8 March 2011

Unaudited results for the nine months and third quarter ended 31 January 2011

	Third quarter			Nine months		
	2011	2010	Growth[1]	2011	2010	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Revenue	221.4	187.3	+15%	705.7	626.7	+8%
EBITDA	60.3	49.9	+18%	220.5	193.8	+9%
Operating profit	14.9	4.2	+233%	80.6	53.9	+42%
(Loss)/profit before taxation	(1.7)	(12.0)	+85%	28.3	8.1	+222%
Earnings per share	(0.2p)	(1.6p)	+87%	3.7p	0.6p	+393%
Statutory results						
(Loss)/profit before taxation	(2.0)	(15.7)	+87%	21.6	2.9	+546%
Earnings per share	(0.2p)	(2.1p)	+87%	2.8p	-	-

[1] at constant exchange rates [2] before exceptionals, intangible amortisation and fair value remeasurements [3] per billing day

Highlights

- 11%[3] growth in Sunbelt's Q3 rental revenue
- A-Plant returned to growth in Q3 with its rental revenues rising 2%[3]
- Nine month pre-tax profits of £28.3m, £20m ahead of last year
- Net debt £55m lower at £774m (April 2010: £829m) and leverage down to 2.8x (April 2010: 3.2x)
- Acquisition of Empire Scaffold completed in January in line with our strategy of extending Sunbelt's offering in attractive specialty markets

Ashtead's chief executive, Geoff Drabble, commented:

"It was encouraging to see our improving year on year trends in revenue and profitability continue in the third quarter, our seasonally most difficult period. Our high levels of fleet on rent and our continued focus on yield and costs have produced strong results for the first nine months with profits now £20m ahead of last year.

Whilst we remain cautious about predicting short term recoveries in end construction markets, the momentum we have established in difficult conditions reinforces the Board's long held confidence in the medium term attractiveness of our rental markets.

Based on our third quarter performance which continued in February, it is now likely that the full year outcome will exceed our earlier expectations."

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Nine months' results

	Revenue		EBITDA		Operating profit	
	2011	2010	2011	2010	2011	2010
Sunbelt in \$m	903.7	821.3	298.0	269.4	128.4	92.2
Sunbelt in £m	584.5	505.5	192.7	165.8	83.1	56.7
A-Plant	121.2	121.2	33.3	32.0	3.1	1.3
Group central costs	-	-	(5.5)	(4.0)	(5.6)	(4.1)
Continuing operations	705.7	626.7	220.5	193.8	80.6	53.9
Net financing costs					(52.3)	(45.8)
Profit before tax, exceptionals, remeasurements and amortisation					**28.3**	**8.1**
Exceptional items (net)					-	(2.2)
Fair value remeasurements					(5.7)	-
Amortisation					(1.0)	(2.0)
Profit before taxation					21.6	3.9
Taxation					(7.6)	(3.1)
Profit attributable to equity holders of the Company					14.0	0.8
Margins						
Sunbelt			*33.0%*	*32.8%*	*14.2%*	*11.2%*
A-Plant			*27.5%*	*26.4%*	*2.6%*	*1.0%*
Group			*31.2%*	*30.9%*	*11.4%*	*8.6%*

These results reflect continuing improvement in the US with Sunbelt's rental revenues growing 7% in the nine months to \$811m (2010: \$760m). Sunbelt's nine month rental revenue growth reflected 4% more fleet on rent compared to 2010 and a 2% increase in yield, year on year. Yield has now improved at an increasing rate throughout the fiscal year with growth of 5% year on year in the third quarter contributing to total Q3 rental revenue growth of 11%[3]. Supported by higher used equipment sales as we stepped up capital expenditure on fleet replacement, Sunbelt's total revenues grew by 10% in the nine months.

In the UK, A-Plant's nine month rental revenues were flat at £113m (2010: £114m) reflecting 3% more fleet on rent relative to the previous year and 3% lower yield. However, UK yields are now also on an improving trend with growth of 1% year on year in the third quarter and total Q3 growth in rental revenues of 2%[3].

Operating costs, excluding the cost of used equipment sales, remain under tight control with headcount flat since year end and down 4% over the previous year despite the growth in fleet on rent. As a result, operating profit grew 42% to £81m for the nine months and pre-tax profits by £20m to £28m this year (2010: £8m).

After a non-cash charge of £6m relating to the remeasurement to fair value of the early prepayment option in our long-term debt and £1m of acquired intangible amortisation, the statutory profit before tax was £22m (2010: £4m). The effective tax rate on the underlying pre-tax profit was stable at 35% (2010: 35%) whilst underlying earnings per share grew four fold to 3.7p (2010: 0.6p).

Capital expenditure

As we begin the cyclical reinvestment in our rental fleets, capital expenditure in the nine months was £129m (2010: £35m) of which £113m was rental fleet replacement with the balance spent principally on vehicles and property improvements. Disposal proceeds were £40m (2010: £19m), giving net capital expenditure in the nine months of £89m (2010: £16m). The average age of the Group's rental fleet at 31 January 2011 was 45 months (2010: 41 months).

In the year as a whole, we continue to anticipate spending around £225m gross and £175m net of disposal proceeds, principally on fleet replacement and thereby holding the average age of our rental fleets broadly flat over the course of the fiscal year.

Cash flow and net debt

£57m (2010: £144m) of cash was generated from operations in the nine months after £105m of net payments for capital expenditure (2010: £15m) and £37m in interest payments. £25m of the cash generated was spent on the acquisition of Empire Scaffold, £10m was paid out to shareholders through the 2010 final dividend with the remaining £22m applied to reduce outstanding net debt.

Reflecting this and currency fluctuations which reduced debt by £39m, net debt at 31 January 2011 was £774m (30 April 2010: £829m). This quarter saw the ratio of net debt to EBITDA fall to 2.8 times at 31 January 2011 (30 April 2010: 3.2 times). Availability on the ABL senior debt facility at 31 January 2011 was $624m (30 April 2010: $537m) substantially above the $150m level at which the Group's entire debt package is effectively covenant free.

Current trading and outlook

Whilst we remain cautious about predicting short term recoveries in end construction markets, the momentum we have established in difficult conditions reinforces the Board's long held confidence in the medium term attractiveness of our rental markets.

Based on our third quarter performance which continued in February, it is now likely that the full year outcome will exceed our earlier expectations.

Forward looking statements

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

Geoff Drabble and Ian Robson will hold a conference call for equity analysts at 9.30am on Tuesday 8 March. Dial in details for this call have already been distributed but any analyst not having received them should contact the Company's PR advisors, Maitland (Astrid Wright) 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 3.00pm UK time (10.00am EST).

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JANUARY 2011

	2011			2010		
Third quarter - unaudited	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
Continuing operations						
Revenue						
Rental revenue	196.5	-	196.5	172.4	-	172.4
Sale of new equipment, merchandise and consumables	9.3	-	9.3	9.5	-	9.5
Sale of used rental equipment	15.6	-	15.6	5.4	-	5.4
	221.4	-	221.4	187.3	-	187.3
Operating costs						
Staff costs	(71.9)	-	(71.9)	(63.3)	-	(63.3)
Used rental equipment sold	(14.3)	-	(14.3)	(5.5)	-	(5.5)
Other operating costs	(74.9)	-	(74.9)	(68.6)	-	(68.6)
	(161.1)	-	(161.1)	(137.4)	-	(137.4)
EBITDA*	60.3	-	60.3	49.9	-	49.9
Depreciation	(45.4)	-	(45.4)	(45.7)	-	(45.7)
Amortisation of intangibles	-	(0.3)	(0.3)	-	(0.5)	(0.5)
Operating profit	14.9	(0.3)	14.6	4.2	(0.5)	3.7
Investment income	0.9	-	0.9	0.8	-	0.8
Interest expense	(17.5)	-	(17.5)	(17.0)	(3.2)	(20.2)
Loss on ordinary activities before taxation	(1.7)	(0.3)	(2.0)	(12.0)	(3.7)	(15.7)
Taxation:						
- current	(0.3)	-	(0.3)	(0.6)	-	(0.6)
- deferred	1.0	0.1	1.1	4.6	1.5	6.1
	0.7	0.1	0.8	4.0	1.5	5.5
Loss from continuing operations	(1.0)	(0.2)	(1.2)	(8.0)	(2.2)	(10.2)
Profit from discontinued operations	-	-	-	-	1.0	1.0
Loss attributable to equity holders of the Company	(1.0)	(0.2)	(1.2)	(8.0)	(1.2)	(9.2)
Continuing operations						
Basic earnings per share	(0.2p)	-	(0.2p)	(1.6p)	(0.5p)	(2.1p)
Diluted earnings per share	(0.2p)	-	(0.2p)	(1.6p)	(0.4p)	(2.0p)
Total continuing and discontinued operations						
Basic earnings per share	(0.2p)	-	(0.2p)	(1.6p)	(0.3p)	(1.9p)
Diluted earnings per share	(0.2p)	-	(0.2p)	(1.6p)	(0.2p)	(1.8p)

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

All revenue and profit for the period is generated from continuing activities.

Details of principal risks and uncertainties are given in the Review of the Third Quarter, Balance Sheet and Cash Flow accompanying these interim financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2011

Nine months - unaudited	2011 Before exceptional items, amortisation and remeasurements £m	2011 Exceptional items, amortisation and remeasurements £m	2011 Total £m	2010 Before exceptional items and amortisation £m	2010 Exceptional items and amortisation £m	2010 Total £m
Continuing operations						
Revenue						
Rental revenue	637.8	-	637.8	581.0	-	581.0
Sale of new equipment, merchandise and consumables	30.9	-	30.9	30.6	-	30.6
Sale of used rental equipment	37.0	-	37.0	15.1	1.6	16.7
	705.7	-	705.7	626.7	1.6	628.3
Operating costs						
Staff costs	(213.6)	-	(213.6)	(199.5)	-	(199.5)
Used rental equipment sold	(34.8)	-	(34.8)	(16.3)	(1.6)	(17.9)
Other operating costs	(236.8)	-	(236.8)	(217.1)	-	(217.1)
	(485.2)	-	(485.2)	(432.9)	(1.6)	(434.5)
EBITDA*	220.5	-	220.5	193.8	-	193.8
Depreciation	(139.9)	-	(139.9)	(139.9)	-	(139.9)
Amortisation of intangibles	-	(1.0)	(1.0)	-	(2.0)	(2.0)
Operating profit	80.6	(1.0)	79.6	53.9	(2.0)	51.9
Investment income	2.8	-	2.8	2.4	-	2.4
Interest expense	(55.1)	(5.7)	(60.8)	(48.2)	(3.2)	(51.4)
Profit on ordinary activities before taxation	28.3	(6.7)	21.6	8.1	(5.2)	2.9
Taxation:						
- current	(4.5)	0.4	(4.1)	(2.2)	-	(2.2)
- deferred	(5.5)	2.0	(3.5)	(2.9)	2.0	(0.9)
	(10.0)	2.4	(7.6)	(5.1)	2.0	(3.1)
Profit/(loss) from continuing operations	18.3	(4.3)	14.0	3.0	(3.2)	(0.2)
Profit from discontinued operations	-	-	-	-	1.0	1.0
Profit attributable to equity holders of the Company	18.3	(4.3)	14.0	3.0	(2.2)	0.8
Continuing operations						
Basic earnings per share	3.7p	(0.9p)	2.8p	0.6p	(0.6p)	-
Diluted earnings per share	3.6p	(0.8p)	2.8p	0.6p	(0.6p)	-
Total continuing and discontinued operations						
Basic earnings per share	3.7p	(0.9p)	2.8p	0.6p	(0.4p)	0.2p
Diluted earnings per share	3.6p	(0.8p)	2.8p	0.6p	(0.4p)	0.2p

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

All revenue and profit for the period is generated from continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Three months to 31 January 2011 £m	Three months to 31 January 2010 £m	Nine months to 31 January 2011 £m	Nine months to 31 January 2010 £m
(Loss)/profit attributable to equity holders of the Company for the period	(1.2)	(9.2)	14.0	0.8
Foreign currency translation differences	0.2	5.8	(8.5)	(17.8)
Actuarial gain/(loss) on defined benefit pension scheme	-	-	12.1	(14.0)
Tax on defined benefit pension scheme	-	-	(3.9)	3.9
Total comprehensive income for the period	(1.0)	(3.4)	13.7	(27.1)

CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2011

	Unaudited 31 January 2011	Unaudited 31 January 2010	Audited 30 April 2010
	£m	£m	£m
Current assets			
Inventories	9.9	8.8	9.9
Trade and other receivables	149.3	131.0	134.7
Current tax asset	0.4	1.5	1.1
Cash and cash equivalents	10.8	26.4	54.8
	170.4	167.7	200.5
Non-current assets			
Property, plant and equipment			
- rental equipment	904.1	958.8	969.7
- other assets	124.8	133.1	131.9
	1,028.9	1,091.9	1,101.6
Intangible assets - brand names and other acquired intangibles	8.6	3.7	3.3
Goodwill	367.0	357.5	373.6
Deferred tax asset	1.1	11.2	7.8
Defined benefit pension fund surplus	5.1	-	-
Other financial assets – derivatives	-	-	5.7
	1,410.7	1,464.3	1,492.0
Total assets	1,581.1	1,632.0	1,692.5
Current liabilities			
Trade and other payables	126.4	107.1	130.6
Current tax liability	1.9	0.9	2.1
Debt due within one year	2.1	5.0	3.1
Provisions	11.2	11.7	12.0
	141.6	124.7	147.8
Non-current liabilities			
Debt due after more than one year	782.8	850.0	880.7
Provisions	26.4	30.4	29.4
Deferred tax liabilities	124.6	123.3	126.6
Defined benefit pension fund deficit	-	12.8	7.7
	933.8	1,016.5	1,044.4
Total liabilities	1,075.4	1,141.2	1,192.2
Equity			
Share capital	55.3	55.3	55.3
Share premium account	3.6	3.6	3.6
Capital redemption reserve	0.9	0.9	0.9
Non-distributable reserve	90.7	90.7	90.7
Own shares held by the Company	(33.1)	(33.1)	(33.1)
Own shares held through the ESOT	(6.5)	(6.3)	(6.3)
Cumulative foreign exchange translation differences	11.6	11.3	20.1
Retained reserves	383.2	368.4	369.1
Equity attributable to equity holders of the Company	505.7	490.8	500.3
Total liabilities and equity	1,581.1	1,632.0	1,692.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 JANUARY 2011

	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	Retained reserves £m	Total £m
At 1 May 2009	55.3	3.6	0.9	90.7	(33.1)	(6.3)	29.1	385.8	526.0
Profit for the period	-	-	-	-	-	-	-	0.8	0.8
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(17.8)	-	(17.8)
Actuarial loss on defined benefit pension scheme	-	-	-	-	-	-	-	(14.0)	(14.0)
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	3.9	3.9
Total comprehensive income for the period	-	-	-	-	-	-	(17.8)	(9.3)	(27.1)
Dividends paid	-	-	-	-	-	-	-	(8.3)	(8.3)
Share-based payments	-	-	-	-	-	-	-	0.2	0.2
At 31 January 2010	55.3	3.6	0.9	90.7	(33.1)	(6.3)	11.3	368.4	490.8
Profit for the period	-	-	-	-	-	-	-	1.3	1.3
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	8.8	-	8.8
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	4.8	4.8
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	(1.3)	(1.3)
Tax on share-based payments	-	-	-	-	-	-	-	0.1	0.1
Total comprehensive income for the period	-	-	-	-	-	-	8.8	4.9	13.7
Dividends paid	-	-	-	-	-	-	-	(4.5)	(4.5)
Share-based payments	-	-	-	-	-	-	-	0.3	0.3
At 30 April 2010	55.3	3.6	0.9	90.7	(33.1)	(6.3)	20.1	369.1	500.3
Profit for the period	-	-	-	-	-	-	-	14.0	14.0
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(8.5)	-	(8.5)
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	12.1	12.1
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	(3.9)	(3.9)
Total comprehensive income for the period	-	-	-	-	-	-	(8.5)	22.2	13.7
Dividends paid	-	-	-	-	-	-	-	(10.0)	(10.0)
Own shares purchased by the ESOT	-	-	-	-	-	(0.2)	-	-	(0.2)
Share-based payments	-	-	-	-	-	-	-	0.8	0.8
Tax on share-based payments	-	-	-	-	-	-	-	1.1	1.1
At 31 January 2011	55.3	3.6	0.9	90.7	(33.1)	(6.5)	11.6	383.2	505.7

CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2011

		Unaudited
	2011	2010
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	206.5	195.6
Exceptional costs paid	(4.0)	(6.8)
Payments for rental property, plant and equipment	(127.2)	(29.1)
Proceeds from disposal of rental property, plant and equipment before exceptional disposals	33.2	15.2
Exceptional proceeds from disposal of rental property, plant and equipment	-	1.6
Cash generated from operations	108.5	176.5
Financing costs paid (net)	(37.3)	(29.1)
Tax paid (net)	(3.6)	(0.5)
Net cash from operating activities	67.6	146.9
Cash flows from investing activities		
Acquisition of business	(24.7)	(0.2)
Disposal of business costs	-	(0.4)
Payments for non-rental property, plant and equipment	(14.0)	(4.6)
Proceeds on sale of non-rental property, plant and equipment	3.5	1.9
Net cash used in investing activities	(35.2)	(3.3)
Cash flows from financing activities		
Drawdown of loans	64.9	258.9
Redemption of loans	(128.7)	(366.2)
Capital element of finance lease payments	(2.3)	(3.2)
Purchase of own shares by the ESOT	(0.2)	-
Dividends paid	(10.0)	(8.3)
Net cash used in financing activities	(76.3)	(118.8)
(Decrease)/increase in cash and cash equivalents	(43.9)	24.8
Opening cash and cash equivalents	54.8	1.7
Effect of exchange rate differences	(0.1)	(0.1)
Closing cash and cash equivalents	10.8	26.4

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed interim financial statements for the nine months ended 31 January 2011 were approved by the directors on 7 March 2011. They have been prepared in accordance with relevant International Financial Reporting Standards ('IFRS') as adopted by the European Union and the accounting policies set out in the Group's Annual Report and Accounts for the year ended 30 April 2010 except for the adoption, with effect from 1 May 2010, of new or revised accounting standards as set out below.

The financial statements have been prepared on the going concern basis. They 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 2010 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 following new standards, amendments to standards or interpretations are effective for the Group's accounting period beginning on 1 May 2010 and, where relevant, have been adopted. They have not had a material impact on the consolidated results or financial position of the Group:

- Amendments to IFRS 1 Additional exemptions for first-time adopters;
- Amendment to IFRS 1 Limited exemption from comparative IFRS 7 disclosures for first-time adopters;
- IAS 24 (revised) Related party disclosures;
- Amendment to IFRIC 14 Prepayments of minimum funding requirement;
- IFRIC 19 Extinguishing financial liabilities with equity instruments;
- Improvements to IFRSs (2010).

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

	2011	2010
Average for the three months ended 31 January	1.58	1.63
Average for the nine months ended 31 January	1.55	1.62
At 31 January	1.60	1.60

2. Segmental analysis

	Revenue	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
	£m	£m	£m	£m
Three months to 31 January				
2011				
Sunbelt	182.6	18.4	(0.1)	18.3
A-Plant	38.8	(1.1)	(0.2)	(1.3)
Corporate costs	-	(2.4)	-	(2.4)
	221.4	14.9	(0.3)	14.6
2010				
Sunbelt	150.1	7.4	(0.4)	7.0
A-Plant	37.2	(1.8)	(0.1)	(1.9)
Corporate costs	-	(1.4)	-	(1.4)
	187.3	4.2	(0.5)	3.7

2. Segmental analysis (continued)

	Revenue before exceptionals	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
	£m	£m	£m	£m
Nine months to 31 January				
2011				
Sunbelt	584.5	83.1	(0.5)	82.6
A-Plant	121.2	3.1	(0.5)	2.6
Corporate costs	-	(5.6)	-	(5.6)
	705.7	80.6	(1.0)	79.6
2010				
Sunbelt	505.5	56.7	(1.6)	55.1
A-Plant	121.2	1.3	(0.4)	0.9
Corporate costs	-	(4.1)	-	(4.1)
	626.7	53.9	(2.0)	51.9

	Segment assets	Cash	Taxation assets	Other financial assets - derivatives	Total assets
	£m	£m	£m	£m	£m
At 31 January 2011					
Sunbelt	1,292.1	-	-	-	1,292.1
A-Plant	276.5	-	-	-	276.5
Corporate items	0.2	10.8	1.5	-	12.5
	1,568.8	10.8	1.5	-	1,581.1
At 30 April 2010					
Sunbelt	1,332.0	-	-	-	1,332.0
A-Plant	290.9	-	-	-	290.9
Corporate items	0.2	54.8	8.9	5.7	69.6
	1,623.1	54.8	8.9	5.7	1,692.5

3. Operating costs

	2011			2010		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Three months to 31 January						
Staff costs:						
Salaries	65.5	-	65.5	58.0	-	58.0
Social security costs	5.7	-	5.7	4.9	-	4.9
Other pension costs	0.7	-	0.7	0.4	-	0.4
	71.9	-	71.9	63.3	-	63.3
Used rental equipment sold	14.3	-	14.3	5.5	-	5.5
Other operating costs:						
Vehicle costs	17.4	-	17.4	15.7	-	15.7
Spares, consumables & external repairs	13.5	-	13.5	11.9	-	11.9
Facility costs	10.8	-	10.8	10.9	-	10.9
Other external charges	33.2	-	33.2	30.1	-	30.1
	74.9	-	74.9	68.6	-	68.6
Depreciation and amortisation:						
Depreciation	45.4	-	45.4	45.7	-	45.7
Amortisation of acquired intangibles	-	0.3	0.3	-	0.5	0.5
	45.4	0.3	45.7	45.7	0.5	46.2
	206.5	0.3	206.8	183.1	0.5	183.6

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

3. Operating costs (continued)

	2011			2010		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Nine months to 31 January						
Staff costs:						
Salaries	196.3	-	196.3	183.7	-	183.7
Social security costs	15.5	-	15.5	14.6	-	14.6
Other pension costs	1.8	-	1.8	1.2	-	1.2
	213.6	-	213.6	199.5	-	199.5
Used rental equipment sold	34.8	-	34.8	16.3	1.6	17.9
Other operating costs:						
Vehicle costs	55.5	-	55.5	49.1	-	49.1
Spares, consumables & external repairs	43.7	-	43.7	37.8	-	37.8
Facility costs	33.9	-	33.9	33.2	-	33.2
Other external charges	103.7	-	103.7	97.0	-	97.0
	236.8	-	236.8	217.1	-	217.1
Depreciation and amortisation:						
Depreciation	139.9	-	139.9	139.9	-	139.9
Amortisation of acquired intangibles	-	1.0	1.0	-	2.0	2.0
	139.9	1.0	140.9	139.9	2.0	141.9
	625.1	1.0	626.1	572.8	3.6	576.4

4. Exceptional items, amortisation and fair value remeasurements

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. Fair value remeasurements relate to embedded call options in the Group's senior secured note issues. 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. Underlying revenue, profit and earnings per share are stated before exceptional items, amortisation of acquired intangibles and fair value remeasurements.

Exceptional items, amortisation and fair value remeasurements are set out below:

	Three months to 31 January		Nine months to 31 January	
	2011	2010	2011	2010
	£m	£m	£m	£m
Fair value remeasurements	-	-	5.7	-
Write off of deferred financing costs	-	3.2	-	3.2
Sale of Ashtead Technology	-	(1.0)	-	(1.0)
Total exceptional items and remeasurements	-	2.2	5.7	2.2
Taxation on exceptional items and remeasurements	-	(1.3)	(2.1)	(1.3)
Net exceptional items and remeasurements	-	0.9	3.6	0.9
Amortisation of acquired intangibles (net of tax credit)	0.2	0.3	0.7	1.3
	0.2	1.2	4.3	2.2

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Exceptional items, amortisation and fair value remeasurements (continued)

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

	Three months to 31 January		Nine months to 31 January	
	2011	2010	2011	2010
	£m	£m	£m	£m
Sale of used rental equipment	-	-	-	(1.6)
Used rental equipment sold	-	-	-	1.6
Amortisation of acquired intangibles	0.3	0.5	1.0	2.0
Charged in arriving at operating profit	0.3	0.5	1.0	2.0
Interest expense	-	3.2	5.7	3.2
Charged in arriving at profit before taxation	0.3	3.7	6.7	5.2
Taxation	(0.1)	(1.5)	(2.4)	(2.0)
Profit after taxation from discontinued operations	-	(1.0)	-	(1.0)
	0.2	1.2	4.3	2.2

5. Financing costs

	Three months to 31 January		Nine months to 31 January	
	2011	2010	2011	2010
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	(0.9)	(0.8)	(2.8)	(2.4)
Interest expense:				
Bank interest payable	3.5	3.8	12.5	9.2
Interest on second priority senior secured notes	11.3	10.9	34.5	32.8
Interest payable on finance leases	0.1	-	0.2	0.2
Non-cash unwind of discount on defined benefit pension plan liabilities	0.8	0.8	2.6	2.3
Non-cash unwind of discount on self insurance provisions	0.4	0.3	1.1	1.0
Amortisation of deferred costs of debt raising	1.4	1.2	4.2	2.7
Total interest expense	17.5	17.0	55.1	48.2
Net financing costs before exceptional items and remeasurements	16.6	16.2	52.3	45.8
Exceptional items	-	3.2	-	3.2
Fair value remeasurements	-	-	5.7	-
Net financing costs	16.6	19.4	58.0	49.0

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 35% in the US (2010: 36%) and 30% in the UK (2010: 30%) applied to the profit before tax, exceptional items, amortisation of acquired intangibles and fair value remeasurements. The current year blended effective rate for the Group as a whole is 35%.

The tax charge of £10.0m (2010: £5.1m) on the underlying pre-tax profit of £28.3m (2010: £8.1m) can be explained as follows:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

6. Taxation (continued)

	Nine months to 31 January 2011 £m	2010 £m
Current tax		
- Current tax on income for the period	4.5	2.2
Deferred tax		
- Origination and reversal of temporary differences	5.4	0.6
- Adjustments to prior year	0.1	2.3
	5.5	2.9
Tax on underlying activities	10.0	5.1
Comprising:		
- UK tax	7.4	7.0
- US tax	2.6	(1.9)
	10.0	5.1

In addition, the tax credit of £2.4m (2010: £2.0m) on exceptional costs (including amortisation and fair value remeasurements) of £6.7m (2010: £5.2m) consists of a current tax credit of £0.4m (2010: £nil) relating to the UK, a deferred tax credit of £0.2m (2010: £0.1m) relating to the UK and a deferred tax credit of £1.8m (2010: £1.9m) relating to the US.

7. Earnings per share

Basic and diluted earnings per share for the three and nine months ended 31 January 2011 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 are computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive).

These are calculated as follows:

	Three months to 31 January 2011	2010	Nine months to 31 January 2011	2010
(Loss)/profit for the financial period (£m)				
From continuing operations	(1.2)	(10.2)	14.0	(0.2)
From discontinued operations	-	1.0	-	1.0
From continuing and discontinued operations	(1.2)	(9.2)	14.0	0.8
Weighted average number of shares (m) - basic	497.7	497.6	497.7	497.6
- diluted	506.8	501.9	506.4	500.7
Basic earnings per share				
From continuing operations	(0.2p)	(2.1p)	2.8p	-
From discontinued operations	-	0.2p	-	0.2p
From continuing and discontinued operations	(0.2p)	(1.9p)	2.8p	0.2p
Diluted earnings per share				
From continuing operations	(0.2p)	(2.0p)	2.8p	-
From discontinued operations	-	0.2p	-	0.2p
From continuing and discontinued operations	(0.2p)	(1.8p)	2.8p	0.2p

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7. Earnings per share (continued)

Underlying earnings per share (defined in any period as the earnings before exceptional items, amortisation of acquired intangibles and fair value remeasurements for that period divided by the weighted average number of shares in issue in that period) and cash tax earnings per share (defined in any period as underlying earnings before other deferred taxes divided by the weighted average number of shares in issue in that period) may be reconciled to the basic earnings per share as follows:

	Three months to 31 January		Nine months to 31 January	
	2011	2010	2011	2010
Basic earnings per share	(0.2p)	(1.9p)	2.8p	0.2p
Exceptional items and amortisation of acquired intangibles	-	0.6p	1.3p	0.8p
Tax on exceptional items and amortisation	-	(0.3p)	(0.4p)	(0.4p)
Underlying earnings per share	(0.2p)	(1.6p)	3.7p	0.6p
Other deferred tax	(0.2p)	(0.9p)	1.1p	0.6p
Cash tax earnings per share	(0.4p)	(2.5p)	4.8p	1.2p

8. Dividends

During the period, a final dividend in respect of the year ended 30 April 2010 of 2.0p (2009: 1.675p) per share was paid to shareholders. The interim dividend for the year ended 30 April 2011 of 0.93p (2010: 0.9p) per share announced on 9 December 2010 was paid on 9 February 2011.

9. Property, plant and equipment

	2011		2010	
Net book value	Rental equipment £m	Total £m	Rental equipment £m	Total £m
At 1 May	969.7	1,101.6	1,140.5	1,294.0
Exchange difference	(31.0)	(34.8)	(69.8)	(78.2)
Reclassifications	(0.5)	-	(3.5)	(0.1)
Acquisitions	8.4	8.8	0.1	0.1
Additions	113.1	129.4	29.6	35.1
Disposals	(33.1)	(36.2)	(16.3)	(19.1)
Depreciation	(122.5)	(139.9)	(121.8)	(139.9)
At 31 January	904.1	1,028.9	958.8	1,091.9

10. Called up share capital

Ordinary shares of 10p each:

	31 January 2011 Number	30 April 2010 Number	31 January 2011 £m	30 April 2010 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	553,325,554	553,325,554	55.3	55.3

There were no movements in shares authorised or allotted during the period. At 31 January 2011, 50m shares were held by the Company and a further 5.6m shares were held by the Company's Employee Share Ownership Trust.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

11. Notes to the cash flow statement

a) Cash flow from operating activities

	Nine months to 31 January 2011 £m	2010 £m
Operating profit before exceptional items and amortisation	80.6	53.9
Depreciation	139.9	139.9
EBITDA before exceptional items	220.5	193.8
(Profit)/loss on disposal of rental equipment	(2.2)	1.2
(Profit)/loss on disposal of other property, plant and equipment	(0.6)	0.1
(Increase)/decrease in inventories	(0.4)	0.9
(Increase)/decrease in trade and other receivables	(12.1)	8.5
Increase/(decrease) in trade and other payables	0.5	(9.2)
Exchange differences	-	0.1
Other non-cash movements	0.8	0.2
Cash generated from operations before exceptional items and changes in rental equipment	206.5	195.6

b) Reconciliation to net debt

	2011 £m	2010 £m
Decrease/(increase) in cash in the period	43.9	(24.8)
Decrease in debt through cash flow	(66.1)	(110.5)
Change in net debt from cash flow	(22.2)	(135.3)
Exchange differences	(39.2)	(77.9)
Non-cash movements:		
- deferred costs of debt raising	4.2	5.8
- capital element of new finance leases	2.3	0.1
Reduction in net debt in the period	(54.9)	(207.3)
Opening net debt	829.0	1,035.9
Closing net debt	774.1	828.6

c) Analysis of net debt

	1 May 2010 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 January 2011 £m
Cash	(54.8)	0.1	43.9	-	(10.8)
Debt due within 1 year	3.1	(0.1)	(1.8)	0.9	2.1
Debt due after 1 year	880.7	(39.2)	(64.3)	5.6	782.8
Total net debt	829.0	(39.2)	(22.2)	6.5	774.1

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

d) Acquisitions

	Nine months to 31 January 2011 £m	2010 £m
Cash consideration	24.7	0.2

On 10 January 2011, Sunbelt acquired Empire Scaffold LLC and paid out £24.7m ($38m) in cash including escrow fund monies (note 12).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

12. Acquisition of Empire Scaffold LLC

On 10 January 2011, Sunbelt acquired the entire issued share capital of Empire Scaffold LLC ("Empire") for an initial cash consideration of US$38m (£24.7m) with an additional deferred cash consideration of $1.5m (£1.0m) payable depending on Empire's profits in the year to 31 August 2011. The consideration payable is subject to an adjustment (upward or downward) on a dollar-for-dollar basis to the extent that Empire's net operating assets (net assets excluding net debt and deferred tax) at closing are more or less than $24.3m. Agreement of the closing balance sheet is currently in progress.

The net assets acquired and the provisional goodwill arising on the acquisition are as follows:

	Acquiree's book value £m	At estimated fair value £m
Net assets acquired		
Trade and other receivables	5.9	5.9
Cash and cash equivalents	0.2	0.2
Property, plant and equipment		
- rental equipment	11.5	8.4
- other assets	0.4	0.4
Goodwill	4.4	-
Intangible assets (brand name, customer contracts and relationships)	-	6.4
Trade and other payables	(0.9)	(0.9)
Deferred tax liabilities	(2.9)	(4.1)
	18.6	16.3
Consideration:		
- cash paid and payable		25.0
- deferred consideration to be satisfied in cash		1.0
		26.0
Goodwill		9.7

Fair values have been estimated and will be refined and adjusted during the fourth quarter. The goodwill arising can be attributed to the key management personnel, workforce and safety record of the acquired business and the benefits the Group expects to derive from the acquisition.

Trade receivables at acquisition were £4.9m at fair value, net of £0.1m provision for debts which may not be collected, and had a gross face value of £5.0m. Other receivables include prepaid expenses and accrued revenue.

Empire's revenue and operating profit in the period from the date of acquisition to 31 January 2011 were $3.8m and $0.4m respectively. Had the acquisition taken place on 1 May 2010 then Group reported revenue and operating profit would have been higher by £19.4m ($30.0m) and £2.4m ($3.8m) respectively.

13. Contingent liabilities

There have been no significant changes in contingent liabilities from those reported at 30 April 2010.

REVIEW OF THE THIRD QUARTER, BALANCE SHEET AND CASH FLOW

Third quarter

	Revenue		EBITDA		Operating profit	
	2011	2010	2011	2010	2011	2010
Sunbelt in $m	288.7	245.2	85.5	70.1	29.4	12.2
Sunbelt in £m	182.6	150.1	53.8	42.9	18.4	7.4
A-Plant	38.8	37.2	8.9	8.3	(1.1)	(1.8)
Group central costs	-	-	(2.4)	(1.3)	(2.4)	(1.4)
Continuing operations	221.4	187.3	60.3	49.9	14.9	4.2
Net financing costs					(16.6)	(16.2)
Loss before tax, exceptionals and amortisation					**(1.7)**	**(12.0)**
Exceptional items (net)					-	(2.2)
Amortisation					(0.3)	(0.5)
Loss before taxation					(2.0)	(14.7)
Margins						
Sunbelt			*29.6%*	*28.6%*	*10.2%*	*5.0%*
A-Plant			*23.0%*	*22.4%*	*-2.8%*	*-4.9%*
Group			*27.3%*	*26.6%*	*6.7%*	*2.3%*

Third quarter results reflect improving market conditions with rental revenues (per billing day) growing in Sunbelt by 11% to $254m and in A-Plant by 2% to £36m. Total revenue growth was 18% at Sunbelt (reflecting higher used equipment sales in 2010/11 as we stepped up fleet replacement expenditure) and 4% at A-Plant. The volume of average fleet on rent in the third quarter grew strongly in the US with an increase of 6% year on year at Sunbelt and 1% at A-Plant. To an extent Sunbelt's volume growth reflected harsh winter weather in the prior year. Sunbelt also delivered a pleasing 5% increase in Q3 yield whilst, in the UK, yield grew 1% year on year reversing 13 quarters of decline.

Operating costs (before depreciation) in the US grew 16% or $28m to $203m reflecting a $13m increase in the cost of used equipment sold as we stepped up investment for fleet replacement and consequently sold more equipment and other, largely non-recurring, cost growth. UK operating costs rose 3% before depreciation and by 2% in total. The Group central cost increase reflects principally one time expenses associated with the Empire Scaffold acquisition and other recent M&A activity.

As a result there was a £11m increase in Q3 underlying operating profit to £15m with the Group's underlying operating profit margin rising to 6.7% (2010: 2.3%). The underlying pre-tax loss for the third quarter decreased to £2m (2010: £12m) reflecting the operating profit growth. The statutory loss before tax for the quarter was £2m (2010: £15m).

Balance sheet

Fixed assets

Capital expenditure in the nine months was £129m (2010: £35m) with £113m invested in the rental fleet (2010: £30m). Capital expenditure by division was as follows:

	2011	2010
Sunbelt in $m	159.8	37.7
Sunbelt in £m	99.7	23.5
A-Plant	13.4	6.1
Total rental equipment	113.1	29.6
Delivery vehicles, property improvements and computers	16.3	5.5
Total additions	129.4	35.1

Expenditure on rental equipment was again entirely for replacement and comprised 87% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and to computer equipment.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 January 2011 was 45 months (2010: 41 months) on a net book value basis. Sunbelt's fleet had an average age of 46 months (2010: 43 months) comprising 49 months for aerial work platforms which have a longer life and 43 months for the remainder of its fleet while A-Plant's fleet had an average age of 42 months (2010: 35 months).

The table below summarises dollar and physical utilisation:

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	31 January 2011	30 April 2010	LTM average	revenues	utilisation	utilisation
Sunbelt in $m	2,114	2,094	2,111	1,041	49%	67%
Sunbelt in £m	1,319	1,368	1,318	673	49%	67%
A-Plant	329	321	324	152	47%	70%
	1,648	1,689	1,642	825		

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 January 2011, was 49% at Sunbelt (2010: 47%) and 47% at A-Plant (2010: 48%). 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. Measured over the last twelve months to 31 January 2011, physical utilisation was 67% in Sunbelt (2010: 65%) and 70% at A-Plant (2010: 68%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of £7,500 which comprised approximately 90% of its fleet at 31 January 2011.

Trade receivables

Receivable days at 31 January were 51 days (2010: 50 days). The bad debt charge for the nine months ended 31 January 2011 as a percentage of total turnover was 0.7% (2010: 1.0%). Trade receivables at 31 January 2011 of £124m (2010: £108m) are stated net of provisions for bad debts and credit notes of £15m (2010: £16m) with the provision representing 10.7% (2010: 12.8%) of gross receivables.

Trade and other payables

Group payable days were 49 days in 2011 (2010: 63 days) with capital expenditure-related payables, which have longer payment terms, totalling £17m (2010: £10m). Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 30 and 120 days.

Pensions

Since year end, the triennial actuarial valuation of the Company's only defined benefit plan has been concluded and a recovery plan agreed between the Company and the trustees to address, over the next five years, the £2m deficit at 30 April 2010 on the funding assumptions used in that valuation. At 31 January 2011, the Company has adopted certain updated detailed assumptions set by the trustees for that valuation based mainly on the plan's recent experience (affecting matters such as life expectancy, cash commutations and spouses' benefits). This, together with the impact of market movements since year end on asset values and discount rates and the benefit of applying the UK Government's recent announcement that the consumer prices index rather than the retail prices index will in future be used to set the annual revaluation rate for deferred pensions, has resulted in a pension surplus of £5m being recorded on the IAS 19 accounting basis at 31 January 2011 (30 April 2010: deficit of £8m).

Cash flow and net debt

	Nine months to 31 January 2011 £m	Nine months to 31 January 2010 £m	LTM to 31 January 2011 £m	Year to 30 April 2010 £m
EBITDA before exceptional items	220.5	193.8	281.8	255.1
Cash inflow from operations before exceptional items and changes in rental equipment	206.5	195.6	276.5	265.6
*Cash conversion ratio**	*93.7%*	*101.0%*	*98.1%*	*104.1%*
Maintenance rental capital expenditure paid	(127.2)	(29.1)	(134.2)	(36.1)
Payments for non-rental capital expenditure	(14.0)	(4.6)	(16.1)	(6.7)
Non-rental equipment disposal proceeds	33.2	16.8	43.2	26.8
Other property, plant and equipment disposal proceeds	3.5	1.9	5.6	4.0
Tax (paid)/received	(3.6)	(0.5)	(2.8)	0.3
Net financing costs paid	(37.3)	(29.1)	(62.9)	(54.7)
Cash flow before exceptional costs	**61.1**	**151.0**	**109.3**	**199.2**
Exceptional costs paid	(4.0)	(6.8)	(5.4)	(8.2)
Total cash generated from operations	**57.1**	**144.2**	**103.9**	**191.0**
Business acquisitions/disposals	(24.7)	(0.6)	(24.8)	(0.7)
Total cash generated	**32.4**	**143.6**	**79.1**	**190.3**
Dividends paid	(10.0)	(8.3)	(14.5)	(12.8)
Purchase of own shares by the ESOT	(0.2)	-	(0.2)	-
Decrease in net debt	**22.2**	**135.3**	**64.4**	**177.5**

*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 for the nine months ended 31 January 2011 grew 6% while the cash conversion ratio was 93.7% (2010: 101.0%). This reflected a £12m increase in trade and other receivables since April.

Total payments for capital expenditure (rental equipment and other PPE) were slightly higher than capital expenditure delivered at £141m whilst disposal proceeds received totalled £37m. Net cash capital expenditure was therefore £104m in the nine months (2010: £15m).

Financing costs paid differed slightly from the accounting charge in the income statement due to the timing of interest payments in the nine months and non-cash interest charges.

After £25m paid for Empire Scaffold and exceptional costs of £4m, representing vacant property costs on closed premises which were originally provided for in 2008/9, the Group generated £32m of net cash inflow in the nine months. £10m of this net inflow was paid to equity shareholders as the 2010 final dividend with the balance of £22m applied to reduce outstanding debt.

Net debt

	31 January 2011 £m	31 January 2010 £m	30 April 2010 £m
First priority senior secured bank debt	290.5	361.1	367.5
Finance lease obligations	3.5	4.4	3.5
8.625% second priority senior secured notes, due 2015	153.3	152.8	160.2
9% second priority senior secured notes, due 2016	337.6	336.7	352.6
	784.9	855.0	883.8
Cash and cash equivalents	(10.8)	(26.4)	(54.8)
Total net debt	774.1	828.6	829.0

Net debt at 31 January 2011 was £774m (30 April 2010: £829m) with the reduction since April reflecting the cash generation set out above and currency fluctuations. The Group's underlying EBITDA for the twelve months ended 31 January 2011 was £282m and the ratio of net debt to underlying EBITDA was therefore 2.8 times at 31 January 2011 (30 April 2010: 3.2 times).

Under the terms of our extended asset-based senior bank facility, $1.3bn is committed until November 2013 whilst an additional $0.5bn is committed until the original maturity at August 2011. At 31 January 2011 the amount of the facility utilised was $513m (including letters of credit totalling $28m), substantially lower than the extended commitment. All our debt facilities therefore remain committed for the long term, with an average of 4.3 years remaining at 31 January 2011. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 7%. 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 LTM EBITDA before exceptional items not to exceed 4.0 times; and
- a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last twelve months) which must be equal or greater than 1.1.

These covenants do not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds $150m ($159m after August 2011). At 31 January 2011 excess availability under the bank facility was $624m ($537m at 30 April 2010), making it unlikely that the covenants will be measured. Additionally, although the senior debt covenants were not required to be measured at 31 January 2011, the Group was in compliance with both of them at that date. The Board continues to believe that it is appropriate to prepare the accounts on a going concern basis.

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 2010 Annual Report and Accounts on pages 23 to 31. 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.

In addition, the current trading and outlook section of the interim statement provides a commentary on market and economic conditions for the remainder of the year.

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. All our debt was denominated in US dollars at 31 January 2011. At that date dollar denominated debt represented approximately 75% of the value of dollar denominated net assets (other than debt) providing a partial, but substantial, hedge against currency fluctuations. 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 January 2011, a 1% change in the US dollar exchange rate would impact pre-tax profit by £40,000.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 January		30 April	31 January		30 April
	2011	2010	2010	2011	2010	2010
Sunbelt	358	395	393	5,269	5,509	5,334
A-Plant	104	106	105	1,886	1,933	1,872
Corporate office	-	-	-	11	12	12
Group	462	501	498	7,166	7,454	7,218

Sunbelt's store numbers include 40 Sunbelt at Lowes stores at 31 January 2011 (90 at 31 January 2010 and 89 at 30 April 2010). By agreement with Lowes 50, underperforming Sunbelt at Lowes stores were closed in July 2010 and at the same time Lowes agreed an extension to the lease for the remaining 40 stores until October 2012. The revenue and contribution from the closed stores in the 12 months ended 31 January 2011 was not significant to Sunbelt's overall performance. Included in Sunbelt's store numbers are an additional nine rental stores as a result of the acquisition of Empire Scaffold on 10 January 2011.