ASHTEAD GROUP PLC

Unaudited results for the half year and second quarter ended 31 October 2006

Ashtead Group plc, the world's second largest equipment rental group serving principally the US and UK non-residential construction markets, announces its half year and second quarter results:

	Half year 2006	Half year 2005	Growth At actual rates of exchange	Growth At constant rates of exchange
	£m	£m		
Revenue	422.3	313.8	+35%	+38%
Underlying profit before taxation *	54.4	40.2	+35%	+40%
Underlying earnings per share * - basic	7.4p	6.4p	+16%	+20%
- cash tax	11.5p	9.7p	+18%	+22%
(Loss)/profit before taxation	(30.6)	40.5	-	-

** Underlying profit and earnings per share are stated before exceptional items, amortisation of acquired intangibles and non-cash fair value remeasurements of embedded derivatives in long term debt.*

- Record underlying first half Group profit
- Significant growth in revenue and underlying operating profit in all divisions
- NationsRent acquisition completed on 31 August:
  - Sunbelt now the second largest equipment rental company in the US
  - Two month contribution from former NationsRent stores added c$110m (£58.9m) to revenue
  - All first phase integration milestones have been met
- Acquisition of Lux Traffic Controls by A-Plant completed on 16 October
- Interim dividend raised 10% to 0.55p per share

Ashtead's chief executive, Geoff Drabble, commented:

"The first half saw a good performance in all three operating divisions where a combination of strong markets and continued market share gains resulted in growth in rental revenues and operating profits. Following the acquisition of NationsRent in the second quarter, the combined management team has met all our initial targets and has already established the combined regional operating structure, introduced Sunbelt's performance monitoring and reward systems, merged the two computer systems and eliminated duplicated central functions.

We are encouraged by both the strong underlying performance of our business and by the strategic development of the Group following the acquisitions of NationsRent and Lux. Ongoing favourable market conditions, supported in the US by the continuing shift from ownership to rental, allow the Board to view the second half with confidence."

Ashtead's Chairman, Chris Cole added:

"As George Burnett our former chief executive retires, on behalf of the Board, shareholders and staff, I offer him our thanks for his determined and successful leadership and send him our best wishes for a long and happy retirement. This is also our first results statement since the sad and unexpected death of Cob Stenham who chaired the Group for the past three years and whose guidance during a critical period in the Group's development is greatly appreciated."

Contacts:

Chris Cole	Chairman		020 7314 5000
Geoff Drabble	Chief executive	)	01372 362300
Ian Robson	Finance director	)	
Brian Hudspith	Maitland		020 7379 5151

PRESS RELEASE

Overview

Each of the Group's three divisions performed strongly in the first half. Group revenue increased by 34.6% to £422.3m including approximately $110m (£58.9m) from the acquired NationsRent profit centres. Underlying operating profit rose 34.9% to £82.7m whilst underlying profit before tax grew by 35.2% to £54.4m from last year's £40.2m. After exceptional items, non-cash fair value remeasurements of embedded derivatives in long term debt and amortisation of acquired intangibles, there was a loss before tax for the half year of £30.6m but a profit after taxation of £13.0m due to a tax credit of £43.6m. This includes a tax credit of £25.4m on the exceptional items and a one-time tax credit of £37.3m relating to previously unrecognised UK tax losses. As a result, basic earnings per share were 2.7p (2005 - 6.5p). Underlying earnings per share were 7.4p compared to 6.4p a year ago. On a cash tax basis, underlying earnings per share were 11.5p (2005 - 9.7p).

Review of six month trading performance

	Revenue		EBITDA*		Underlying profit	
	2006	2005	2006	2005	2006	2005
Sunbelt in $m **	597.0	406.8	230.3	159.4	135.2	96.0
Sunbelt in £m **	319.5	226.1	123.3	88.6	72.3	53.4
A-Plant	91.5	79.7	30.0	26.7	11.1	8.6
Ashtead Technology	11.3	8.0	5.6	4.1	3.3	2.3
Group central costs	-	-	(4.0)	(3.0)	(4.0)	(3.0)
	422.3	313.8	154.9	116.4	82.7	61.3
Net financing costs					(28.3)	(21.1)
Underlying profit before tax					54.4	40.2

* Before exceptional items
** Includes two months' contribution from the acquired NationsRent profit centres

The Group measures its performance and that of its divisions using their profit before exceptional items (which are material, non-recurring items), fair value remeasurements of embedded derivatives in long term debt and amortisation of acquired intangibles. This measure of profitability is referred to throughout this report as "underlying profit". As a result of the NationsRent acquisition there are a significant number of these items which are described in full later in this statement. The following sections concentrate on the underlying performance of the Group and the three trading divisions.

At actual rates of exchange the Group delivered a 34.6% increase in first half revenue, a 33.0% increase in EBITDA before exceptional items and an increase of 34.9% in underlying operating profit to £82.7m. Measured at constant exchange rates, to eliminate the translation effect of the weakening US dollar, revenue grew 38.4%, EBITDA before exceptional items grew 37.0%, underlying operating profit grew 39.5% and the underlying profit before tax grew 40.1%. Reflecting the inclusion of the lower margin NationsRent business, EBITDA margins declined slightly from 37.1% to 36.7% whilst operating margins were virtually unchanged at 19.6%. Return on investment for the 12 months ended 31 October 2006 rose to 18.2% (2005 - 15.2%).

Sunbelt

Sunbelt's revenue growth again reflected growth in non-residential construction activity which grew 16% in the 12 months to 31 October 2006 according to figures published by the US Department of Commerce as well as the continuing shift from ownership to rental. In the six months to 31 October 2006 revenue grew 46.8% to $597.0m. This growth was achieved through increased investment in the rental fleet which, excluding the acquired NationsRent assets, was on average approximately 18% larger than a year ago and by rental rates which were approximately 3% higher than in the first half of last year. Average fleet utilisation remained unchanged at 72%. Additionally the acquired NationsRent business contributed approximately $110m (£58.9m) to first half revenues in the two month period since its acquisition.

Revenue growth was broadly based with all regions and all major product areas continuing to trade ahead of last year. This good performance is compared against a prior year period which benefited from significant hurricane related activity. Sunbelt's operating profit before exceptional items and intangible asset amortisation was up 40.8% to $135.2m (2005 - $96.0m), representing a margin of 22.6% (2005 - 23.6%).

A-Plant

Continuing recent progress, in the six months ended 31 October 2006, A-Plant's revenues increased 14.9% to £91.5m (2005 - £79.7m), well ahead of a market which independent commentators report is growing at around 3.5% per annum. This was achieved through investment in the rental fleet which was 5% larger than a year ago, increasing average utilisation to 69% (2005 - 65%) and maintaining rental rates at similar levels to last year. The strong revenue growth delivered an increase in operating profit of 28.3% to £11.1m (2005 - £8.6m), representing a margin of 12.1% (2005 - 10.8%).

As a result of the improvement in performance, the Board approved A-Plant's first large acquisition in more than seven years. The purchase of Lux Traffic Controls Limited on 16 October 2006 for £15.5m makes A-Plant the market leader in traffic management solutions in the UK. As A-Plant continues to develop, the Board anticipates investing in both organic growth and selected acquisitions in areas of the market where good returns are foreseen. A-Plant's success was also recognised when it was recently made Plant Hirer of the Year 2006 by Contracts Journal in its annual Construction Industry Awards.

Ashtead Technology

Ashtead Technology continued to grow strongly with first half revenue up 41.7% to £11.3m (2005 - £8.0m) and operating profit up 44.4% to £3.3m (2005 - £2.3m). This reflects increased investment by the oil majors which is delivering higher offshore exploration and construction activity as well as ongoing growth in Ashtead Technology's on-shore environmental business. The positive market trends are expected to continue and an eighth North American on-shore store is expected to open in Philadelphia in the second half.

<u>The NationsRent acquisition</u>

The integration is progressing well with the two regional and district management teams merged and all the former NationsRent stores migrated onto Sunbelt's monthly paid profit share programme. The combination of the Sunbelt and NationsRent point of sale and back office computer systems was achieved ahead of plan at the beginning of November and the former NationsRent head office in Fort Lauderdale was closed on schedule in early December. These steps have also enabled us to validate the $37m of savings we targeted from bringing the two companies' regional and head office structures together and we continue to be on track to deliver annual savings of at least $37m in the first full financial year.

The next phase of the integration is to improve the time and dollar utilisation of the combined business. This will be achieved by fully deploying Sunbelt's reward systems amongst the former NationsRent employees to help drive improved performance and by reshaping the acquired fleet to contain a greater proportion of higher returning assets in line with the Sunbelt model. This will require additional gross capital expenditure of approximately $150m at NationsRent in the current financial year but will generate in the region of $90m of additional proceeds from the equipment sold.

Exceptional items, amortisation of acquired intangibles and fair value remeasurements

Exceptional items, amortisation of acquired intangibles and fair value remeasurements relating to embedded derivatives in long term debt totalling £85.0m were incurred in the first half, mostly relating to the acquisition of NationsRent. Whilst these factors have led to a significant pre-tax loss being incurred in the first half, these costs, with the exception of amortisation of acquired intangibles, are non-recurring and fully tax deductible.

Additionally A-Plant's improving profitability and the restructuring of our internal corporate structure to finance the acquisition has led us to recognise, as an exceptional profit, a deferred tax credit of £37.3m in respect of previously unrecognised accumulated UK tax losses. These items are summarised in the table below.

	£m	£m
Cash amounts paid at closing:		
'Make-whole' paid to redeem the NationsRent bonds, including costs		25.6
'Make-whole' paid to redeem the Ashtead sterling bonds, including costs		16.7
		42.3
Non cash items		
Write off of deferred financing costs on debt repaid at closing	10.6	
Amortisation of acquired intangibles (mainly the NationsRent name)	2.8	
Fair value remeasurements of embedded derivatives in long term debt	15.4	
		28.8
Cash items		
Integration costs to deliver the $37m (£20m) of integration savings	13.0	
Other cash exceptional costs including rebranding costs	0.9	
		13.9
Total pre-tax costs		85.0
Deferred tax credit on the pre-tax costs		(25.4)
Recognition in deferred tax of previously unrecognised UK tax losses		(37.3)
Net exceptional items, amortisation of acquired intangibles and fair value remeasurements after tax		22.3

Additionally, further exceptional costs of £10m - £15m will be incurred in the second half mostly relating to the rebranding of the acquired locations and fleet. There will also be additional non-cash intangible amortisation of approximately £9m. No further exceptional costs related to the NationsRent acquisition are expected to be incurred after April 2007 whilst the intangible amortisation expense will reduce in 2007/8 to £2-3m annually.

Tax

The tax deductibility of the exceptional items outlined above, together with the estimated $127m of acquired tax losses in NationsRent which are available for use in the next two years mean that the Group is not now expected to pay significant amounts of cash tax in either the US or the UK until the 2008/9 financial year. From an accounts perspective, the estimated tax rate on underlying profit (comprised mostly of deferred tax) for the half year is 35% and is expected to remain around this level depending on the future mix of US and UK profits.

Capital expenditure and net debt

Capital expenditure in the six months was £192.4m (2005 - £131.3m) of which £173.0m was invested in the rental fleet with the increased expenditure directed mainly towards expanding Sunbelt's fleet prior to the NationsRent acquisition. £101.8m of the fleet expenditure was for growth with the remainder spent to replace existing equipment. Total disposal proceeds were £28.0m (2005 - £24.5m) generating a profit on disposal of £4.6m (2005 - £4.2m).

Full year gross capital expenditure, including the NationsRent fleet reconfiguration expenditure outlined above, is now expected to amount to approximately £375m gross and approximately £275m net. Fleet age at 31 October 2006 was 33 months for Sunbelt and 30 months at A-Plant, in line with or below that of most of our major competitors. We expect to have concluded our two year programme of above depreciation fleet replacement spend to reduce fleet age by 30 April 2007. Accordingly we anticipate replacement capital expenditure will reduce in the year to 30 April 2008.

Net debt at 31 October 2006 increased to £993.9m (2005 - £515.6m) due to the NationsRent acquisition. The ratio of debt to pro forma EBITDA* was 2.9 times at 31 October 2006. Availability under the new $1.75bn asset based loan facility was $478m at 31 October 2006 ($283m at 30 April 2006).

* Pro forma EBITDA for the 12 months to 31 October 2006 was £337.7m (including NationsRent's pre-acquisition EBITDA calculated excluding its profit on used equipment sales and the £20m ($37m) of central overhead savings)

Dividends

The Board has decided to increase the interim dividend by 10% to 0.55p per share (2005 – 0.5p per share) which will be paid on 28 February 2007 to shareholders on record on 9 February 2007.

Current trading and outlook

The Board is encouraged both by the strong underlying performance of the business and by the strategic development of the Group following the acquisitions of NationsRent and Lux. Following the NationsRent acquisition, substantially all our debt is drawn in dollars which reduces the translation impact on our profits of changes in dollar exchange rates. Ongoing favourable market conditions, supported in the US by the continuing shift from ownership to rental, allow the Board to view the second half with confidence.

- o0o -

A presentation to equity analysts will take place at 9.30am today at the offices of JP Morgan Cazenove at 20 Moorgate, London while there will be a conference call for bondholders this afternoon at 3.00pm (GMT). A simultaneous webcast of the equity analysts' presentation will be available via the Company's website at www.ashtead-group.com as will a copy of the slides for the presentation. There will also be a recorded playback available from shortly after the presentation concludes.

CONSOLIDATED INCOME STATEMENT

	Unaudited				Audited
	Three months to 31 October		Six months to 31 October		Year to 30 April
	2006	2005	2006	2005	2006
	£m	£m (restated)	£m	£m (restated)	£m
Revenue	246.6	167.9	422.3	313.8	638.0
Staff costs	(81.0)	(48.7)	(134.3)	(96.1)	(200.7)
Other operating costs	(91.2)	(56.6)	(151.1)	(106.2)	(223.3)
Other income	2.4	5.6	4.6	7.8	24.1
EBITDA*	76.8	68.2	141.5	119.3	238.1
Depreciation	(42.2)	(28.4)	(72.2)	(55.1)	(113.6)
Amortisation of acquired intangibles	(2.8)	-	(2.8)	-	-
Operating profit	31.8	39.8	66.5	64.2	124.5
Investment income	1.0	4.0	2.0	6.0	10.5
Interest expense	(72.0)	(16.9)	(99.1)	(29.7)	(53.3)
(Loss)/profit on ordinary activities before taxation	(39.2)	26.9	(30.6)	40.5	81.7
Underlying profit before taxation	**30.1**	**27.9**	**54.4**	**40.2**	**67.5**
Exceptional items	(66.5)	(1.9)	(66.8)	(1.9)	8.6
Amortisation of acquired intangibles	(2.8)	-	(2.8)	-	-
Fair value remeasurements in long term debt	-	0.9	(15.4)	2.2	5.6
(Loss)/profit on ordinary activities before taxation	**(39.2)**	**26.9**	**(30.6)**	**40.5**	**81.7**
Taxation:					
- current	5.3	(1.8)	(0.1)	(2.2)	(5.5)
- deferred	45.9	(7.3)	43.7	(12.8)	(20.6)
	51.2	(9.1)	43.6	(15.0)	(26.1)
Profit attributable to equity shareholders of the company	12.0	17.8	13.0	25.5	55.6
Basic earnings per share	2.3p	4.1p	2.7p	6.5p	13.5p
Diluted earnings per share	2.3p	4.1p	2.7p	6.4p	13.2p

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

All results are from continuing operations. Details of seasonality are given in the Business and Financial Review which accompanies these interim financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Unaudited				Audited
	Three months to 31 October		Six months to 31 October		Year to 30 April
	2006	2005	2006	2005	2006
	£m	£m (restated)	£m	£m (restated)	£m
Net profit for the period	12.0	17.8	13.0	25.5	55.6
Actuarial gain on defined benefit pension plan	-	-	-	-	0.2
Losses on cash flow hedges taken to equity	-	(0.8)	-	-	-
Foreign currency translation differences	(3.1)	(0.4)	(7.2)	19.9	15.4
Total recognised income and expense for the period	8.9	16.6	5.8	45.4	71.2

CONSOLIDATED MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Unaudited				Audited
	Three months to 31 October		Six months to 31 October		Year to 30 April
	2006	2005	2006	2005	2006
	£m	£m (restated)	£m	£m (restated)	£m
Total recognised income and expense for the period	8.9	16.6	5.8	45.4	71.2
Issue of ordinary shares, net of expenses	146.8	68.1	147.4	68.4	70.9
Dividends paid	(4.0)	-	(4.0)	-	(2.0)
Credit in respect of share based payments	0.6	0.4	1.4	0.5	1.3
Own shares acquired by ESOT	(1.9)	(2.8)	(4.9)	(2.8)	(2.8)
Net increase in equity shareholders' funds	150.4	82.3	145.7	111.5	138.6
Opening equity shareholders' funds	253.6	148.9	258.3	119.7	119.7
Closing equity shareholders' funds	404.0	231.2	404.0	231.2	258.3

CONSOLIDATED BALANCE SHEET

	Unaudited 31 October 2006 £m	Unaudited 31 October 2005 £m (restated)	Audited 30 April 2006 £m
Current assets			
Inventories	38.4	15.4	12.7
Trade and other receivables	175.5	122.2	110.4
Current tax asset recoverable	2.8	-	-
Cash and cash equivalents	1.2	0.9	1.0
	217.9	138.5	124.1
Non-current assets			
Property, plant and equipment			
- rental equipment	1,017.2	554.3	559.9
- other assets	128.7	91.1	86.8
	1,145.9	645.4	646.7
Intangible assets including goodwill	314.6	152.9	149.0
Deferred tax asset	42.6	-	2.9
Other financial assets - derivatives	-	12.0	15.4
Defined benefit pension fund surplus	2.2	-	1.7
	1,505.3	810.3	815.7
Total assets	1,723.2	948.8	939.8
Current liabilities			
Trade and other payables	196.2	108.0	99.1
Current tax liabilities	-	2.3	3.3
Debt due in less than one year	12.9	13.1	10.6
Provisions	12.3	7.1	7.0
	221.4	130.5	120.0
Non-current liabilities			
Debt due in more than one year	982.2	503.4	484.0
Provisions	19.8	10.4	11.3
Defined benefit pension fund deficit	-	15.9	-
Deferred taxation liability	95.8	57.4	66.2
	1,097.8	587.1	561.5
Total liabilities	1,319.2	717.6	681.5
Equity shareholders' funds			
Share capital	55.8	40.2	40.4
Share premium account	2.0	0.9	3.2
Non-distributable reserve	90.7	90.7	90.7
Own shares held in treasury through the ESOT	(8.6)	(4.2)	(4.2)
Cumulative foreign exchange translation differences	(24.4)	(12.7)	(17.2)
Distributable reserves	288.5	116.3	145.4
Total equity shareholders' funds	404.0	231.2	258.3
Total liabilities and equity shareholders' funds	1,723.2	948.8	939.8

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months to 31 October 2006		Unaudited Six months to 31 October 2005		Audited Year to 30 April 2006	
	£m	£m	£m	£m	£m	£m
Cash flows from operating activities						
Cash generated from operations before exceptional items		155.7		99.2		215.2
Exceptional items		(2.4)		-		11.1
Pension payment		-		-		(17.1)
Cash generated from operations		153.3		99.2		209.2
Financing costs paid before exceptional items	(24.1)		(18.6)		(38.7)	
Exceptional financing costs paid	(49.4)		(13.3)		(13.3)	
Financing costs paid		(73.5)		(31.9)		(52.0)
Tax paid		(6.2)		(0.6)		(2.8)
Net cash from operating activities		73.6		66.7		154.4
Cash flows from investing activities						
Acquisition of businesses		(326.8)		(56.9)		(57.0)
Disposal of businesses		-		11.8		12.8
Payments for property, plant and equipment		(188.3)		(124.3)		(229.3)
Proceeds on sale of property, plant and equipment		28.8		22.4		50.4
Net cash used in investing activities		(486.3)		(147.0)		(223.1)
Cash flows from financing activities						
Drawdown of loans		878.5		235.6		257.5
Redemption of loans		(599.5)		(215.6)		(244.0)
Capital element of finance lease payments		(4.6)		(6.5)		(12.1)
Purchase of own shares by the ESOT		(4.9)		(2.8)		(2.8)
Dividends paid		(4.0)		-		(2.0)
Proceeds from issue of ordinary shares		147.4		68.4		70.9
Net cash from financing activities		412.9		79.1		67.5
Increase/(decrease) in cash and cash equivalents		0.2		(1.2)		(1.2)
Opening cash and cash equivalents		1.0		2.1		2.1
Effect of exchange rate changes		-		-		0.1
Closing cash and cash equivalents		1.2		0.9		1.0

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the six months ended 31 October 2006 were approved by the directors on 11 December 2006. They have been prepared in accordance with relevant International Financial Reporting Standards (including 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 2006. 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 2006 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 contain a statement under section 237 of the Companies Act 1985.

The 2005 comparatives have been restated to include the fair value of embedded derivatives included within our long term debt instruments in accordance with IAS 39. This increased investment income by £2.2m and total assets by £2.2m in the six months ended and as at 31 October 2005. In addition, the comparative figures for operating profit for Sunbelt, A-Plant, Ashtead Technology and Corporate items in note 2 have been restated to include share based remuneration costs within the operating segment results. In 2005 these costs were included within Corporate items.

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

	2006	2005
Average for the six months ended 31 October	1.8686	1.7988
At 31 October	1.9073	1.7703

2. Segmental analysis

	Revenue	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
Three months to 31 October	£m	£m	£m	£m
2006				
Sunbelt	193.2	41.5	(15.9)	25.6
A-Plant	47.6	6.6	-	6.6
Ashtead Technology	5.8	2.0	-	2.0
Corporate items	-	(2.4)	-	(2.4)
	246.6	47.7	(15.9)	31.8
2005				
Sunbelt	122.8	32.2	2.9	35.1
A-Plant	40.9	5.0	-	5.0
Ashtead Technology	4.2	1.3	-	1.3
Corporate items	-	(1.6)	-	(1.6)
	167.9	36.9	2.9	39.8
Six months to 31 October				
2006				
Sunbelt	319.5	72.3	(16.2)	56.1
A-Plant	91.5	11.1	-	11.1
Ashtead Technology	11.3	3.3	-	3.3
Corporate items	-	(4.0)	-	(4.0)
	422.3	82.7	(16.2)	66.5
2005				
Sunbelt	226.1	53.4	2.9	56.3
A-Plant	79.7	8.6	-	8.6
Ashtead Technology	8.0	2.3	-	2.3
Corporate items	-	(3.0)	-	(3.0)
	313.8	61.3	2.9	64.2

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. Operating costs

	2006			2005		
Three months to 31 October	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Staff costs:						
Salaries	67.3	7.5	74.8	44.0	0.3	44.3
Social security costs	5.0	-	5.0	3.6	-	3.6
Other pension costs	1.2	-	1.2	0.8	-	0.8
	73.5	7.5	81.0	48.4	0.3	48.7
Other operating costs:						
Vehicle costs	17.7	-	17.7	13.4	-	13.4
Spares, consumables & external repairs	16.6	-	16.6	10.7	-	10.7
Facility costs	12.5	4.0	16.5	7.5	0.4	7.9
Other external charges	38.8	1.6	40.4	24.6	-	24.6
	85.6	5.6	91.2	56.2	0.4	56.6
Other income:						
Profit on disposal of fixed assets	(2.4)	-	(2.4)	(2.0)	(3.6)	(5.6)
Depreciation and amortisation:						
Depreciation	42.2	-	42.2	28.4	-	28.4
Amortisation of acquired intangibles	-	2.8	2.8	-	-	-
	42.2	2.8	45.0	28.4	-	28.4
	198.9	15.9	214.8	131.0	(2.9)	128.1
Six months to 31 October						
Staff costs:						
Salaries	115.7	7.5	123.2	87.0	0.3	87.3
Social security costs	8.9	-	8.9	7.2	-	7.2
Other pension costs	2.2	-	2.2	1.6	-	1.6
	126.8	7.5	134.3	95.8	0.3	96.1
Other operating costs:						
Vehicle costs	31.6	-	31.6	24.8	-	24.8
Spares, consumables & external repairs	27.6	-	27.6	20.8	-	20.8
Facilities costs	20.4	4.0	24.4	14.7	0.4	15.1
Other external charges	65.6	1.9	67.5	45.5	-	45.5
	145.2	5.9	151.1	105.8	0.4	106.2
Other income:						
Profit on disposal of fixed assets	(4.6)	-	(4.6)	(4.2)	(3.6)	(7.8)
Depreciation and amortisation:						
Depreciation	72.2	-	72.2	55.1	-	55.1
Amortisation of acquired intangibles	-	2.8	2.8	-	-	-
	72.2	2.8	75.0	55.1	-	55.1
	339.6	16.2	355.8	252.5	(2.9)	249.6

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. Exceptional items, amortisation and fair value remeasurements related to embedded derivatives

'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. Non-cash fair value remeasurements relate to embedded derivatives within long term debt instruments. 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, amortisation and fair value remeasurements are excluded from underlying profit and earnings per share. They are set out below:

	Three months to 31 October		Six months to 31 October		Year to 30 April
	2006	2005	2006	2005	2006
	£m	£m	£m	£m	£m
Redemption costs for senior notes	42.3	4.8	42.3	4.8	4.8
Write off of deferred financing costs relating to debt redeemed	10.6	-	10.6	-	-
Acquisition integration costs	13.0	0.1	13.0	0.1	0.8
Rebranding costs	0.1	-	0.4	-	-
Litigation proceeds	-	-	-	-	(11.3)
Profit on sale of scaffolding	-	(3.0)	-	(3.0)	(2.9)
Other financing costs	0.5	-	0.5	-	-
Total exceptional items	66.5	1.9	66.8	1.9	(8.6)
Amortisation of acquired intangibles	2.8	-	2.8	-	-
Fair value remeasurements of embedded derivatives	-	(0.9)	15.4	(2.2)	(5.6)
	69.3	1.0	85.0	(0.3)	(14.2)

Senior note redemption costs include 'make-whole' payments and associated costs of £25.6m paid at closing on 31 August 2006 in connection with NationsRent's $400m secured and unsecured loan notes and £16.7m paid on the same date in connection with the redemption of the £78m Ashtead secured loan notes due 2014. The write off of deferred financing costs relates to deferred costs previously carried forward on both Ashtead's sterling senior notes and its $800m asset based bank facility which was replaced on 31 August 2006 by a new $1.75bn asset based bank facility. Acquisition integration costs relate primarily to employee retention and severance costs and vacant property costs following the NationsRent acquisition. The items detailed in the table above are presented in the income statement as follows:

	Three months to 31 October		Six months to 31 October		Year to 30 April
	2006	2005	2006	2005	2006
	£m	£m	£m	£m	£m
Staff costs	7.5	0.3	7.5	0.3	0.3
Other operating costs	5.6	0.4	5.9	0.4	1.3
Other income	-	(3.6)	-	(3.6)	(15.0)
Amortisation of acquired intangibles	2.8	-	2.8	-	-
Charged/(credited) in arriving at operating profit	15.9	(2.9)	16.2	(2.9)	(13.4)
Net financing costs/(income)	53.4	3.9	68.8	2.6	(0.8)
Charged/(credited) in arriving at profit before tax	69.3	1.0	85.0	(0.3)	(14.2)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

5. Financing costs

	Three months to 31 October 2006 £m	Three months to 31 October 2005 £m (restated)	Six months to 31 October 2006 £m	Six months to 31 October 2005 £m (restated)	Year to 30 April 2006 £m
Investment income:					
Interest and other financial income	-	0.1	-	0.2	0.5
Expected return on assets of defined benefit pension plan	1.0	0.7	2.0	1.3	2.2
Fair value gains on derivatives	-	0.1	-	0.1	-
	1.0	0.9	2.0	1.6	2.7
Fair value remeasurements of embedded derivatives in long term debt	-	3.1	-	4.4	7.8
Total investment income	1.0	4.0	2.0	6.0	10.5
Interest expense:					
Bank interest payable	8.8	3.3	13.5	7.0	16.3
Interest on second priority senior secured notes	8.0	5.4	13.3	9.0	19.7
Interest payable on finance leases	0.4	0.5	0.7	1.0	1.8
5.25% unsecured convertible loan note, due 2008:					
- interest payable	-	-	-	1.9	1.9
- non-cash unwind of discount	-	-	-	1.0	1.0
Non-cash unwind of discount on defined benefit pension plan liabilities	0.6	0.7	1.3	1.4	2.2
Non-cash unwind of discount on self insurance provisions	0.2	-	0.3	-	0.4
Fair value losses on derivatives not accounted for as hedges	-	-	-	-	0.3
Amortisation of deferred costs of debt raising	0.6	0.6	1.2	1.3	2.7
Other	-	(0.6)	-	0.1	-
	18.6	9.9	30.3	22.7	46.3
Exceptional costs and fair value remeasurements of embedded derivatives in long term debt	53.4	7.0	68.8	7.0	7.0
Total interest expense	72.0	16.9	99.1	29.7	53.3
Net financing costs before exceptional items and fair value remeasurements of embedded derivatives	17.6	9.0	28.3	21.1	43.6
Net exceptional items and fair value remeasurements of embedded derivatives	53.4	3.9	68.8	2.6	(0.8)
Net financing costs	71.0	12.9	97.1	23.7	42.8

6. Taxation

Following the refinancing of the Group at the time of the NationsRent acquisition and the improved trading results at A-Plant, the Group has recognised in full, as an exceptional profit, the previously unrecognised UK deferred tax asset of £37.3m.

The remaining tax credit for the period of £6.3m has been calculated by applying the directors' best estimate of the effective annual tax rate (estimated at 39% for the US and 17% for the UK) to the Group's profit before tax for the period. This includes a deferred tax credit of £25.4m related to exceptional items and amortisation of acquired intangibles. The remaining tax credit comprises a credit of £4.3m related to the UK (2005 - £1.2m), a credit of £2.1m (2005 - charge of £16.2m) related to the US and a charge of £0.1m (2005 - nil) related to Singapore.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

7. Earnings per share

Basic and diluted earnings per share for the three and six months ended 31 October 2006 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 by the ESOT over which dividends have been waived). Diluted earnings per share is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

		Three months to 31 October		Six months to 31 October		Year to 30 April
		2006	2005	2006	2005	2006
Profit for the financial period (£m)		12.0	17.8	13.0	25.5	55.6
Weighted average number of shares (m)	- basic	514.2	429.6	474.3	390.1	410.9
	- diluted	520.1	436.6	481.1	397.2	419.9
Basic earnings per share		2.3p	4.1p	2.7p	6.5p	13.5p
Diluted earnings per share		2.3p	4.1p	2.7p	6.4p	13.2p

The weighted average number of shares shown as being in issue in previous periods has been adjusted to take account of the bonus element of the rights issue on 29 August 2006.

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 October		Six months to 31 October		Year to 30 April
	2006	2005	2006	2005	2006
Basic earnings per share	2.3p	4.1p	2.7p	6.5p	13.5p
Exceptional items, amortisation of acquired intangibles and fair value remeasurements	13.5p	0.3p	17.9p	-	(3.4)p
Deferred tax on exceptional items, amortisation and fair value remeasurements	(4.9)p	(0.1)p	(5.3)p	(0.1)p	1.2p
Deferred tax credit for previously unrecognised UK tax losses	(7.3)p	-	(7.9)p	-	-
Underlying earnings per share	3.6p	4.3p	7.4p	6.4p	11.3p
Other deferred tax	3.3p	1.8p	4.1p	3.3p	5.1p
Cash tax earnings per share	6.9p	6.1p	11.5p	9.7p	16.4p

NOTES TO THE INTERIM FINANCIAL STATEMENTS

8. Property, plant and equipment

	2006		2005	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	559.9	646.7	452.9	537.1
Exchange difference	(19.0)	(21.4)	23.7	27.1
Additions	173.0	192.4	120.0	131.3
Acquisitions	386.6	423.8	31.7	34.7
Disposals	(20.6)	(23.4)	(27.4)	(29.7)
Depreciation	(62.7)	(72.2)	(46.6)	(55.1)
At 31 October	1,017.2	1,145.9	554.3	645.4

9. Called up share capital

Ordinary shares of 10p each:

	31 October 2006 Number	31 October 2005 Number	30 April 2006 Number	31 October 2006 £m	31 October 2005 £m	30 April 2006 £m
Authorised	900,000,000	900,000,000	900,000,000	90.0	90.0	90.0
Allotted, called up and fully paid	558,294,829	401,876,408	404,334,066	55.8	40.2	40.4

On 29 August 2006 the Group issued 152,240,015 ordinary shares of 10p each at £1 per share through a 3 for 8 Rights Issue which raised £152.2m before issue expenses of £5.5m. A further 1,720,748 shares were issued in the six months ended 31 October 2006 at an average price of 41.8p per share under share option plans raising £0.7m.

10. Statement of changes in shareholders' equity

	Share capital £m	Share Premium £m	Non distributable reserves £m	Own shares held in treasury (ESOT) £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m	31 Oct 2005 £m	30 April 2006 £m
Total recognised income and expense	-	-	-	-	(7.2)	13.0	5.8	45.4	71.2
Shares issued	15.4	(1.2)	-	-	-	133.2	147.4	68.4	70.9
Dividends paid	-	-	-	-	-	(4.0)	(4.0)	-	(2.0)
Share based payments	-	-	-	-	-	1.4	1.4	0.5	1.3
Vesting of share awards	-	-	-	0.5	-	(0.5)	-	-	-
Own shares purchased	-	-	-	(4.9)	-	-	(4.9)	(2.8)	(2.8)
Net changes in shareholders' equity	15.4	(1.2)	-	(4.4)	(7.2)	143.1	145.7	111.5	138.6
Opening shareholders' equity	40.4	3.2	90.7	(4.2)	(17.2)	145.4	258.3	119.7	119.7
Closing shareholders' equity	55.8	2.0	90.7	(8.6)	(24.4)	288.5	404.0	231.2	258.3

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Notes to the cash flow statement

	Six months to 31 October 2006 £m	Six months to 31 October 2005 £m	Year to 30 April 2006 £m
a) Cash flow from operating activities			
Operating profit	66.5	64.2	124.5
Depreciation and amortisation	75.0	55.1	113.6
Exceptional items	13.4	(2.9)	(13.4)
EBITDA before exceptional items	154.9	116.4	224.7
Profit on disposal of property, plant and equipment	(4.6)	(4.2)	(9.1)
Decrease/(increase) in inventories	3.9	(0.2)	2.2
Increase in trade and other receivables	(12.4)	(18.7)	(11.2)
Increase in trade and other payables	12.2	5.5	7.5
Exchange differences	0.4	(0.2)	(0.3)
Other non-cash movements	1.3	0.6	1.4
Cash generated from operations before exceptional items	155.7	99.2	215.2

	Six months to 31 October 2006 £m	Six months to 31 October 2005 £m	Year to 30 April 2006 £m
b) Reconciliation to net debt			
(Increase)/decrease in cash in the period	(0.2)	1.2	1.2
Increase in debt through cash flow	274.4	13.5	1.4
Change in net debt from cash flows	274.2	14.7	2.6
Debt acquired	233.1	-	-
Exchange difference	(19.9)	13.9	3.7
Non-cash movements:			
- deferred costs of debt raising	11.8	2.8	4.0
- convertible loan note	-	(1.0)	(1.0)
- capital element of new finance leases	1.1	2.9	2.0
Movement in net debt in the period	500.3	33.3	11.3
Opening net debt	493.6	482.3	482.3
Closing net debt	993.9	515.6	493.6

c) Analysis of net debt

	1 May 2006 £m	Exchange movement £m	Cash flow £m	Debt acquired £m	Non-cash movements £m	31 October 2006 £m
Cash	(1.0)	-	(0.2)	-	-	(1.2)
Debt due within 1 year	10.6	(0.3)	(8.1)	7.5	3.2	12.9
Debt due after 1 year	484.0	(19.6)	282.5	225.6	9.7	982.2
Total net debt	493.6	(19.9)	274.2	233.1	12.9	993.9

Details of the changes in the Group's debt following the NationsRent acquisition are given in the Business and Financial Review accompanying these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Notes to the cash flow statement (continued)

d) Acquisitions

	Six months to 31 October				Year to 30 April
	2006			2005	2006
	NationsRent	Lux	Total	Total	Total
	£m	£m	£m	£m	£m
Cash consideration	311.2	15.8	327.0	56.9	57.0
Less: cash/overdrafts acquired	(6.5)	0.3	(6.2)	-	-
Attributable costs paid	6.0	-	6.0	-	-
	310.7	16.1	326.8	56.9	57.0

12. Acquisitions

NationsRent Companies Inc ("NationsRent")

On 31 August 2006, Sunbelt acquired the entire issued share capital of NationsRent for a total consideration of US$592m plus acquisition costs. As part of the NationsRent acquisition, the Group has agreed to pay deferred contingent consideration of up to $89m. The amount of the deferred contingent consideration is linked to the Company's share price performance over the three years from 1 September 2006 to 31 August 2009. In the event that the Company's share price (measured on a five day average basis) rises by more than 22.2% above the reference price of 204p (as adjusted for the bonus element of the rights issue), contingent consideration becomes payable at the rate of $5m for every additional 1% rise in the share price up to a maximum of 40% above the reference price. Accordingly, deferred contingent consideration starts to become payable when the Company's share price reaches 250p with the maximum $89m being payable at 286p. The contingent consideration is payable on a quarterly basis in cash. It is not practicable to estimate reliably the amount of contingent consideration which will become payable and accordingly no provision has been made.

The book value of NationsRent was stated under US GAAP which differs in a number of ways from IFRS. In particular, on emergence from bankruptcy in 2003 NationsRent adopted 'fresh start' accounting which resulted in a significant write down in the carrying value of its assets and liabilities, particularly property, plant and equipment. Accordingly, it is not practicable to present the book value of the acquired NationsRent assets under IFRS. Similarly, it is impractical to present the profit of the acquired business pre-acquisition under IFRS due to the effect of 'fresh start' accounting. NationsRent's revenue and EBITDA, excluding gains and losses on disposal of rental equipment (which are distorted by 'fresh start' accounting), in the period from 1 May 2006 to 31 August 2006 were $230.7m and $57.1m, respectively.

Due to the operational integration of NationsRent and Sunbelt since acquisition, in particular the movement of rental equipment between profit centres and the merger of some profit centres, it is not practical to report the revenue and profit of the acquired business post acquisition. However, we estimate that NationsRent contributed approximately $110m (£58.9m) of revenue in the two months since acquisition.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

12. Acquisitions (continued)

The provisional goodwill arising on acquisition is as follows:

	At estimated fair value £m
Net assets acquired:	
Inventory	29.9
Trade and other receivables	54.4
Cash and cash equivalents	6.5
Property, plant and equipment:	
- rental equipment	382.5
- other assets	36.1
Intangible assets – tradename and distribution agreements	17.4
Trade and other payables	(86.7)
Deferred tax liability	(35.0)
Debt	(232.9)
Net assets acquired	172.2
Consideration paid:	
Cash	311.2
Directly attributable costs	6.0
	317.2
Goodwill	145.0

Fair values have been estimated for the half year and will be refined and adjusted as the year progresses.

$28.0m of the consideration payable for the ordinary equity share capital of NationsRent was paid at closing to an escrow agent to secure the warranties and indemnities given by the vendors in the merger agreement. This amount will either be released to the vendors in stages over the 12 months following the acquisition as the related warranties and indemnities expire or will be used to meet any agreed warranty or indemnity claims.

Lux Traffic Controls Limited ("Lux")

On 16 October 2006, A-Plant purchased the entire issued share capital of Lux for an estimated total consideration of £15.8m and attributable costs of £0.3m. The acquisition included arrangements for the vendor to acquire from Lux for cash immediately after closing assets valued at £0.3m and consequently, before costs, there was a net cash outflow of £15.5m in connection with the acquisition. The net assets acquired and the provisional goodwill arising on the acquisition are summarised in the table below:

12. Acquisitions (continued)

	Acquiree's book value £m	At estimated fair value £m
Net assets acquired:		
Inventory	0.3	0.3
Trade and other receivables	3.0	3.0
Assets acquired by the vendor immediately after closing	0.2	0.3
Property, plant and equipment	4.7	4.9
Intangible assets (tradenames, customer list and non-competes)	-	5.0
Trade and other payables	(3.1)	(3.1)
Short term borrowings	(0.3)	(0.3)
Deferred tax liabilities	(0.4)	(1.9)
Debt	(0.2)	(0.2)
	4.2	8.0
Consideration paid:		
Paid in cash at closing		15.8
Directly attributable costs		0.3
		16.1
Goodwill		8.1

Fair values have been estimated for the half year and will be refined and adjusted as the year progresses.

The consideration payable is subject to downwards only adjustment to the extent that Lux's net assets at closing are less than £4.25m. Preparation and agreement of the closing balance sheet is currently in progress and, pending this agreement, £0.5m of the total consideration paid is being held by an escrow agent for release to the vendor or purchaser as appropriate following agreement of the closing balance sheet.

Lux's revenue and profit in the period from 1 May 2006 to 16 October 2006 was £9.6m and £0.3m, respectively. In the two weeks post acquisition, revenue of £0.8m and profit of £44,000 were included for Lux.

13. Contingent liabilities and contingent assets

There have been no significant changes in contingent liabilities from those reported at 30 April 2006 or to the amount of performance guarantees issued by subsidiaries and guaranteed by Ashtead Group plc. The Group remains subject to periodic legal claims in the ordinary course of its business. However, the claims outstanding at 31 October 2006 are not expected to have a significant impact on the Group's financial position.

BUSINESS AND FINANCIAL REVIEW

Second quarter (to 31 October) results compared with prior year

Overview

	2006			2005		
	Before exceptionals and amortisation	Exceptional items and amortisation	Total	Before exceptionals	Exceptional items	Total
	£m	£m	£m	£m	£m	£m
Revenue	246.6	-	246.6	167.9	-	167.9
Staff costs	(73.5)	(7.5)	(81.0)	(48.4)	(0.3)	(48.7)
Other operating costs	(85.6)	(5.6)	(91.2)	(56.2)	(0.4)	(56.6)
Other income	2.4	-	2.4	2.0	3.6	5.6
EBITDA*	89.9	(13.1)	76.8	65.3	2.9	68.2
Depreciation	(42.2)	-	(42.2)	(28.4)	-	(28.4)
Amortisation of intangibles	-	(2.8)	(2.8)	-	-	-
Operating profit/(loss)	47.7	(15.9)	31.8	36.9	2.9	39.8
Investment income	1.0	-	1.0	0.9	3.1	4.0
Interest expense	(18.6)	(53.4)	(72.0)	(9.9)	(7.0)	(16.9)
Profit/(loss) before taxation	30.1	(69.3)	(39.2)	27.9	(1.0)	26.9
Taxation:						
- current	5.4	(0.1)	5.3	(1.8)	-	(1.8)
- deferred	(16.8)	62.7	45.9	(7.6)	0.3	(7.3)
	(11.4)	62.6	51.2	(9.4)	0.3	(9.1)
Profit for the quarter	18.7	(6.7)	12.0	18.5	(0.7)	17.8

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

Second quarter revenue increased 52.2% at constant 2006 exchange rates to £246.6m and by 46.9% at actual rates. EBITDA before exceptional items grew by 42.9% at constant exchange rates to £89.9m and by 37.6% at actual rates. Operating profit before exceptional items of £47.7m in the quarter increased 34.9% at constant 2006 exchange rates and 29.3% at actual rates. Before exceptional items, EBITDA margins declined from 38.9% to 36.5% and operating margins fell from 22.0% to 19.3% reflecting the effect of including the lower margin NationsRent business for two months of the quarter. Total EBITDA increased 12.6% to £76.8m, at actual rates whilst total operating profit declined to £31.8m.

Seasonality

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.

Additionally, our equipment is used extensively in the recovery from natural disasters such as floods, wind and storm damage (including hurricanes), earthquakes etc. and the incidence of such events can impact the level of our revenues.

Divisional performance

Divisional results before exceptional items and amortisation of acquired intangibles for the quarter are summarised below:

	Revenue		EBITDA*		Operating profit+	
	2006	2005	2006	2005	2006	2005
Sunbelt in $m	363.0	220.0	137.2	90.5	78.1	57.6
Sunbelt in £m	193.2	122.8	73.0	50.5	41.5	32.2
A-Plant	47.6	40.9	16.1	14.2	6.6	5.0
Ashtead Technology	5.8	4.2	3.2	2.2	2.0	1.3
Group central costs	-	-	(2.4)	(1.6)	(2.4)	(1.6)
	246.6	167.9	89.9	65.3	47.7	36.9

* before exceptional items   + before exceptional items and amortisation of acquired intangibles

Sunbelt

Revenue increased 65.0% to $363.0m (2005 - $220.0m). This growth reflected a 19% increase in average fleet size, excluding the acquired NationsRent assets, a slight decrease in utilisation to approximately 72% from 74% last year and broadly unchanged prices. Additionally, the acquired NationsRent business contributed approximately $110m (£58.9m) to revenue in the quarter. Excluding the acquired revenues, growth in quarter was 15% which was a good performance given that utilisation and prices benefited significantly in 2005 from unusually high hurricane activity in Florida and the Gulf of Mexico which has not been repeated this year.

Operating costs (excluding depreciation) rose 74.5% to $225.8m in 2006 (2005 - $129.4m) reflecting, principally, the inclusion of the NationsRent business. EBITDA grew 51.5% to $137.2m and the EBITDA margin for the quarter fell to 37.8% from 41.2% in 2005. Sunbelt's operating profit increased 35.6% to $78.1m representing a margin of 21.5% (2005 – 26.2%). The decline in margins reflects the inclusion in the quarter's results for two months of the lower margin NationsRent business. Sunbelt's results in sterling reflected the factors discussed above and the weaker US dollar.

A-Plant

Second quarter revenue increased 16.4% to £47.6m (2005 - £40.9m) reflecting rental rates approximately 2% higher than last year, a fleet size which was approximately 6% larger than in the equivalent period a year ago and utilisation at approximately 70% compared to approximately 66% last year. The inclusion from 16 October of the acquired Lux fleet contributed approximately 2% of the revenue increase. Costs (excluding depreciation) increased 17.6% year over year mainly reflecting increased salary and fuel costs as well as the effect of the Lux acquisition. As a result EBITDA increased 14.2% to £16.1m and the EBITDA margin was 33.9% (2005 – 34.5%). A-Plant's operating profit increased 30.2% to £6.6m representing a margin of 13.8% (2005 – 12.3%).

Ashtead Technology

Ashtead Technology delivered strong second quarter revenue growth of 40.1% to £5.8m at actual rates (43.1% at constant exchange rates). Operating profit of £2.0m increased from £1.3m in 2005 at both actual and constant exchange rates. These results reflect higher offshore exploration and construction activity as well as continued growth in our on-shore environmental business. These trends are expected to continue.

Exceptional items, amortisation and fair value remeasurements

	£m	£m
Cash amounts paid at closing:		
'Make-whole' paid to redeem the NationsRent bonds, including costs		25.6
'Make-whole' paid to redeem the Ashtead sterling bonds, including costs		16.7
		42.3
Non cash items		
Write off of deferred financing costs on debt repaid at closing	10.6	
Amortisation of acquired intangibles (mainly the NationsRent name)	2.8	
		13.4
Cash items		
Integration costs to deliver the $37m (£20m) of integration savings	13.0	
Other cash exceptional costs including rebranding costs	0.6	
		13.6
Total pre-tax costs		69.3
Tax credit on the pre-tax costs		(25.3)
Recognition in deferred tax of previously unrecognised UK tax losses		(37.3)
Net exceptional items, amortisation of acquired intangibles and Fair value remeasurements after tax		6.7

Exceptional items related principally to the NationsRent acquisition as did the amortisation of acquired intangibles, both of which are more fully described earlier in note 4 to the interim financial statements.

Net financing costs

Net financing costs before exceptional items increased to £17.6m from £9.0m in 2005 reflecting higher debt levels following the acquisition of NationsRent on 31 August 2006. Compared to the previous year, average interest rates were broadly unchanged reflecting the repayment of our 12% notes offset by increases in US dollar interest rates payable under our floating rate first priority senior facility. Exceptional financing costs of £53.4m comprised the senior notes redemption costs and the write off of previously deferred financing costs on debt repaid.

Taxation

Following the refinancing of the Group at the time of the NationsRent acquisition and the improved trading results at A-Plant, the Group has recognised a deferred tax asset of £37.3m relating to the UK which has been included in exceptional items.

The remaining tax credit for the quarter of £13.9m (2005 - £9.1m) comprised a credit for current tax of £5.3m and a credit for deferred tax of £8.6m. This includes a deferred tax credit of £25.3m related to exceptional items and amortisation of acquired intangibles. Overall for the first six months the effective accounting tax rate on the underlying profit before taxation is 35% whilst the cash tax rate is nil.

Balance sheet

Property, plant and equipment

Net book value	31 October 2006 Rental equipment £m	Total £m	31 October 2005 Rental equipment £m	Total £m
At 1 May	559.9	646.7	452.9	537.1
Exchange difference	(19.0)	(21.4)	23.7	27.1
Additions	173.0	192.4	120.0	131.3
Acquisitions	386.6	423.8	31.7	34.7
Disposals	(20.6)	(23.4)	(27.4)	(29.7)
Depreciation	(62.7)	(72.2)	(46.6)	(55.1)
At 31 October	1,017.2	1,145.9	554.3	645.4

Capital expenditure in the six months was £192.4m of which £173.0m was invested in the rental fleet (2005 - £131.3m in total). Expenditure on rental equipment was 89.9% of total capital expenditure with the balance relating to our delivery vehicle fleet, property improvements and to computer equipment. Capital expenditure by division was as follows:

	31 October 2006 Growth	Maintenance	Total	2005 Total
Sunbelt in $m	145.5	78.7	224.2	151.8
Sunbelt in £m	76.3	41.3	117.6	85.8
A-Plant	20.2	29.2	49.4	30.8
Ashtead Technology	5.3	0.7	6.0	3.4
Total rental equipment	101.8	71.2	173.0	120.0
Delivery vehicles, property improvements and computers			19.4	11.3
Total additions			192.4	131.3

With strong US market conditions and a much improved performance at A-Plant, the Group spent £101.8m of its rental equipment capital expenditure on growth in the first half. £71.2m was also 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.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 October 2006 was 31 months (2005 - 39 months) on a net book value basis. Sunbelt's fleet had an average age of 33 months (2005 - 40 months) comprising 41 months for aerial work platforms which have a longer life and 25 months for the remainder of its fleet and A-Plant's fleet had an average age of 30 months (2005 – 39 months).

Trade receivables

Receivable days improved to 46 days (2005 – 51 days). The bad debt charge as a percentage of total turnover was 0.6% in 2006 compared with 0.9% in 2005.

Trade and other payables

Group payable days were 73 days in 2006 (2005 - 58 days). Capital expenditure related payables at 31 October 2006 totalled £63.4m (2005 - £40.6m). Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 30 and 90 days.

Currency translation

Following the NationsRent acquisition approximately 97% of our debt is denominated in US dollars. At 31 October 2006 our dollar denominated debt represented approximately 87% of the value of our 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 currency mix of our profits we anticipate prevailing in the coming year and on current dollar debt levels and interest rates, every 1% change in the US dollar exchange rate would impact pro-forma pre-tax profit by 0.8%.

Cash flow and net debt

Free cash flow (defined as the net cash inflow from operations less net maintenance capital expenditure, financing costs paid and tax paid) is summarised below:

	Six months to 31 October 2006 £m	2005 £m	LTM to 31 October 2006 £m	Year to 30 April 2006 £m
EBITDA before exceptional items	154.9	116.4	263.2	224.7
Cash inflow from operations before exceptional items	155.7	99.2	271.7	215.2
*Cash efficiency ratio**	*100.5%*	*85.2%*	*103.2%*	*95.8%*
Maintenance rental capital expenditure	(65.0)	(70.2)	(144.7)	(149.9)
Non-rental capital expenditure	(18.4)	(8.6)	(26.6)	(16.8)
Proceeds from sale of used rental equipment	28.8	22.4	56.8	50.4
Tax paid	(6.2)	(0.6)	(8.4)	(2.8)
Free cash flow before interest	94.9	42.2	148.8	96.1
Financing costs paid	(24.1)	(18.6)	(44.2)	(38.7)
Free cash flow after interest	**70.8**	**23.6**	**104.6**	**57.4**
Growth capital expenditure	(104.9)	(45.5)	(122.0)	(62.6)
Acquisitions and disposals	(326.8)	(45.1)	(325.9)	(44.2)
Issue of ordinary share capital	147.4	68.4	149.9	70.9
Dividends paid	(4.0)	-	(6.0)	(2.0)
Purchase of own shares by ESOT	(4.9)	(2.8)	(4.9)	(2.8)
Pension plan funding	-	-	(17.1)	(17.1)
Exceptional costs paid (net)	(51.8)	(13.3)	(40.7)	(2.2)
Increase in total debt	(274.2)	(14.7)	(262.1)	(2.6)

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

Cash inflow from operations increased 57% to £155.7m and the cash efficiency ratio was 100.5% (2005 – 85.2%). After net maintenance capital expenditure of £54.6m (2005 - £56.4m) and tax, free cash flow before interest was £94.9m (2005 - £42.2m). Financing costs (excluding exceptional financing costs) paid of £24.1 were again lower than the £28.3m accounting charge reflecting non-cash items included in the latter. After interest, there was a free cash inflow of £70.8m (2005 - £23.6m).

Including payments of £104.9m in respect of growth capital expenditure, £326.8m in respect of acquisitions, £4.9m for the purchase of shares by the ESOT and exceptional costs of £51.8m and taking into account net proceeds received from share issues of £147.4m and dividends paid of £4.0m, there was a net draw under our bank facilities in the six months of £274.2m. This reflected principally the NationsRent acquisition.

Net debt

	31 October 2006	31 October 2005	30 April 2006
	£m	£m	£m
First priority senior secured bank debt	560.6	274.7	263.2
Finance lease obligations	27.0	30.2	23.2
12% second priority senior secured notes, due 2014	-	75.4	75.5
8.625% second priority senior secured notes, due 2015	126.4	136.2	132.7
9% second priority senior secured notes, due 2016	281.1	-	-
	995.1	516.5	494.6
Cash and cash equivalents	(1.2)	(0.9)	(1.0)
Total net debt	993.9	515.6	493.6

Group net debt doubled from £493.6m at 30 April 2006 to £993.9m at 31 October 2006 reflecting the impact of the NationsRent acquisition which, together with the Lux acquisition increased net debt by £466.1m (net of the net rights issue proceeds of £146.7m).

New first and second priority senior secured loan facilities

In connection with the NationsRent acquisition, on 31 August 2006, the Group repaid the outstanding borrowings under its $800m first priority asset based senior secured loan facility and replaced it with a new $1.75bn facility on substantially the same terms as the previous facility. The interest rate on borrowings under the new facility varies, according to a grid linked to the ratio of funded debt to EBITDA before exceptional items, between LIBOR plus 150bp and LIBOR plus 225bp. Currently the Group borrows at LIBOR plus 175bp. In addition, during August 2006 the Group raised $550m of new ten year second priority senior secured notes carrying an interest rate of 9% per annum.

The Group used these new debt facilities and the £146.7m net proceeds of the Rights Issue to fund the acquisition of NationsRent, repay NationsRent's $400m of secured and unsecured 9.5% loan notes, including a 'make-whole' payment of $48m and to repay the Group's outstanding £78m 12% senior secured notes as well as the borrowings under its old $800m bank facility discussed above.

The Group's debt facilities are now committed for a weighted average period of approximately 7 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 8%, 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 and a fixed charge ratio comparing EBITDA less net capital expenditure to the sum of scheduled debt repayments, interest, tax and dividends paid). These covenants are not, however, required to be adhered to when availability (the difference between the borrowing base and facility utilisation) exceeds $125m. At 31 October 2006 availability under the bank facility was $478m ($283m under the old facility at 30 April 2006).

OPERATING STATISTICS

	Profit centre numbers			Staff numbers		
	31 October		30 April	31 October		30 April
	2006	2005	2006	2006	2005	2006
Sunbelt Rentals	473	206	209	7,939	4,061	4,266
A-Plant	236	198	193	2,595	1,997	2,081
Ashtead Technology	11	10	11	112	87	104
Corporate office	-	-	-	14	14	14
Group	720	414	413	10,660	6,159	6,465

INDEPENDENT REVIEW REPORT TO ASHTEAD GROUP PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 October 2006 which comprise the income statement, the balance sheet, the statement of recognised income and expense, the movements in equity shareholders' funds, the cash flow statement and related notes 1 to 13. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority and the requirements of IAS 34 which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 October 2006.

Deloitte & Touche LLP London, 11 December 2006
Chartered Accountants