributable to equity holders of the Company	5.8	(0.4)	5.4	25.0	57.2	82.2
Continuing operations						
Basic earnings per share	1.2p	(0.1p)	1.1p	4.4p	(0.1p)	4.3p
Diluted earnings per share	1.2p	(0.1p)	1.1p	4.4p	(0.1p)	4.3p
Total continuing and discontinued operations						
Basic earnings per share	1.2p	(0.1p)	1.1p	4.8p	11.1p	15.9p
Diluted earnings per share	1.2p	(0.1p)	1.1p	4.8p	11.1p	15.9p

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 JULY 2009

	2009	2008 (restated)
	£m	£m
Profit attributable to equity holders of the Company for the period	5.4	82.2
Foreign currency translation differences	(24.4)	(0.2)
Total comprehensive income for the period	(19.0)	82.0

Details of principal risks and uncertainties are given in the Review of the Balance Sheet and Cashflow accompanying these interim financial statements.

CONSOLIDATED BALANCE SHEET AT 31 JULY 2009

	31 July 2009	31 July 2008 (restated)	30 April 2009
	£m	£m	£m
Current assets			
Inventories	9.5	23.7	10.4
Trade and other receivables	137.6	175.2	148.3
Current tax asset	1.0	2.2	1.5
Cash and cash equivalents	2.4	1.5	1.7
	150.5	202.6	161.9
Assets held for sale	0.3	-	1.6
	150.8	202.6	163.5
Non-current assets			
Property, plant and equipment			
- rental equipment	1,011.8	1,039.1	1,140.5
- other assets	137.2	141.4	153.5
	1,149.0	1,180.5	1,294.0
Intangible assets - brand names and other acquired intangibles	5.0	7.3	5.9
Goodwill	346.0	291.9	385.4
Deferred tax asset	10.6	17.1	12.3
Defined benefit pension fund surplus	0.4	6.0	0.3
	1,511.0	1,502.8	1,697.9
Total assets	1,661.8	1,705.4	1,861.4
Current liabilities			
Trade and other payables	108.5	193.9	106.7
Current tax liability	-	1.0	-
Debt due within one year	5.9	7.9	6.9
Provisions	14.3	8.5	17.4
	128.7	211.3	131.0
Non-current liabilities			
Debt due after more than one year	869.0	845.2	1,030.7
Provisions	34.3	19.2	36.8
Deferred tax liabilities	122.6	118.6	136.9
	1,025.9	983.0	1,204.4
Total liabilities	1,154.6	1,194.3	1,335.4
Equity			
Share capital	55.3	56.2	55.3
Share premium account	3.6	3.6	3.6
Capital redemption reserve	0.9	-	0.9
Non-distributable reserve	90.7	90.7	90.7
Own shares held by the Company	(33.1)	(36.3)	(33.1)
Own shares held through the ESOT	(6.3)	(7.0)	(6.3)
Cumulative foreign exchange translation differences	4.7	(27.1)	29.1
Retained reserves	391.4	431.0	385.8
Equity attributable to equity holders of the Company	507.2	511.1	526.0
Total liabilities and equity	1,661.8	1,705.4	1,861.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 JULY 2009

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable reserve £m	Treasury stock £m	Own shares held by ESOT £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m
At 1 May 2008 as restated	56.2	3.6	-	90.7	(23.3)	(7.0)	(28.2)	348.3	440.3
Total comprehensive income for the period	-	-	-	-	-	-	(0.2)	82.2	82.0
Shares issued	-	-	-	-	0.1	-	-	-	0.1
Share-based payments	-	-	-	-	-	-	-	0.5	0.5
Own shares purchased	-	-	-	-	(13.1)	-	-	-	(13.1)
Realisation of foreign exchange translation differences	-	-	-	-	-	-	1.3	-	1.3
At 31 July 2008	56.2	3.6	-	90.7	(36.3)	(7.0)	(27.1)	431.0	511.1
Total comprehensive income for the period	-	-	-	-	-	-	56.3	(24.2)	32.1
Shares issued/re-issued	-	-	-	-	0.4	-	-	(0.3)	0.1
Dividends paid	-	-	-	-	-	-		(12.9)	(12.9)
Share-based payments	-	-	-	-	-	-	-	(1.3)	(1.3)
Vesting of share awards	-	-	-	-	-	1.1	-	(1.1)	-
Own shares purchased	-	-	-	-	(2.6)	(0.4)	-	-	(3.0)
Cancellation of shares held in treasury by the Company	(0.9)	-	0.9	-	5.4	-	-	(5.4)	-
Realisation of foreign exchange translation differences	-	-	-	-	-	-	(0.1)	-	(0.1)
At 30 April 2009	55.3	3.6	0.9	90.7	(33.1)	(6.3)	29.1	385.8	526.0
Total comprehensive income for the period	-	-	-	-	-	-	(24.4)	5.4	(19.0)
Share-based payments	-	-	-	-	-	-	-	0.2	0.2
At 31 July 2009	55.3	3.6	0.9	90.7	(33.1)	(6.3)	4.7	391.4	507.2

CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2009

	2009 £m	2008 (restated) £m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental fleet	74.7	93.8
Exceptional costs paid	(2.7)	(0.6)
Payments for rental property, plant and equipment	(16.4)	(52.6)
Proceeds from disposal of rental property, plant and equipment before exceptional disposals	4.7	9.7
Exceptional proceeds from disposal of rental property, plant and equipment	1.2	-
Cash generated from operations	61.5	50.3
Financing costs paid	(2.6)	(4.2)
Tax paid	(0.5)	(0.1)
Net cash from operating activities	58.4	46.0
Cash flows from investing activities		
Disposal of businesses	-	89.8
Payments for non-rental property, plant and equipment	(2.7)	(11.2)
Proceeds on sale of non-rental property, plant and equipment	0.8	1.1
Net cash (used in)/from investing activities	(1.9)	79.7
Cash flows from financing activities		
Drawdown of loans	9.3	10.1
Redemption of loans	(63.6)	(121.8)
Capital element of finance lease payments	(1.4)	(1.6)
Purchase of own shares by the Company	-	(12.8)
Proceeds from issue of ordinary shares	-	0.1
Net cash used in financing activities	(55.7)	(126.0)
Increase/(decrease) in cash and cash equivalents	0.8	(0.3)
Opening cash and cash equivalents	1.7	1.8
Effect of exchange rate differences	(0.1)	-
Closing cash and cash equivalents	2.4	1.5

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the three months ended 31 July 2009 were approved by the directors on 7 September 2009. They have been prepared in accordance with relevant International Financial Reporting Standards ('IFRS') (including International Accounting Standard - IAS 34 Interim Financial Reporting) and the accounting policies set out in the Group's Annual Report and Accounts for the year ended 30 April 2009 except for the adoption of 'IAS 1 (revised) - Presentation of financial statements'. The adoption of IAS 1 (revised) has resulted in the 'Consolidated statement of changes in equity' being presented as a primary statement (previously disclosed as a note titled 'Reconciliation of changes in equity'). In addition, the Group has continued to present a separate 'Income statement' and 'Statement of comprehensive income' (previously titled 'Statement of recognised income and expense'). The adoption of IAS 1 (revised) has had no impact on the consolidated results or financial position of the Group. The financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The statutory accounts for the year ended 30 April 2009 were prepared in accordance with relevant IFRS and have been mailed to shareholders and filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not include a reference to any matter by way of emphasis without qualifying the report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The figures for the first quarter are unaudited.

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

	2009	2008
Average for the quarter ended 31 July	1.61	1.97
At 31 July	1.66	1.98

2. Segmental analysis

Three months to 31 July	Revenue before exceptionals £m	Operating profit before exceptionals and amortisation £m	Exceptional items and amortisation £m	Operating profit £m
2009				
Sunbelt	179.0	24.3	(0.5)	23.8
A-Plant	42.6	1.1	(0.1)	1.0
Corporate costs	-	(1.5)	-	(1.5)
	221.6	23.9	(0.6)	23.3
2008				
Sunbelt	213.8	46.5	(0.5)	46.0
A-Plant	59.6	7.1	(0.2)	6.9
Corporate costs	-	(1.9)	-	(1.9)
	273.4	51.7	(0.7)	51.0

	Segment assets	Cash	Taxation assets	Total assets
At 31 July 2009				
Sunbelt	1,327.8	-	-	1,327.9
A-Plant	319.8	-	-	319.7
Central items	0.2	2.4	11.6	14.2
	1,647.8	2.4	11.6	1,661.8
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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

3. Operating costs

	2009			2008		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m
Three months to 31 July						
Staff costs:						
Salaries	64.4	-	64.4	68.8	-	68.8
Social security costs	5.1	-	5.1	5.2	-	5.2
Other pension costs	0.5	-	0.5	1.4	-	1.4
	70.0	-	70.0	75.4	-	75.4
Used rental equipment sold	4.4	1.2	5.6	11.6	-	11.6
Other operating costs:						
Vehicle costs	16.2	-	16.2	21.9	-	21.9
Spares, consumables & external repairs	13.4	-	13.4	14.8	-	14.8
Facility costs	11.4	-	11.4	10.4	-	10.4
Other external charges	34.7	-	34.7	41.9	-	41.9
	75.7	-	75.7	89.0	-	89.0
Other income:						
Profit on disposal of non-rental property, plant and equipment	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Depreciation and amortisation:						
Depreciation	47.7	-	47.7	45.9	-	45.9
Amortisation of acquired intangibles	-	0.6	0.6	-	0.7	0.7
	47.7	0.6	48.3	45.9	0.7	46.6
	197.7	1.8	199.5	221.7	0.7	222.4

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 31 July 2009 £m	2008 £m
Profit on sale of Ashtead Technology	-	67.3
Taxation on exceptional items	-	(9.6)
Total exceptional items	-	57.7
Amortisation of acquired intangibles (net of tax credit)	(0.4)	(0.5)
	(0.4)	57.2

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Exceptional items and amortisation (continued)

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

	Three months to 31 July	
	2009	2008
	£m	£m
Sale of used rental equipment	1.2	-
Used rental equipment sold	(1.2)	-
Amortisation of acquired intangibles	(0.6)	(0.7)
Charged on arriving at operating profit and profit before tax	(0.6)	(0.7)
Taxation	0.2	0.2
	(0.4)	(0.5)
Profit after taxation from discontinued operations	-	57.7
	(0.4)	57.2

5. Financing costs

	Three months to 31 July	
	2009	2008
	£m	£m
Investment income:		
Expected return on assets of defined benefit pension plan	0.8	1.1
Interest expense:		
Bank interest payable	2.9	6.0
Interest payable on second priority senior secured notes	11.1	9.0
Interest payable on finance leases	0.1	0.2
Non-cash unwind of discount on defined benefit pension plan liabilities	0.8	0.8
Non-cash unwind of discount on self insurance provisions	0.3	0.3
Amortisation of deferred costs of debt raising	0.7	0.6
Total interest expense	15.9	16.9
Net financing costs	15.1	15.8

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the quarter of 36% in the US (2008: 40%) and 29% in the UK (2008: 29%) applied to the profit before tax, exceptional items and amortisation of acquired intangibles. The blended effective rate for the Group as a whole is 35%.

The tax charge of £3.0m (2008: £12.9m) on the underlying pre-tax profit of £8.8m (2008: £35.9m) from continuing operations consists of current tax of £0.9m relating to the UK (2008: £1.0m), current tax of £nil relating to the US (2008: charge of £0.1m), deferred tax of £1.7m relating to the UK (2008: £2.5m) and deferred tax of £0.4m relating to the US (2008: charge of £9.3m). In addition, the tax credit of £0.2m (2008: £0.2m) on the amortisation charge of £0.6m (2008: £0.7m) relating to continuing operations is deferred tax and relates to the US.

7. Earnings per share

Basic and diluted earnings per share for the three months ended 31 July 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:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7. Earnings per share (continued)

	Three months to 31 July 2009	2008
Profit for the financial period (£m)		
From continuing operations	5.4	22.5
From discontinued operations	-	59.7
From continuing and discontinued operations	5.4	82.2
Weighted average number of shares (m) - basic	497.6	515.4
- diluted	497.7	516.1
Basic earnings per share		
From continuing operations	1.1p	4.3p
From discontinued operations	-	11.6p
From continuing and discontinued operations	1.1p	15.9p
Diluted earnings per share		
From continuing operations	1.1p	4.3p
From discontinued operations	-	11.6p
From continuing and discontinued operations	1.1p	15.9p

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 31 July 2009	2008
Basic earnings per share	1.1p	15.9p
Exceptional items and amortisation of acquired intangibles	0.1p	(12.9p)
Tax on exceptional items and amortisation	-	1.8p
Underlying earnings per share	1.2p	4.8p
Other deferred tax	0.4p	2.5p
Cash tax earnings per share	1.6p	7.3p

8. Property, plant and equipment

	2009		2008	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	1,140.5	1,294.0	994.0	1,130.1
Exchange difference	(95.5)	(107.1)	(0.1)	(0.1)
Reclassifications	0.3	-	-	-
Additions	12.2	15.2	96.6	108.5
Disposals	(4.3)	(5.4)	(11.5)	(12.1)
Depreciation	(41.4)	(47.7)	(39.9)	(45.9)
At 31 July	1,011.8	1,149.0	1,039.1	1,180.5

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

9. 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

There were no movements in shares authorised or allotted during the period. At 31 July 2009, 50m shares were held by the Company and a further 5.8m shares were held by the Company's Employee Share Ownership Trust.

10. Notes to the cash flow statement

a) Cash flow from operating activities

	Three months to 31 July 2009 £m	Three months to 31 July 2008 £m
Operating profit before exceptional items and amortisation:		
- continuing operations	23.9	51.7
- discontinued operations	-	2.8
	23.9	54.5
Depreciation	47.7	45.9
EBITDA before exceptional items	71.6	100.4
Loss/(profit) on disposal of rental equipment	0.7	(2.3)
Profit on disposal of other property, plant and equipment	(0.1)	(0.2)
Increase in inventories	(0.1)	(1.1)
Increase in trade and other receivables	(2.2)	(11.3)
Increase in trade and other payables	4.4	7.7
Exchange differences	0.2	0.1
Other non-cash movements	0.2	0.5
Cash generated from operations before exceptional items and changes in rental equipment	74.7	93.8

b) Reconciliation to net debt

	Three months to 31 July 2009 £m	Three months to 31 July 2008 £m
(Increase)/decrease in cash in the period	(0.8)	0.3
Decrease in debt through cash flow	(55.7)	(113.3)
Change in net debt from cash flows	(56.5)	(113.0)
Exchange differences	(107.6)	0.1
Non-cash movements:		
- deferred costs of debt raising	0.7	0.6
- capital element of new finance leases	-	0.7
Reduction in net debt in the period	(163.4)	(111.6)
Opening net debt	1,035.9	963.2
Closing net debt	872.5	851.6

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

10. Notes to the cash flow statement (continued)

c) Analysis of net debt

	1 May 2009 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 July 2009 £m
Cash	(1.7)	0.1	(0.8)	-	(2.4)
Debt due within 1 year	6.9	(0.5)	(0.9)	0.4	5.9
Debt due after 1 year	1,030.7	(107.2)	(54.8)	0.3	869.0
Total net debt	1,035.9	(107.6)	(56.5)	0.7	872.5

Details of the Group's debt are given in the Review of Balance Sheet and Cashflow accompanying these interim financial statements.

11. Contingent liabilities and contingent assets

There have been no significant changes in contingent liabilities from those reported at 30 April 2009.

REVIEW OF BALANCE SHEET AND CASH FLOW

Balance sheet

Fixed assets

Capital expenditure in the quarter was £15.2m (2008: £108.5m) with £12.2m invested in the rental fleet (2008: £96.6m). Capital expenditure by division was as follows:

	2009	2008
Sunbelt in $m	17.0	109.8
Sunbelt in £m	10.3	55.4
A-Plant	1.9	41.2
Total rental equipment	12.2	96.6
Delivery vehicles, property improvements & computers	3.0	11.9
Total additions	15.2	108.5

As a result of the decision to actively reduce fleet size in the second half of last year both Sunbelt's and A-Plant's fleets were smaller at 31 July 2009 than at 31 July 2008. Accordingly, all 2009 capital expenditure was for replacement. In 2008, £54.0m was spent on growth and £42.6m on replacement.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 July 2009 was 37 months (2008: 31 months) on a net book value basis. Sunbelt's fleet had an average age of 40 months (2008: 34 months) comprising 41 months for aerial work platforms which have a longer life and 38 months for the remainder of its fleet and A-Plant's fleet had an average age of 29 months (2008: 22 months).

	Rental fleet at original cost					
	31 July 2009	31 July 2008	LTM average	LTM rental revenues	LTM dollar utilisation	LTM physical utilisation
Sunbelt in $m	2,144	2,371	2,238	1,204	54%	66%
Sunbelt in £m	1,293	1,197	1,350	749	54%	66%
A-Plant	318	385	352	178	50%	67%
	1,611	1,582	1,702	927		

Dollar utilisation is defined as rental revenues divided by average fleet at original (or "first") cost and, measured over the last twelve months to 31 July 2009, was 54% at Sunbelt (2008: 62%) and 50% at A-Plant (2008: 59%). 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 and, measured over the last twelve months to 31 July 2009 was 66% in Sunbelt (2008: 68%) and 67% at A-Plant (2008: 71%).

Trade receivables

Receivable days at 31 July were 48 days (2008: 52 days). The bad debt charge for the quarter ended 31 July 2009 as a percentage of total turnover was 1.1% (2008: 0.9%). Trade receivables at 31 July 2009 of £117.1m (2008: £151.5m) are stated net of provisions for bad debts and credit notes of £16.6m (2008: £13.8m) with the provision representing 12.4% (2008: 8.4%) of gross receivables.

Trade and other payables

Group payable days were 47 days in 2009 (2008: 70 days). The reduction is due, primarily, to lower capital expenditure related payables at 31 July 2009 of £4.9m (2008: £74.6m) which have longer payment terms. Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Three months to 31 July 2009 £m	Three months to 31 July 2008 £m	LTM 31 July 2009 £m	Year to 30 April 2009 £m
EBITDA before exceptional items	71.6	100.4	330.1	358.9
Cash inflow from operations before exceptional items and changes in rental equipment	74.7	93.8	354.5	373.6
*Cash efficiency ratio**	*104.4%*	*93.4%*	*107.4%*	*104.1%*
Maintenance rental capital expenditure	(16.4)	(30.7)	(172.3)	(208.5)
Non-rental capital expenditure	(2.7)	(11.2)	(18.6)	(27.1)
Rental equipment disposal proceeds	5.9	9.7	81.5	85.3
Other property, plant and equipment disposal proceeds	0.8	1.1	6.3	6.6
Tax (paid)/received	(0.5)	(0.1)	0.4	0.8
Financing costs paid	(2.6)	(4.2)	(63.1)	(64.7)
Cash flow before growth capex and exceptionals	**59.2**	**58.4**	**188.7**	**166.0**
Growth rental capital expenditure	-	(21.9)	-	-
Exceptional costs paid	(2.7)	(0.6)	(11.5)	(9.4)
Total cash generated from operations	**56.5**	**35.9**	**177.2**	**156.6**
Business disposals/(acquisitions)	-	89.8	(0.8)	89.0
Total cash generated	**56.5**	**125.7**	**176.4**	**245.6**
Dividends paid	-	-	(12.9)	(12.9)
Share buy-backs and other equity transactions (net)	-	(12.7)	(3.2)	(15.9)
Decrease in net debt	**56.5**	**113.0**	**160.3**	**216.8**

* 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 decreased 20.4% to £74.7m reflecting the lower EBITDA in 2009 whilst the cash efficiency ratio was 104.4% (2008: 93.4%) reflecting lower working capital in the recession and reduced fleet disposal profits.

Payments for capital expenditure were broadly in line with capital expenditure delivered into the fleet whilst disposal proceeds received totalled £6.7m. Net cash capital expenditure was therefore £12.4m in the quarter (2008: £53.0m).

Financing costs paid differ from the accounting charge in the income statement due to the timing of interest payments in the quarter and non-cash interest charges. They reduced compared to last year due to the impact of both lower interest rates and lower average debt levels.

After exceptional costs paid of £2.7m, representing mostly the settlement of staff severance and vacant property costs all of which were provided for at 30 April 2009, the Group generated £56.5m of net cash inflow in the quarter which was applied to reduce outstanding debt.

Net debt

	31 July 2009 £m	31 July 2008 £m	30 April 2009 £m
First priority senior secured bank debt	396.5	445.1	501.1
Finance lease obligations	6.1	14.2	7.9
8.625% second priority senior secured notes, due 2015	147.3	122.3	165.1
9% second priority senior secured notes, due 2016	325.0	271.5	363.5
	874.9	853.1	1,037.6
Cash and cash equivalents	(2.4)	(1.5)	(1.7)
Total net debt	872.5	851.6	1,035.9

Net debt at 31 July 2009 was £872.5m (30 April 2009: £1,035.9m) which includes a translation reduction since year end of £107.6m reflecting the recent strengthening of the pound against the dollar. The Group's underlying EBITDA for the twelve months ended 31 July 2009 was £330.1m and the ratio of net debt to underlying EBITDA was therefore 2.6 times at 31 July 2009 (2008: 2.3 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 do not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds $125m. At 31 July 2009 availability under the bank facility was $635m ($550m at 30 April 2009). Accordingly, the Board continues to believe that it is appropriate to prepare the accounts on a going concern basis. Additionally, although the senior debt covenants were not required to be measured at 31 July 2009, the Group was in compliance with both of them at that date.

Principal risks and uncertainties

Risks and uncertainties in achieving the Group's objectives for the remainder of the financial year, together with assumptions, estimates, judgements and critical accounting policies used in preparing financial information remain unchanged from those detailed in the 2009 Annual Report and Accounts on pages 26 to 33. Our business is subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US and the UK, there are more billing days in the first half of our financial year than the second half leading to our revenues normally being higher in the first half. On a quarterly basis, the second quarter is typically our strongest quarter, followed by the first and then the third and fourth quarters.

Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars. 100% of our debt was denominated in US dollars at 31 July 2009. At that date dollar denominated debt represented approximately 80% of the value of dollar denominated net assets (other than debt) providing a partial, but substantial, hedge against the translation effects of changes in the dollar exchange rate. The dollar interest payable on this debt also limits the impact of changes in the dollar exchange rate on our pre-tax profits and earnings. Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 31 July 2009, a 1% change in the US dollar exchange rate would impact pre-tax profit by 1.5%. In addition, the current trading and outlook section of this interim statement provides a commentary on market and economic conditions for the remainder of the financial year.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 July		30 April	31 July		30 April
	2009	2008	2009	2009	2008	2009
Sunbelt Rentals	398	432	398	5,818	7,025	6,072
A-Plant	115	188	122	1,933	2,396	2,077
Corporate office	-	-	-	12	13	13
Group	513	620	520	7,763	9,434	8,162

Sunbelt's store numbers include 90 Sunbelt at Lowes stores at 31 July 2009 (2008: 90).