9 December 2010

Unaudited results for the half year and second quarter ended 31 October 2010

	Second quarter			First half		
	2010	2009	Growth[1]	2010	2009	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Revenue	245.2	217.8	+9%	484.3	439.4	+5%
EBITDA	81.8	72.3	+9%	160.2	143.9	+6%
Operating profit	35.5	25.8	+32%	65.7	49.7	+25%
Profit before taxation	18.1	11.3	+49%	30.0	20.1	+41%
Earnings per share	2.3p	1.0p	+92%	3.9p	2.2p	+61%
Statutory results						
Profit before taxation	9.6	10.4	-14%	23.6	18.6	+20%
Earnings per share	1.2p	0.9p	+11%	3.1p	2.0p	+39%

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

Highlights

- Revenue growth accelerated in the second quarter driven by increased rental penetration, more fleet on rent and higher yields
- Strong operating profit growth of 25% in the first half and 32% in the second quarter
- First half capital expenditure increased to £96m (2009: £29m) in line with depreciation as we begin the cyclical reinvestment in our rental fleets
- Balance sheet remains strong and our debt well structured with long maturities, lower net debt of £777m (30 April 2010: £829m) and leverage of 2.9 times EBITDA
- Interim dividend raised to 0.93p per share (2009: 0.9p) consistent with the progressive dividend policy announced in June

Ashtead's chief executive, Geoff Drabble, commented:

"In this, the second consecutive quarter in which we have delivered good profit[2] growth, it was pleasing to see rental revenues accelerating with growth[3] of 9% in the US. In the UK there were improving trends throughout the first half and, whilst the UK market remains difficult, this was also encouraging.

Clearly end markets remain fragile. However, increased reliance on rental by our customers particularly in the US, together with continuing market share gains, is supporting our performance, a trend we expect to continue.

As we enter the seasonally weaker winter period precise forecasting can be difficult. However, the momentum we have established during the year has continued into November and will, we expect, be sufficient to ensure a full year outcome ahead of our earlier expectations."

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First half results

	Revenue		EBITDA		Operating profit	
	2010	2009	2010	2009	2010	2009
Sunbelt in $m	615.0	576.1	212.5	199.3	99.0	80.0
Sunbelt in £m	401.9	355.4	138.9	122.9	64.7	49.3
A-Plant	82.4	84.0	24.4	23.7	4.2	3.1
Group central costs	-	-	(3.1)	(2.7)	(3.2)	(2.7)
	484.3	439.4	160.2	143.9	65.7	49.7
Net financing costs					(35.7)	(29.6)
Profit before tax, remeasurements and amortisation					**30.0**	**20.1**
Fair value remeasurements					(5.7)	-
Amortisation					(0.7)	(1.5)
Profit before taxation					23.6	18.6
Taxation					(8.4)	(8.6)
Profit attributable to equity holders of the Company					15.2	10.0
Margins						
Sunbelt			*34.5%*	*34.6%*	*16.1%*	*13.9%*
A-Plant			*29.6%*	*28.2%*	*5.1%*	*3.7%*
Group			*33.1%*	*32.7%*	*13.6%*	*11.3%*

These results reflect gradually improving conditions in the US with Sunbelt's rental revenues growing 4% in the first half to $557m (2009: $534m). They were achieved despite a 14% decline in Sunbelt's core end market, US non-residential construction, in the same period as reported by the US Department of Commerce. Sunbelt's rental revenue growth reflected 4% more fleet on rent compared to 2009 and a 1% increase in yield, year on year. Yield improved throughout the period with growth of 3% year on year in the second quarter after a flat first quarter and is also up 8% sequentially since January's seasonal low. Supported by higher used equipment sales as we stepped up capital expenditure on fleet replacement, Sunbelt's total revenues grew by 7%.

In the UK, A-Plant's first half rental revenues declined 2% to £77m (2009: £79m) reflecting 3% more fleet on rent relative to the previous year and 5% lower yield. UK yield declines continue to moderate with a second quarter reduction of 2%.

Operating costs, excluding the cost of used equipment sales, remain under good control with headcount flat since year end and down 6% over the previous year despite the growth in fleet on rent. As a result, first half operating profit grew 32% to £66m. After interest, which rose by £6m broadly as estimated at the time of last November's senior debt maturity extension, underlying profit before tax rose 49% to £30m.

After a non-cash charge of £5.7m relating to the remeasurement to fair value of the early prepayment option in our long-term debt and £0.7m of acquired intangible amortisation, the statutory profit before tax was £24m (2009: £19m). The effective tax rate on the underlying pre-tax profit was stable at 35% (2009: 35%) whilst underlying earnings per share grew 75% to 3.9p (2009: 2.2p) and basic earnings per share were 3.1p (2009: 2.0p).

Capital expenditure

As we began the cyclical reinvestment in our rental fleets, capital expenditure in the first half was increased to £96m (2009: £29m) of which £84m was rental fleet replacement with the balance spent principally on vehicles and property improvements. Disposal proceeds were £24m (2009: £13m), giving net capital expenditure in the first half of £72m (2009: £16m). The average age of the Group's rental fleet at 31 October 2010 was 44 months (2009: 39 months), unchanged from year end.

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

£30m (2009: £97m) of net cash was generated in the first half reflecting £74m of net capital expenditure (2009: £15m) together with a £27m increase in the value of receivables since April as revenues regained more usual seasonal patterns. £10m of the cash generated was returned to equity shareholders through the payment in September of 2010's final dividend with the remaining £20m applied to reduce outstanding net debt.

Reflecting this and currency fluctuations which reduced debt by £37m, net debt at 31 October 2010 was £777m (30 April 2010: £829m). This quarter saw the ratio of net debt to EBITDA fall to 2.9 times at 31 October 2010 (30 April 2010: 3.2 times) bringing leverage back within our long held 2-3 times target range. Availability on the ABL senior debt facility at 31 October 2010 was $639m (30 April 2010: $537m) substantially above the $150m level at which the Group's entire debt package is effectively covenant free.

Dividend

In line with the Board's aim of providing a progressive dividend having regard to both underlying profit and cash generation and to sustainability through the economic cycle, the Board has declared an interim dividend of 0.93p per share (2009: 0.9p per share). This will be paid on 9 February 2011 to shareholders on record on 21 January 2011.

Current trading and outlook

In this, the second consecutive quarter in which we have delivered good profit growth, it was pleasing to see rental revenues accelerating with growth of 9% in the US. In the UK there were improving trends throughout the first half and, whilst the UK market remains difficult, this was also encouraging.

Clearly end markets remain fragile. However, particularly in the US, increased reliance on rental by our customer base, together with continuing market share gains, is supporting our performance, a trend we expect to continue.

As we enter the seasonally weaker winter period precise forecasting can be difficult. However, the momentum we have established during the year has continued into November and will, we expect, be sufficient to ensure an outcome ahead of our earlier expectations.

Geoff Drabble and Ian Robson will host a meeting for equity analysts to discuss the results at 9.30am on Thursday 9 December at the offices of UBS at 1 Finsbury Avenue, London EC2M 2PP. This meeting will be webcast live via the Company's website at www.ashtead-group.com and a replay will be available from shortly after the call concludes. A copy of the announcement and slide presentation used for the meeting will also be available for download on the Company's website. There will, as usual, also be a separate call for bondholders at 3.00pm UK time (10.00am EST).

Analysts and bondholders have already been invited to participate in the meeting and conference call but anyone not having received dial in details should contact the Company's PR advisers, Maitland (Emma Stevens), on 020 7379 5151.

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.

Directors' responsibility statement in respect of the interim financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the International Accounting Standards Board;

- the interim management report includes a fair review of the information required by:

  (i) DTR 4.2.7R of the *Disclosure and Transparency Rules,* being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (ii) DTR 4.2.8R of the *Disclosure and Transparency Rules,* being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board of Directors 8 December 2010

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 OCTOBER 2010

	2010			2009		
	Before amortisation and remeasurements £m	Amortisation and remeasurements £m	Total £m	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m
Second quarter - unaudited						
Revenue						
Rental revenue	221.7	-	221.7	201.8	-	201.8
Sale of new equipment, merchandise and consumables	10.6	-	10.6	10.0	-	10.0
Sale of used rental equipment	12.9	-	12.9	6.0	0.4	6.4
	245.2	-	245.2	217.8	0.4	218.2
Operating costs						
Staff costs	(71.1)	-	(71.1)	(66.2)	-	(66.2)
Used rental equipment sold	(12.2)	-	(12.2)	(6.4)	(0.4)	(6.8)
Other operating costs	(80.1)	-	(80.1)	(72.9)	-	(72.9)
	(163.4)	-	(163.4)	(145.5)	(0.4)	(145.9)
EBITDA*	81.8	-	81.8	72.3	-	72.3
Depreciation	(46.3)	-	(46.3)	(46.5)	-	(46.5)
Amortisation of intangibles	-	(0.3)	(0.3)	-	(0.9)	(0.9)
Operating profit	35.5	(0.3)	35.2	25.8	(0.9)	24.9
Net financing costs	(17.4)	(8.2)	(25.6)	(14.5)	-	(14.5)
Profit on ordinary activities before taxation	18.1	(8.5)	9.6	11.3	(0.9)	10.4
Taxation:						
- current	(2.1)	0.4	(1.7)	(0.7)	-	(0.7)
- deferred	(4.4)	2.6	(1.8)	(5.4)	0.3	(5.1)
	(6.5)	3.0	(3.5)	(6.1)	0.3	(5.8)
Profit attributable to equity holders of the Company	11.6	(5.5)	6.1	5.2	(0.6)	4.6
Basic earnings per share	2.3p	(1.1p)	1.2p	1.0p	(0.1p)	0.9p
Diluted earnings per share	2.3p	(1.1p)	1.2p	1.0p	(0.1p)	0.9p

* 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 Second Quarter, Balance Sheet and Cash Flow accompanying these interim financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

	2010			2009		
	Before amortisation and remeasurements	Amortisation and remeasurements	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
First half - unaudited						
Revenue						
Rental revenue	441.3	-	441.3	408.6	-	408.6
Sale of new equipment, merchandise and consumables	21.6	-	21.6	21.1	-	21.1
Sale of used rental equipment	21.4	-	21.4	9.7	1.6	11.3
	484.3	-	484.3	439.4	1.6	441.0
Operating costs						
Staff costs	(141.7)	-	(141.7)	(136.2)	-	(136.2)
Used rental equipment sold	(20.5)	-	(20.5)	(10.8)	(1.6)	(12.4)
Other operating costs	(161.9)	-	(161.9)	(148.5)	-	(148.5)
	(324.1)	-	(324.1)	(295.5)	(1.6)	(297.1)
EBITDA*	160.2	-	160.2	143.9	-	143.9
Depreciation	(94.5)	-	(94.5)	(94.2)	-	(94.2)
Amortisation of intangibles	-	(0.7)	(0.7)	-	(1.5)	(1.5)
Operating profit	65.7	(0.7)	65.0	49.7	(1.5)	48.2
Net financing costs	(35.7)	(5.7)	(41.4)	(29.6)	-	(29.6)
Profit on ordinary activities before taxation	30.0	(6.4)	23.6	20.1	(1.5)	18.6
Taxation:						
- current	(4.2)	0.4	(3.8)	(1.6)	-	(1.6)
- deferred	(6.5)	1.9	(4.6)	(7.5)	0.5	(7.0)
	(10.7)	2.3	(8.4)	(9.1)	0.5	(8.6)
Profit attributable to equity holders of the Company	19.3	(4.1)	15.2	11.0	(1.0)	10.0
Basic earnings per share	3.9p	(0.8p)	3.1p	2.2p	(0.2p)	2.0p
Diluted earnings per share	3.8p	(0.8p)	3.0p	2.2p	(0.2p)	2.0p

* 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 October		Six months to 31 October	
	2010	2009	2010	2009
	£m	£m	£m	£m
Profit attributable to equity holders of the Company for the period	6.1	4.6	15.2	10.0
Foreign currency translation differences	(3.7)	0.8	(8.7)	(23.6)
Actuarial gain/(loss) on defined benefit pension scheme	12.1	(14.0)	12.1	(14.0)
Tax on defined benefit pension scheme	(3.9)	3.9	(3.9)	3.9
Total comprehensive income for the period	10.6	(4.7)	14.7	(23.7)

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2010

	Unaudited 31 October 2010	Unaudited 31 October 2009	Audited 30 April 2010
	£m	£m	£m
Current assets			
Inventories	9.8	9.0	9.9
Trade and other receivables	158.2	143.6	134.7
Current tax asset	0.8	0.9	1.1
Cash and cash equivalents	68.1	19.4	54.8
	236.9	172.9	200.5
Non-current assets			
Property, plant and equipment			
- rental equipment	921.4	978.1	969.7
- other assets	126.5	135.6	131.9
	1,047.9	1,113.7	1,101.6
Intangible assets - brand names and other acquired intangibles	2.7	4.1	3.3
Goodwill	358.2	347.9	373.6
Deferred tax asset	2.3	12.5	7.8
Defined benefit pension fund surplus	4.9	-	-
Other financial assets - derivatives	-	-	5.7
	1,416.0	1,478.2	1,492.0
Total assets	1,652.9	1,651.1	1,692.5
Current liabilities			
Trade and other payables	135.5	106.3	130.6
Current tax liability	3.4	0.7	2.1
Debt due within one year	2.2	5.2	3.1
Provisions	11.6	12.3	12.0
	152.7	124.5	147.8
Non-current liabilities			
Debt due after more than one year	842.7	860.8	880.7
Provisions	27.8	32.3	29.4
Deferred tax liabilities	123.5	126.2	126.6
Defined benefit pension fund deficit	-	13.2	7.7
	994.0	1,032.5	1,044.4
Total liabilities	1,146.7	1,157.0	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	(6.3)	(6.3)	(6.3)
Cumulative foreign exchange translation differences	11.4	5.5	20.1
Retained reserves	383.7	377.5	369.1
Equity attributable to equity holders of the Company	506.2	494.1	500.3
Total liabilities and equity	1,652.9	1,651.1	1,692.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

	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	-	-	-	-	-	-	-	10.0	10.0
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(23.6)	-	(23.6)
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	-	-	-	-	-	-	(23.6)	(0.1)	(23.7)
Dividends paid	-	-	-	-	-	-	-	(8.3)	(8.3)
Share-based payments	-	-	-	-	-	-	-	0.1	0.1
At 31 October 2009	55.3	3.6	0.9	90.7	(33.1)	(6.3)	5.5	377.5	494.1
Loss for the period	-	-	-	-	-	-	-	(7.9)	(7.9)
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	14.6	-	14.6
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	-	-	-	-	-	-	14.6	(4.3)	10.3
Dividends paid	-	-	-	-	-	-	-	(4.5)	(4.5)
Share-based payments	-	-	-	-	-	-	-	0.4	0.4
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	-	-	-	-	-	-	-	15.2	15.2
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(8.7)	-	(8.7)
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	-	-	-	-	-	-	(8.7)	23.4	14.7
Dividends paid	-	-	-	-	-	-	-	(10.0)	(10.0)
Share-based payments	-	-	-	-	-	-	-	0.6	0.6
Tax on share-based payments	-	-	-	-	-	-	-	0.6	0.6
At 31 October 2010	55.3	3.6	0.9	90.7	(33.1)	(6.3)	11.4	383.7	506.2

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

	Unaudited	
	2010	2009
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental fleet	143.4	143.4
Exceptional costs paid	(2.6)	(5.0)
Payments for rental property, plant and equipment	(85.5)	(23.6)
Proceeds from disposal of rental property, plant and equipment before exceptional disposals	19.0	9.5
Exceptional proceeds from disposal of rental property, plant and equipment	-	1.6
Cash generated from operations	74.3	125.9
Financing costs paid (net)	(34.9)	(26.4)
Tax paid (net)	(2.3)	(0.4)
Net cash from operating activities	37.1	99.1
Cash flows from investing activities		
Payments for non-rental property, plant and equipment	(10.1)	(3.5)
Proceeds on sale of non-rental property, plant and equipment	2.6	1.5
Net cash used in investing activities	(7.5)	(2.0)
Cash flows from financing activities		
Drawdown of loans	42.4	33.9
Redemption of loans	(46.8)	(102.3)
Capital element of finance lease payments	(1.8)	(2.5)
Dividends paid	(10.0)	(8.3)
Net cash used in financing activities	(16.2)	(79.2)
Increase in cash and cash equivalents	13.4	17.9
Opening cash and cash equivalents	54.8	1.7
Effect of exchange rate differences	(0.1)	(0.2)
Closing cash and cash equivalents	68.1	19.4

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed interim financial statements for the six months ended 31 October 2010 were approved by the directors on 8 December 2010. 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.

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

	2010	2009
Average for the three months ended 31 October	1.57	1.64
Average for the six months ended 31 October	1.53	1.62
At 31 October	1.60	1.65

2. Segmental analysis

	Revenue before exceptionals	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Three months to 31 October				
2010				
Sunbelt	202.5	35.0	(0.1)	34.9
A-Plant	42.7	2.2	(0.2)	2.0
Corporate costs	-	(1.7)	-	(1.7)
	245.2	35.5	(0.3)	35.2
2009				
Sunbelt	176.4	25.0	(0.7)	24.3
A-Plant	41.4	2.0	(0.2)	1.8
Corporate costs	-	(1.2)	-	(1.2)
	217.8	25.8	(0.9)	24.9

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

2. Segmental analysis (continued)

	Revenue before exceptionals	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Six months to 31 October				
2010				
Sunbelt	401.9	64.7	(0.4)	64.3
A-Plant	82.4	4.2	(0.3)	3.9
Corporate costs	-	(3.2)	-	(3.2)
	484.3	65.7	(0.7)	65.0
2009				
Sunbelt	355.4	49.3	(1.2)	48.1
A-Plant	84.0	3.1	(0.3)	2.8
Corporate costs	-	(2.7)	-	(2.7)
	439.4	49.7	(1.5)	48.2

	Segment assets	Cash	Taxation assets	Other financial assets - derivatives	Total assets
	£m	£m	£m	£m	£m
At 31 October 2010					
Sunbelt	1,296.4	-	-	-	1,296.4
A-Plant	285.1	-	-	-	285.1
Corporate items	0.2	68.1	3.1	-	71.4
	1,581.7	68.1	3.1	-	1,652.9
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

	2010			2009		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Three months to 31 October						
Staff costs:						
Salaries	65.6	-	65.6	61.3	-	61.3
Social security costs	4.9	-	4.9	4.6	-	4.6
Other pension costs	0.6	-	0.6	0.3	-	0.3
	71.1	-	71.1	66.2	-	66.2
Used rental equipment sold	12.2	-	12.2	6.4	0.4	6.8
Other operating costs:						
Vehicle costs	18.9	-	18.9	17.2	-	17.2
Spares, consumables & external repairs	15.6	-	15.6	12.5	-	12.5
Facility costs	10.7	-	10.7	10.9	-	10.9
Other external charges	34.9	-	34.9	32.3	-	32.3
	80.1	-	80.1	72.9	-	72.9
Depreciation and amortisation:						
Depreciation	46.3	-	46.3	46.5	-	46.5
Amortisation of acquired intangibles	-	0.3	0.3	-	0.9	0.9
	46.3	0.3	46.6	46.5	0.9	47.4
	209.7	0.3	210.0	192.0	1.3	193.3

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

3. Operating costs (continued)

	2010			2009		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Six months to 31 October						
Staff costs:						
Salaries	130.8	-	130.8	125.7	-	125.7
Social security costs	9.8	-	9.8	9.7	-	9.7
Other pension costs	1.1	-	1.1	0.8	-	0.8
	141.7	-	141.7	136.2	-	136.2
Used rental equipment sold	20.5	-	20.5	10.8	1.6	12.4
Other operating costs:						
Vehicle costs	38.1	-	38.1	33.4	-	33.4
Spares, consumables & external repairs	30.2	-	30.2	25.9	-	25.9
Facility costs	23.1	-	23.1	22.3	-	22.3
Other external charges	70.5	-	70.5	66.9	-	66.9
	161.9	-	161.9	148.5	-	148.5
Depreciation and amortisation:						
Depreciation	94.5	-	94.5	94.2	-	94.2
Amortisation of acquired intangibles	-	0.7	0.7	-	1.5	1.5
	94.5	0.7	95.2	94.2	1.5	95.7
	418.6	0.7	419.3	389.7	3.1	392.8

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 October		Six months to 31 October	
	2010	2009	2010	2009
	£m	£m	£m	£m
Fair value remeasurements	8.2	-	5.7	-
Taxation on fair value remeasurements	(2.9)	-	(2.1)	-
Net fair value remeasurements	5.3	-	3.6	-
Amortisation of acquired intangibles (net of tax credit)	0.2	0.6	0.5	1.0
	5.5	0.6	4.1	1.0

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 October		Six months to 31 October	
	2010	2009	2010	2009
	£m	£m	£m	£m
Sale of used rental equipment	-	(0.4)	-	(1.6)
Used rental equipment sold	-	0.4	-	1.6
Amortisation of acquired intangibles	0.3	0.9	0.7	1.5
Charged in arriving at operating profit	0.3	0.9	0.7	1.5
Net financing costs	8.2	-	5.7	-
Charged in arriving at profit before taxation	8.5	0.9	6.4	1.5
Taxation	(3.0)	(0.3)	(2.3)	(0.5)
	5.5	0.6	4.1	1.0

5. Financing costs

	Three months to 31 October		Six months to 31 October	
	2010	2009	2010	2009
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	(1.0)	(0.8)	(1.9)	(1.6)
Interest expense:				
Bank interest payable	4.5	2.5	9.0	5.4
Interest payable on second priority senior secured notes	11.3	10.8	23.2	21.9
Interest payable on finance leases	-	0.1	0.1	0.2
Non-cash unwind of discount on defined benefit pension plan liabilities	0.9	0.7	1.8	1.5
Non-cash unwind of discount on self insurance provisions	0.3	0.4	0.7	0.7
Amortisation of deferred costs of debt raising	1.4	0.8	2.8	1.5
Total interest expense	18.4	15.3	37.6	31.2
Net financing costs before exceptional items	17.4	14.5	35.7	29.6
Fair value remeasurements	8.2	-	5.7	-
Net financing costs	25.6	14.5	41.4	29.6

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 35% in the US (2009: 36%) and 30% in the UK (2009: 29%) 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 £10.7m (2009: £9.1m) on the underlying pre-tax profit of £30.0m (2009: £20.1m) can be explained as follows:

	Six months to 31 October	
	2010	2009
	£m	£m
Current tax		
- Current tax on income for the period	4.2	1.6
Deferred tax		
- Origination and reversal of temporary differences	6.3	5.4
- Adjustments to prior year	0.2	2.1
	6.5	7.5
Tax on underlying activities	10.7	9.1
Comprising:		
- UK tax	5.8	5.4
- US tax	4.9	3.7
	10.7	9.1

In addition, the tax credit of £2.3m (2009: £0.5m) on exceptional costs (including amortisation and fair value remeasurements) of £6.4m (2009: £1.5m) consists of a current tax credit of £0.4m (2009: £nil) relating to the UK, a deferred tax credit of £0.1m relating to the UK (2009: £0.1m) and a deferred tax credit of £1.8m (2009: £0.4m) relating to the US.

7. Earnings per share

Basic and diluted earnings per share for the three and six months ended 31 October 2010 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 October		Six months to 31 October	
		2010	2009	2010	2009
Profit for the financial period (£m)		6.1	4.6	15.2	10.0
Weighted average number of shares (m)	- basic	497.7	497.6	497.7	497.6
	- diluted	504.6	502.4	504.5	500.8
Basic earnings per share		1.2p	0.9p	3.1p	2.0p
Diluted earnings per share		1.2p	0.9p	3.0p	2.0p

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 October		Six months to 31 October	
	2010	2009	2010	2009
Basic earnings per share	1.2p	0.9p	3.1p	2.0p
Exceptional items and amortisation of acquired intangibles	1.7p	0.2p	1.3p	0.3p
Tax on exceptional items and amortisation	(0.6p)	(0.1p)	(0.5p)	(0.1p)
Underlying earnings per share	2.3p	1.0p	3.9p	2.2p
Other deferred tax	0.9p	1.1p	1.3p	1.5p
Cash tax earnings per share	3.2p	2.1p	5.2p	3.7p

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.

9. Property, plant and equipment

	2010		2009	
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	(30.0)	(33.5)	(90.8)	(101.8)
Reclassifications	(0.3)	-	(3.4)	(0.1)
Additions	84.1	95.9	24.4	28.5
Disposals	(19.4)	(21.6)	(10.6)	(12.7)
Depreciation	(82.7)	(94.5)	(82.0)	(94.2)
At 31 October	921.4	1,047.9	978.1	1,113.7

10. Called up share capital

Ordinary shares of 10p each:

	31 October 2010 Number	30 April 2010 Number	31 October 2010 £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 October 2010, 50m shares were held by the Company and a further 5.7m 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

	Six months to 31 October 2010 £m	Six months to 31 October 2009 £m
Operating profit before exceptional items and amortisation	65.7	49.7
Depreciation	94.5	94.2
EBITDA before exceptional items	160.2	143.9
(Profit)/loss on disposal of rental equipment	(0.9)	1.1
Profit on disposal of other property, plant and equipment	(0.6)	-
(Increase)/decrease in inventories	(0.3)	0.5
Increase in trade and other receivables	(26.9)	(6.7)
Increase in trade and other payables	11.4	4.5
Exchange differences	(0.1)	-
Other non-cash movements	0.6	0.1
Cash generated from operations before exceptional items and changes in rental equipment	143.4	143.4

b) Reconciliation to net debt

	Six months to 31 October 2010 £m	Six months to 31 October 2009 £m
Increase in cash in the period	(13.4)	(17.9)
Decrease in debt through cash flow	(6.2)	(70.9)
Change in net debt from cash flows	(19.6)	(88.8)
Exchange differences	(37.1)	(102.1)
Non-cash movements:		
- deferred costs of debt raising	2.8	1.5
- capital element of new finance leases	1.7	0.1
Reduction in net debt in the period	(52.2)	(189.3)
Opening net debt	829.0	1,035.9
Closing net debt	776.8	846.6

c) Analysis of net debt

	1 May 2010 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 October 2010 £m
Cash	(54.8)	0.1	(13.4)	-	(68.1)
Debt due within 1 year	3.1	(0.1)	(1.6)	0.8	2.2
Debt due after 1 year	880.7	(37.1)	(4.6)	3.7	842.7
Total net debt	829.0	(37.1)	(19.6)	4.5	776.8

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

12. Contingent liabilities

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

REVIEW OF SECOND QUARTER, BALANCE SHEET AND CASH FLOW

Second quarter

	Revenue		EBITDA		Operating profit	
	2010	2009	2010	2009	2010	2009
Sunbelt in $m	317.7	288.4	111.7	100.4	54.8	41.1
Sunbelt in £m	202.5	176.4	71.3	61.3	35.0	25.0
A-Plant	42.7	41.4	12.1	12.3	2.2	2.0
Group central costs	-	-	(1.6)	(1.3)	(1.7)	(1.2)
	245.2	217.8	81.8	72.3	35.5	25.8
Net financing costs					(17.4)	(14.5)
Profit before tax, remeasurements and amortisation					18.1	11.3
Fair value remeasurements					(8.2)	-
Amortisation					(0.3)	(0.9)
Profit before taxation					9.6	10.4
Margins						
Sunbelt			*35.2%*	*34.8%*	*17.3%*	*14.2%*
A-Plant			*28.4%*	*29.7%*	*5.1%*	*4.9%*
Group			*33.3%*	*33.2%*	*14.5%*	*11.8%*

Second quarter results reflect gradually improving market conditions with rental revenue growing in Sunbelt by 7% to $286m and in A-Plant by 1% to £39m. Total revenue growth was 10% in Sunbelt and 3% in A-Plant, both due to higher used equipment sales as we stepped up fleet replacement.

The volume of average fleet on rent in the second quarter grew strongly with increases of 6% year on year at Sunbelt and 4% at A-Plant. In the US, where the economic slowdown began first, Sunbelt delivered a 3% increase in yield, the first quarter of year on year yield growth since Q2 2007/8. In the UK yield was still negative at 2% year on year but this represented a significant slowing in the rate of decline relative to recent quarters.

Operating costs (before depreciation) in the US grew 10% or $18m to $206m, largely due to a $6m increase in the cost of used equipment sold as we stepped up investment for fleet replacement and consequently sold more equipment and to other non-recurring cost growth. UK operating costs rose more slowly. As a result there was a £10m increase in Q2 underlying operating profit to £36m with the Group's underlying operating profit margin rising to 14.5% (2009: 11.8%).

Underlying pre-tax profit for the second quarter grew by 61% to £18m (2009: £11m) reflecting the operating profit growth and higher net financing costs which increased due to the full year impact of last November's senior debt refinancing.

After a £8m non-cash charge relating to the remeasurement to fair value of the early prepayment option in our long-term debt and £0.3m of acquired intangible amortisation the statutory profit before tax for the quarter was £10m (2009: £10m).

Fixed assets

	2010	2009
Sunbelt in $m	120.3	33.7
Sunbelt in £m	75.2	20.5
A-Plant	8.9	3.9
Total rental equipment	84.1	24.4
Delivery vehicles, property improvements & computers	11.8	4.1
Total additions	95.9	28.5

Capital expenditure in the first half totalled £96m (2009: £29m) with £84m invested in the rental fleet (2009: £24m). Expenditure on rental equipment was again entirely for replacement and comprised 88% 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 October 2010 was 44 months (2009: 39 months) on a net book value basis. Sunbelt's fleet had an average age of 46 months (2009: 42 months) comprising 47 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 40 months (2009: 32 months).

The table below summarises dollar and physical utilisation:

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	31 Oct 2010	30 April 2010	LTM average	revenues	utilisation	utilisation
Sunbelt in $m	2,122	2,094	2,113	1,012	48%	66%
Sunbelt in £m	1,327	1,368	1,322	662	48%	66%
A-Plant	327	321	322	150	47%	70%
	1,654	1,689	1,644	812		

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 October 2010, was 48% at Sunbelt (2009: 49%) and 47% at A-Plant (2009: 49%). 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 October 2010, average physical utilisation was 66% in Sunbelt (2009: 65%) and 70% at A-Plant (2009: 67%). 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 October 2010.

Trade receivables

Receivable days at 31 October were 47 days (2009: 49 days). The bad debt charge for the six months ended 31 October 2010 as a percentage of total turnover was 0.8% (2009: 1.1%). Trade receivables at 31 October 2010 of £131m (2009: £120m) are stated net of provisions for bad debts and credit notes of £15m (2009: £16m) with the provision representing 10.6% (2009: 12.0%) of gross receivables.

Trade and other payables

Group payable days were 53 days in 2010 (2009: 53 days) with capital expenditure-related payables, which have longer payment terms, totalling £28m (2009: £10m). Payment periods for purchases other than rental equipment vary between seven 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 October 2010, 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 £4.9m being recorded on the IAS 19 accounting basis at 31 October 2010 (30 April 2010 – deficit of £7.7m).

Cash flow and net debt

	Six months to 31 October 2010 £m	Six months to 31 October 2009 £m	LTM to 31 October 2010 £m	Year to 30 April 2010 £m
EBITDA before exceptional items	160.2	143.9	271.4	255.1
Cash inflow from operations before exceptional items and changes in rental equipment	143.4	143.4	265.6	265.6
Cash conversion ratio	*89.5%*	*99.7%*	*97.9%*	*104.1%*
Maintenance rental capital expenditure paid	(85.5)	(23.6)	(98.0)	(36.1)
Payments for non-rental capital expenditure	(10.1)	(3.5)	(13.3)	(6.7)
Rental equipment disposal proceeds	19.0	11.1	34.7	26.8
Other property, plant and equipment disposal proceeds	2.6	1.5	5.1	4.0
Tax (paid)/received	(2.3)	(0.4)	(1.6)	0.3
Net financing costs paid	(34.9)	(26.4)	(63.2)	(54.7)
Cash flow before exceptional costs	**32.2**	**102.1**	**129.3**	**199.2**
Exceptional costs paid	(2.6)	(5.0)	(5.8)	(8.2)
Total cash generated from operations	**29.6**	**97.1**	**123.5**	**191.0**
Business disposals/(acquisitions)	-	-	(0.7)	(0.7)
Total cash generated	**29.6**	**97.1**	**122.8**	**190.3**
Dividends paid	(10.0)	(8.3)	(14.5)	(12.8)
Decrease in net debt	**19.6**	**88.8**	**108.3**	**177.5**

Cash inflow from operations before exceptional items and changes in rental equipment was flat year over year while the cash conversion ratio was 89.5% (2009: 99.7%). This reflected a £27m increase in trade and other receivables since April as quarterly revenues regained more usual seasonal patterns.

Total payments for capital expenditure (rental equipment and other PPE) were in line with capital expenditure delivered at £96m whilst disposal proceeds received totalled £22m. Net cash capital expenditure was therefore £74m in the first half (2009: £15m).

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

After exceptional costs paid of £3m, representing vacant property costs on closed premises which were originally provided for in 2008/9, the Group generated £30m of net cash inflow in the first half. £10m of this net inflow was paid to equity shareholders as the 2010 final dividend with the balance of £20m applied to reduce outstanding debt.

Net debt

	31 October 2010 £m	31 October 2009 £m	30 April 2010 £m
First priority senior secured bank debt	350.1	385.7	367.5
Finance lease obligations	3.3	4.9	3.5
8.625% second priority senior secured notes, due 2015	153.5	148.3	160.2
9% second priority senior secured notes, due 2016	338.0	327.1	352.6
	844.9	866.0	883.8
Cash and cash equivalents	(68.1)	(19.4)	(54.8)
Total net debt	776.8	846.6	829.0

Net debt at 31 October 2010 was £777m (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 October 2010 was £271m and the ratio of net debt to underlying EBITDA was therefore 2.9 times at 31 October 2010 (30 April 2010: 3.2 times).

Under the terms of our extended asset-based senior bank facility, $1.3bn of that facility is committed until November 2013 whilst an additional $0.5bn is committed until the original maturity at August 2011. At 31 October 2010 the amount of the facility utilised was $619m (including letters of credit totalling $29m), substantially lower than the extended commitment. All our debt facilities therefore remain committed for the long term, with an average of 4.5 years remaining at 31 October 2010. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 7.5%. 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, for the last twelve months, EBITDA before exceptionals less net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid) which must be equal to, or greater than, 1.1 times.

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 October 2010 excess availability under the bank facility was $639m ($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 October 2010, the Group was in compliance with both of them at that date. The Board therefore believes 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.

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 October 2010 and represented approximately 80% 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 October 2010, 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 October		30 April	31 October		30 April
	2010	2009	2010	2010	2009	2010
Sunbelt Rentals	346	397	393	5,373	5,733	5,334
A-Plant	104	111	105	1,876	1,944	1,872
Corporate office	-	-	-	11	12	12
Group	450	508	498	7,260	7,689	7,218

Sunbelt's store numbers include 40 Sunbelt at Lowes stores at 31 October 2010 (90 at 31 October 2009 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 October 2010 was not significant to Sunbelt's overall performance.

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF ASHTEAD GROUP PLC

We have been engaged by the Company to review the condensed interim financial statements for the six months ended 31 October 2010 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity” 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed interim financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements for the six months ended 31 October 2010 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
8 December 2010