9 March 2010

Unaudited results for the nine months and third quarter ended 31 January 2010

Financial summary

	Third quarter 2010	Third quarter 2009	Nine months 2010	Nine months 2009
	£m	£m	£m	£m
Revenue	187.3	280.3	628.3	861.4
Underlying (loss)/profit before taxation[1]	(12.0)	11.0	8.1	87.6
(Loss)/profit before taxation	(15.7)	(9.5)	2.9	30.0
Basic earnings per share	(1.9p)	(0.1p)	0.2p	15.7p

Highlights

- Nine months underlying profit before taxation of £8.1m in line with expectations (2009: £87.6m)
- EBITDA margins strong at 31% (2009: 34%)
- £144m of cash generated from operations in the nine months (2009: £72m), ahead of expectations
- Net debt reduced since April 2009 by £207m to £829m

Ashtead's chief executive, Geoff Drabble, commented:

"Whilst market conditions have remained difficult throughout the period, our operational performance has been good relative to both our UK and US peers and we are clearly gaining market share. This outperformance, together with the preparatory actions we took a year ago to reduce costs and fleet size, has helped us to protect profitability and deliver continued strong cash generation. Our strong balance sheet will also enable us to ensure that we have the appropriate infrastructure and fleet mix in place when cyclical recovery begins.

We continue to believe in the fundamental strength of our markets. The business is delivering good margins and gaining market share, which, together with its financial strength, means that the Board believes that Ashtead is increasingly well placed to benefit when markets recover."

Contacts:

Geoff Drabble	Chief executive	020 7726 9700
Ian Robson	Finance director	
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[1]Underlying revenue, profit and earnings per share are stated before exceptional items and amortisation of acquired intangibles. The definition of exceptional items is set out in note 4. The reconciliation of underlying earnings per share and underlying cash tax earnings per share to basic earnings per share is shown in note 7 to the attached financial information.

Geoff Drabble and Ian Robson will hold a conference call for equity analysts at 9.30am on Tuesday 9 March. Dial in details for this call have already been distributed but any analyst not having received them should contact Ashley Forget at Maitland on 020 7379 5151. The call will be webcast live via the Company's website at www.ashtead-group.com and there will also be a replay available via the website from shortly after the call concludes. There will, as usual, also be a separate call for bondholders at 3.00pm UK time (10.00am EST).

Nine months results

	Revenue		EBITDA		Operating profit	
	2010	2009	2010	2009	2010	2009
Sunbelt in $m	821.3	1,183.8	269.4	422.2	92.2	224.5
Sunbelt in £m	505.5	676.1	165.8	241.1	56.7	128.2
A-Plant	121.2	165.3	32.0	50.9	1.3	14.5
Group central costs	-	-	(4.0)	(4.1)	(4.1)	(4.1)
Continuing operations	626.7	841.4	193.8	287.9	53.9	138.6
Net financing costs					(45.8)	(51.0)
Profit before tax, exceptionals and amortisation from continuing operations					**8.1**	**87.6**
Ashtead Technology					-	2.8
Exceptional items (net)					(2.2)	10.8
Amortisation					(2.0)	(2.2)
Total Group profit before taxation					3.9	99.0
Taxation					(3.1)	(19.3)
Profit attributable to equity holders of the Company					0.8	79.7
Margins						
Sunbelt			*32.8%*	*35.7%*	*11.2%*	*19.0%*
A-Plant			*26.4%*	*30.8%*	*1.0%*	*8.8%*
Group			*30.9%*	*34.2%*	*8.6%*	*16.5%*

The nine months' results reflect the prevailing market conditions with rental revenues declining in Sunbelt by 28% to $759.6m and in A-Plant by 24% to £113.5m. There were encouraging signs, however, in the third quarter when rental revenues were down 22% in Sunbelt and 19% in A-Plant.

This improving third quarter trend was driven by comparatively strong fleet on rent, reflecting market share gains in both markets and improving yield comparators in the US as highlighted below:

	US		**UK**	
	9 months	Q3	9 months	Q3
Fleet on rent	-11%	-8%	-13%	-6%
Yield	-19%	-15%	-13%	-14%
	-28%	-22%	-24%	-19%

The prompt action we took a year ago to reduce costs is reflected in the nine months results with operating costs before depreciation down 28% in Sunbelt and 22% in A-Plant. As a result, Group EBITDA margins remain above 30% and declined by only three percentage points from last year. After reduced net financing costs of £45.8m (2009: £51.0m), principally reflecting the lower average debt, the pre-tax profit before exceptionals and amortisation for the nine months was £8.1m (2009: £87.6m).

The current year effective tax rate for the nine months was stable at 35% (2009: 35%). In addition, there was an adjustment of £2.3m to prior year deferred tax.

Capital expenditure

Capital expenditure during the nine months was £35.1m (2009: £234.0m) of which £29.6m was rental fleet replacement. Disposal proceeds were £19.4m (2009: £72.0m), including £1.6m from the disposal of the remaining assets held for sale at year end, giving net capital expenditure during the nine months of £15.7m (2009: £162.0m). The average age of the Group's rental fleet at 31 January 2010 was 41 months (2009: 34 months).

Cash flow and net debt

£144.2m (2009: £72.0m) was generated from operations in the nine months, of which £8.3m was returned to equity shareholders by way of a dividend and £135.3m applied to reduce outstanding debt. Including the benefit of a translation gain of £77.9m, closing net debt at 31 January 2010 reduced to £828.6m (30 April 2009: £1,035.9m).

This substantial cash flow has helped to keep the ratio of net debt to EBITDA at 31 January 2010 to 3.2 times. This level is just outside our 2-3 times target range and results from the decline in EBITDA at what we believe to be the bottom or near bottom of our cycle. We anticipate that continuing debt pay down and cyclical recovery will in due course rapidly restore the ratio, at constant exchange rates, to well within the target range.

Our debt package remains well structured for the challenges of current market conditions. Our debt facilities are committed for the long term, with an average of 5.2 years at 31 January 2010. Based on August 2009 asset values, which were 27% below Spring 2007 peak values, availability at 31 January 2010 was $481m and therefore remains well above $150m, the level at which the entire debt package is covenant free.

Current trading and outlook

We maintain the view that market conditions will remain difficult throughout much of 2010 due to low activity levels in our key construction markets.

However, a range of lead indicators support the view that we are currently at or very near the bottom of the cycle in the US. We also expect that the effect of US stimulus related work and a recovering residential construction market will be of increasing benefit from the second half of calendar 2010 until sustained general recovery in the US economy brings an improvement in commercial construction, most likely towards the end of our 2010/11 fiscal year. Whilst we expect the UK recovery to lag that in the US, we nevertheless anticipate A-Plant continuing to gain market share.

We continue to believe in the fundamental strength of our markets. The business is delivering good margins and gaining market share, which, together with its financial strength, means that the Board believes that Ashtead is increasingly well placed to benefit when markets recover.

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JANUARY 2010

	2010			2009		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation (restated)	Exceptional items and amortisation	Total (restated)
Third quarter - unaudited	£m	£m	£m	£m	£m	£m
Continuing operations						
Revenue						
Rental revenue	172.4	-	172.4	239.1	-	239.1
Sale of new equipment, merchandise and consumables	9.5	-	9.5	13.2	-	13.2
Sale of used rental equipment	5.4	-	5.4	8.0	20.0	28.0
	187.3	-	187.3	260.3	20.0	280.3
Operating costs						
Staff costs	(63.3)	-	(63.3)	(81.7)	(1.0)	(82.7)
Used rental equipment sold	(5.5)	-	(5.5)	(7.6)	(20.0)	(27.6)
Other operating costs	(68.6)	-	(68.6)	(88.9)	(10.8)	(99.7)
	(137.4)	-	(137.4)	(178.2)	(31.8)	(210.0)
EBITDA*	49.9	-	49.9	82.1	(11.8)	70.3
Depreciation	(45.7)	-	(45.7)	(53.5)	(7.9)	(61.4)
Amortisation of intangibles	-	(0.5)	(0.5)	-	(0.8)	(0.8)
Operating profit	4.2	(0.5)	3.7	28.6	(20.5)	8.1
Net financing costs	(16.2)	(3.2)	(19.4)	(17.6)	-	(17.6)
Loss on ordinary activities before taxation	(12.0)	(3.7)	(15.7)	11.0	(20.5)	(9.5)
Taxation:						
- current	(0.6)	-	(0.6)	(0.7)	0.3	(0.4)
- deferred	4.6	1.5	6.1	(2.7)	6.9	4.2
	4.0	1.5	5.5	(3.4)	7.2	3.8
Loss from continuing operations	(8.0)	(2.2)	(10.2)	7.6	(13.3)	(5.7)
Profit from discontinued operations	-	1.0	1.0	-	4.7	4.7
Loss attributable to equity holders of the Company	(8.0)	(1.2)	(9.2)	7.6	(8.6)	(1.0)
Continuing operations						
Basic earnings per share	(1.6p)	(0.5p)	(2.1p)	1.6p	(2.6p)	(1.0p)
Diluted earnings per share	(1.6p)	(0.4p)	(2.0p)	1.6p	(2.6p)	(1.0p)
Total continuing and discontinued operations						
Basic earnings per share	(1.6p)	(0.3p)	(1.9p)	1.6p	(1.7p)	(0.1p)
Diluted earnings per share	(1.6p)	(0.2p)	(1.8p)	1.6p	(1.7p)	(0.1p)

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

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

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2010

	2010			2009		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation (restated)	Exceptional items and amortisation	Total (restated)
Nine months - unaudited	£m	£m	£m	£m	£m	£m
Continuing operations						
Revenue						
Rental revenue	581.0	-	581.0	755.2	-	755.2
Sale of new equipment, merchandise and consumables	30.6	-	30.6	43.4	-	43.4
Sale of used rental equipment	15.1	1.6	16.7	42.8	20.0	62.8
	626.7	1.6	628.3	841.4	20.0	861.4
Operating costs						
Staff costs	(199.5)	-	(199.5)	(236.7)	(1.6)	(238.3)
Used rental equipment sold	(16.3)	(1.6)	(17.9)	(37.7)	(20.0)	(57.7)
Other operating costs	(217.1)	-	(217.1)	(279.1)	(18.1)	(297.2)
	(432.9)	(1.6)	(434.5)	(553.5)	(39.7)	(593.2)
EBITDA*	193.8	-	193.8	287.9	(19.7)	268.2
Depreciation	(139.9)	-	(139.9)	(149.3)	(35.7)	(185.0)
Amortisation of intangibles	-	(2.0)	(2.0)	-	(2.2)	(2.2)
Operating profit	53.9	(2.0)	51.9	138.6	(57.6)	81.0
Net financing costs	(45.8)	(3.2)	(49.0)	(51.0)	-	(51.0)
Profit on ordinary activities before taxation	8.1	(5.2)	2.9	87.6	(57.6)	30.0
Taxation:						
- current	(2.2)	-	(2.2)	(2.1)	1.3	(0.8)
- deferred	(2.9)	2.0	(0.9)	(28.9)	18.3	(10.6)
	(5.1)	2.0	(3.1)	(31.0)	19.6	(11.4)
(Loss)/profit from continuing operations	3.0	(3.2)	(0.2)	56.6	(38.0)	18.6
Profit from discontinued operations	-	1.0	1.0	2.0	59.1	61.1
Profit attributable to equity holders of the Company	3.0	(2.2)	0.8	58.6	21.1	79.7
Continuing operations						
Basic earnings per share	0.6p	(0.6p)	-	11.2p	(7.5p)	3.7p
Diluted earnings per share	0.6p	(0.6p)	-	11.2p	(7.5p)	3.7p
Total continuing and discontinued operations						
Basic earnings per share	0.6p	(0.4p)	0.2p	11.6p	4.1p	15.7p
Diluted earnings per share	0.6p	(0.4p)	0.2p	11.6p	4.1p	15.7p

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited			
	Three months to 31 January		Nine months to 31 January	
	2010	2009 (restated)	2010	2009 (restated)
	£m	£m	£m	£m
(Loss)/profit attributable to equity holders of the Company for the period	(9.2)	(1.0)	0.8	79.7
Foreign currency translation differences	5.8	23.5	(17.8)	63.2
Actuarial loss on defined benefit pension scheme	-	-	(14.0)	-
Tax on foreign currency translation differences	-	-	-	(3.7)
Tax on defined benefit pension scheme	-	(0.1)	3.9	(0.4)
Total comprehensive income for the period	(3.4)	22.4	(27.1)	138.8

CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2010

	Unaudited 31 January 2010	Unaudited 31 January 2009 (restated)	Audited 30 April 2009
	£m	£m	£m
Current assets			
Inventories	8.8	16.6	10.4
Trade and other receivables	131.0	187.8	148.3
Current tax asset	1.5	3.0	1.5
Cash and cash equivalents	26.4	1.8	1.7
	167.7	209.2	161.9
Assets held for sale	-	20.1	1.6
	167.7	229.3	163.5
Non-current assets			
Property, plant and equipment			
- rental equipment	958.8	1,217.4	1,140.5
- other assets	133.1	162.3	153.5
	1,091.9	1,379.7	1,294.0
Intangible assets - brand names and other acquired intangibles	3.7	7.2	5.9
Goodwill	357.5	395.7	385.4
Deferred tax asset	11.2	13.1	12.3
Defined benefit pension fund surplus	-	7.0	0.3
	1,464.3	1,802.7	1,697.9
Total assets	1,632.0	2,032.0	1,861.4
Current liabilities			
Trade and other payables	107.1	121.7	106.7
Current tax liability	0.9	2.8	-
Debt due within one year	5.0	7.1	6.9
Provisions	11.7	16.1	17.4
	124.7	147.7	131.0
Non-current liabilities			
Debt due after more than one year	850.0	1,141.7	1,030.7
Provisions	30.4	32.8	36.8
Deferred tax liabilities	123.3	154.9	136.9
Defined benefit pension fund deficit	12.8	-	-
	1,016.5	1,329.4	1,204.4
Total liabilities	1,141.2	1,477.1	1,335.4
Equity			
Share capital	55.3	56.2	55.3
Share premium account	3.6	3.6	3.6
Capital redemption reserve	0.9	-	0.9
Non-distributable reserve	90.7	90.7	90.7
Own shares held by the Company	(33.1)	(38.5)	(33.1)
Own shares held through the ESOT	(6.3)	(6.3)	(6.3)
Cumulative foreign exchange translation differences	11.3	32.5	29.1
Retained reserves	368.4	416.7	385.8
Equity attributable to equity holders of the Company	490.8	554.9	526.0
Total liabilities and equity	1,632.0	2,032.0	1,861.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 JANUARY 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 2008 as restated	56.2	3.6	-	90.7	(23.3)	(7.0)	(28.2)	348.3	440.3
Total comprehensive income for the period	-	-	-	-	-	-	59.5	79.3	138.8
Shares issued	-	-	-	-	0.5	-	-	(0.3)	0.2
Dividends paid	-	-	-	-	-	-	-	(8.4)	(8.4)
Share-based payments	-	-	-	-	-	-	-	(1.1)	(1.1)
Vesting of share awards	-	-	-	-	-	1.1	-	(1.1)	-
Own shares purchased	-	-	-	-	(15.7)	(0.4)	-	-	(16.1)
Realisation of foreign exchange translation differences	-	-	-	-	-	-	1.2	-	1.2
At 31 January 2009 as restated	56.2	3.6	-	90.7	(38.5)	(6.3)	32.5	416.7	554.9
Total comprehensive income for the period	-	-	-	-	-	-	(3.4)	(21.3)	(24.7)
Dividends paid	-	-	-	-	-	-	-	(4.5)	(4.5)
Share-based payments	-	-	-	-	-	-	-	0.3	0.3
Cancellation of shares held by the Company	(0.9)	-	0.9	-	5.4	-	-	(5.4)	-
At 30 April 2009	55.3	3.6	0.9	90.7	(33.1)	(6.3)	29.1	385.8	526.0
Total comprehensive income for the period	-	-	-	-	-	-	(17.8)	(9.3)	(27.1)
Dividends paid	-	-	-	-	-	-	-	(8.3)	(8.3)
Share-based payments	-	-	-	-	-	-	-	0.2	0.2
At 31 January 2010	55.3	3.6	0.9	90.7	(33.1)	(6.3)	11.3	368.4	490.8

CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2010

		Unaudited
	2010	2009 (restated)
Cash flows from operating activities	£m	£m
Cash generated from operations before exceptional items and changes in rental fleet	195.6	282.4
Exceptional costs paid	(6.8)	(4.1)
Payments for rental property, plant and equipment	(29.1)	(196.9)
Proceeds from disposal of rental property, plant and equipment before exceptional disposals	15.2	33.1
Exceptional proceeds from disposal of rental property, plant and equipment	1.6	18.2
Cash generated from operations	176.5	132.7
Financing costs paid	(29.1)	(38.3)
Tax paid	(0.5)	(1.6)
Net cash from operating activities	146.9	92.8
Cash flows from investing activities		
Acquisition of business	(0.2)	-
Disposal of business (costs)/proceeds	(0.4)	89.6
Payments for non-rental property, plant and equipment	(4.6)	(23.2)
Proceeds on sale of non-rental property, plant and equipment	1.9	2.4
Net cash (used in)/from investing activities	(3.3)	68.8
Cash flows from financing activities		
Drawdown of loans	258.9	133.5
Redemption of loans	(366.2)	(261.2)
Capital element of finance lease payments	(3.2)	(10.0)
Purchase of own shares by the Company	-	(15.7)
Purchase of own shares by the ESOT	-	(0.4)
Dividends paid	(8.3)	(8.4)
Proceeds from issue of ordinary shares	-	0.2
Net cash used in financing activities	(118.8)	(162.0)
Increase/(decrease) in cash and cash equivalents	24.8	(0.4)
Opening cash and cash equivalents	1.7	1.8
Effect of exchange rate differences	(0.1)	0.4
Closing cash and cash equivalents	26.4	1.8

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed financial statements for the nine months ended 31 January 2010 were approved by the directors on 8 March 2010. They have been prepared in accordance with relevant International Financial Reporting Standards ('IFRS') (including International Accounting Standard – 'IAS 34 Interim Financial Reporting') and the accounting policies set out in the Group's Annual Report and Accounts for the year ended 30 April 2009 except for the adoption, with effect from 1 May 2009, of new or revised accounting standards as set out below.

'IAS 1 (revised) Presentation of financial instruments' has been adopted and has resulted in the 'Consolidated statement of changes in equity' being presented as a primary statement (previously disclosed as a note titled 'Reconciliation of changes in equity'). In addition, the Group has continued to present a separate 'Income statement' and 'Statement of comprehensive income' (previously titled 'Statement of recognised income and expense'). The adoption of IAS 1 (revised) has had no impact on the consolidated results or financial position of the Group.

The following new standards, amendments to standards or interpretations are effective for the Group's accounting period beginning on 1 May 2009 and, where relevant, have been adopted. They have not had a material impact on the consolidated results or financial position of the Group:

- IFRS 1 First time adoption of IFRS;
- IFRS 3 (revised) Business combinations;
- Amendment to IFRS 7 Improving disclosures about financial instruments;
- Amendments to IAS 27 Consolidated and separate financial statements;
- Amendment to IAS 32 Financial instruments: presentation: classification of rights issues;
- Amendment to IAS 39 Reclassification of financial assets: effective date and transition;
- Amendment to IAS 39 Financial instruments: recognition and measurement: eligible hedged items;
- Amendment to IFRIC 9 and IAS 39 Embedded derivatives;
- IFRIC 15 Agreements for the construction of real estate;
- IFRIC 16 Hedges of a net investment in a foreign operation;
- IFRIC 17 Distributions of non-cash assets to owners;
- IFRIC 18 Transfers of assets from customers.

Comparative amounts have been restated for the impact of adopting the 'amendment to IAS 16 – Property, plant and equipment', the consequential amendment to 'IAS 7 – Statement of cash flows' and the adoption of 'IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirement and their interaction' as adopted in the 30 April 2009 Annual Report and Accounts. The interim financial statements are unaudited.

The financial statements have been prepared on the going concern basis as described in the corporate governance report included in the 2009 Annual Report and Accounts. 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 2009 were prepared in accordance with relevant IFRS and have been mailed to shareholders and filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not include a reference to any matter by way of emphasis without qualifying the report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

	2010	2009
Average for the three months ended 31 January	1.63	1.49
Average for the nine months ended 31 January	1.62	1.75
At 31 January	1.60	1.44

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

2. Segmental analysis

	Revenue before exceptionals £m	Operating profit before exceptionals and amortisation £m	Exceptional items and amortisation £m	Operating profit £m
Three months to 31 January				
2010				
Sunbelt	150.1	7.4	(0.4)	7.0
A-Plant	37.2	(1.8)	(0.1)	(1.9)
Corporate costs	-	(1.4)	-	(1.4)
	187.3	4.2	(0.5)	3.7
2009	(restated)			
Sunbelt	213.5	28.8	(16.5)	12.3
A-Plant	46.8	0.3	(4.0)	(3.7)
Corporate costs	-	(0.5)	-	(0.5)
	260.3	28.6	(20.5)	8.1
Nine months to 31 January				
2010				
Sunbelt	505.5	56.7	(1.6)	55.1
A-Plant	121.2	1.3	(0.4)	0.9
Corporate costs	-	(4.1)	-	(4.1)
	626.7	53.9	(2.0)	51.9
2009	(restated)			
Sunbelt	676.1	128.2	(41.4)	86.8
A-Plant	165.3	14.5	(16.2)	(1.7)
Corporate costs	-	(4.1)	-	(4.1)
	841.4	138.6	(57.6)	81.0

	Segment assets £m	Cash £m	Taxation assets £m	Total assets £m
At 31 January 2010				
Sunbelt	1,292.9	-	-	1,292.9
A-Plant	299.6	-	-	299.6
Corporate items	0.4	26.4	12.7	39.5
	1,592.9	26.4	12.7	1,632.0
At 30 April 2009				
Sunbelt	1,514.7	-	-	1,514.7
A-Plant	331.0	-	-	331.0
Corporate items	0.2	1.7	13.8	15.7
	1,845.9	1.7	13.8	1,861.4

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

3. Operating costs

	2010			2009		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m
Three months to 31 January						
Staff costs:						
Salaries	58.0	-	58.0	74.1	1.0	75.1
Social security costs	4.9	-	4.9	6.1	-	6.1
Other pension costs	0.4	-	0.4	1.5	-	1.5
	63.3	-	63.3	81.7	1.0	82.7
Used rental equipment sold	5.5	-	5.5	7.6	20.0	27.6
Other operating costs:						
Vehicle costs	15.7	-	15.7	19.1	0.2	19.3
Spares, consumables & external repairs	11.9	-	11.9	15.2	0.2	15.4
Facility costs	10.9	-	10.9	12.7	9.9	22.6
Other external charges	30.1	-	30.1	41.9	0.5	42.4
	68.6	-	68.6	88.9	10.8	99.7
Depreciation and amortisation:						
Depreciation	45.7	-	45.7	53.5	7.9	61.4
Amortisation of acquired intangibles	-	0.5	0.5	-	0.8	0.8
	45.7	0.5	46.2	53.5	8.7	62.2
	183.1	0.5	183.6	231.7	40.5	272.2
Nine months to 31 January						
Staff costs:						
Salaries	183.7	-	183.7	215.4	1.6	217.0
Social security costs	14.6	-	14.6	17.0	-	17.0
Other pension costs	1.2	-	1.2	4.3	-	4.3
	199.5	-	199.5	236.7	1.6	238.3
Used rental equipment sold	16.3	1.6	17.9	37.7	20.0	57.7
Other operating costs:						
Vehicle costs	49.1	-	49.1	66.0	0.2	66.2
Spares, consumables & external repairs	37.8	-	37.8	47.0	1.5	48.5
Facility costs	33.2	-	33.2	34.5	14.4	48.9
Other external charges	97.0	-	97.0	131.6	2.0	133.6
	217.1	-	217.1	279.1	18.1	297.2
Depreciation and amortisation:						
Depreciation	139.9	-	139.9	149.3	35.7	185.0
Amortisation of acquired intangibles	-	2.0	2.0	-	2.2	2.2
	139.9	2.0	141.9	149.3	37.9	187.2
	572.8	3.6	576.4	702.8	77.6	780.4

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Exceptional items and amortisation

Exceptional items are those items of financial performance that are material and non-recurring in nature. Amortisation relates to the periodic write off of acquired intangible assets. The Group believes these items should be disclosed separately within the consolidated income statement to assist in the understanding of the financial performance of the Group. Underlying revenue, profit and earnings per share are stated before exceptional items and amortisation of acquired intangibles.

Exceptional items and amortisation are set out below:

	Three months to 31 January		Nine months to 31 January	
	2010	2009	2010	2009
	£m	£m	£m	£m
US cost reduction programme	-	(16.1)	-	(39.9)
UK cost reduction programme	-	(4.1)	-	(16.1)
Profit on sale of UK property from closed sites	-	0.5	-	0.6
Write off of deferred financing costs	(3.2)	-	(3.2)	-
Sale of Ashtead Technology	1.0	-	1.0	66.2
Taxation on exceptional items	1.3	11.5	1.3	11.7
Total exceptional items	(0.9)	(8.2)	(0.9)	22.5
Amortisation of acquired intangibles (net of tax credit)	(0.3)	(0.4)	(1.3)	(1.4)
	(1.2)	(8.6)	(2.2)	21.1

The write off of deferred financing costs consists of the unamortised balance of costs related to the 2006 ABL facility refinanced in November 2009. The income from the sale of Ashtead Technology relates to the release of a provision, established at the time of the disposal, against potential warranty claims.

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

	Three months to 31 January		Nine months to 31 January	
	2010	2009	2010	2009
	£m	£m	£m	£m
Sale of used rental equipment	-	20.0	1.6	20.0
Staff costs	-	(1.0)	-	(1.6)
Used rental equipment sold	-	(20.0)	(1.6)	(20.0)
Other operating costs	-	(11.3)	-	(18.7)
Other income	-	0.5	-	0.6
Depreciation	-	(7.9)	-	(35.7)
Amortisation of acquired intangibles	(0.5)	(0.8)	(2.0)	(2.2)
Charged in arriving at operating profit	(0.5)	(20.5)	(2.0)	(57.6)
Net financing costs	(3.2)	-	(3.2)	-
Charged in arriving at profit before tax	(3.7)	(20.5)	(5.2)	(57.6)
Taxation	1.5	7.2	2.0	19.6
Profit after taxation from discontinued operations	1.0	4.7	1.0	59.1
	(1.2)	(8.6)	(2.2)	21.1

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

5. Financing costs

	Three months to 31 January		Nine months to 31 January	
	2010	2009	2010	2009
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	(0.8)	(1.0)	(2.4)	(3.1)
Interest expense:				
Bank interest payable	3.8	5.0	9.2	17.8
Interest on second priority senior secured notes	10.9	11.5	32.8	30.4
Interest payable on finance leases	-	0.2	0.2	0.6
Non-cash unwind of discount on defined benefit pension plan liabilities	0.8	0.8	2.3	2.3
Non-cash unwind of discount on self insurance provisions	0.3	0.4	1.0	1.0
Amortisation of deferred financing costs	1.2	0.7	2.7	2.0
Total interest expense	17.0	18.6	48.2	54.1
Net financing costs before exceptional items	16.2	17.6	45.8	51.0
Exceptional items	3.2	-	3.2	-
Net financing costs	19.4	17.6	49.0	51.0

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 36% in the US (2009: 40%) and 30% in the UK (2009: 28%) applied to the profit before tax, exceptional items and amortisation of acquired intangibles. The current year blended effective rate for the Group as a whole is 35%.

The tax charge of £5.1m (2009: £31.0m) on the underlying pre-tax profit of £8.1m (2009: £87.6m) from continuing operations consists of current tax of £2.0m relating to the UK (2009: £1.3m), current tax of £0.2m relating to the US (2009: £0.8m), deferred tax of £5.1m relating to the UK (2009: £8.6m), current year deferred tax credit of £4.5m relating to the US (2009: charge of £20.3m) and an adjustment to prior year deferred tax relating to the US of £2.3m. In addition, the tax credit of £2.0m (2009: £19.6m) on exceptional costs (including amortisation) of £5.2m (2009: £57.6m) relating to continuing operations consists of deferred tax credit of £0.1m (2009: £2.4m) relating to the UK and deferred tax credit of £1.9m (2009: £15.9m) relating to the US.

7. Earnings per share

Basic and diluted earnings per share for the three and nine months ended 31 January 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).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7. Earnings per share (continued)

These are calculated as follows:

	Three months to 31 January 2010	Three months to 31 January 2009	Nine months to 31 January 2010	Nine months to 31 January 2009
(Loss)/profit for the financial period (£m)				
From continuing operations	(10.2)	(5.7)	(0.2)	18.6
From discontinued operations	1.0	4.7	1.0	61.1
From continuing and discontinued operations	(9.2)	(1.0)	0.8	79.7
Weighted average number of shares (m) - basic	497.6	500.3	497.6	506.6
- diluted	501.9	500.8	500.7	507.3
Basic earnings per share				
From continuing operations	(2.1p)	(1.0p)	-	3.7p
From discontinued operations	0.2p	0.9p	0.2p	12.0p
From continuing and discontinued operations	(1.9p)	(0.1p)	0.2p	15.7p
Diluted earnings per share				
From continuing operations	(2.0p)	(1.0p)	-	3.7p
From discontinued operations	0.2p	0.9p	0.2p	12.0p
From continuing and discontinued operations	(1.8p)	(0.1p)	0.2p	15.7p

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

	Three months to 31 January 2010	Three months to 31 January 2009	Nine months to 31 January 2010	Nine months to 31 January 2009
Basic earnings per share	(1.9p)	(0.1p)	0.2p	15.7p
Exceptional items and amortisation of acquired intangibles	0.6p	4.1p	0.8p	(1.7p)
Tax on exceptional items and amortisation	(0.3p)	(2.4p)	(0.4p)	(2.4p)
Underlying earnings per share	(1.6p)	1.6p	0.6p	11.6p
Other deferred tax	(0.9p)	0.5p	0.6p	5.8p
Cash tax earnings per share	(2.5p)	2.1p	1.2p	17.4p

8. Dividends

During the period, a final dividend in respect of the year ended 30 April 2009 of 1.675p (2008: 1.675p) per share was paid to shareholders. The interim dividend for the year ended 30 April 2010 of 0.9p per share announced on 3 December 2009 was paid on 3 February 2010.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

9. Property, plant and equipment

	2010		2009	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	1,140.5	1,294.0	994.0	1,130.1
Exchange difference	(69.8)	(78.2)	256.2	286.8
Reclassifications	(3.5)	(0.1)	(0.4)	-
Acquisitions	0.1	0.1	-	-
Additions	29.6	35.1	206.2	234.0
Disposals	(16.3)	(19.1)	(43.6)	(48.5)
Depreciation	(121.8)	(139.9)	(157.3)	(185.0)
Transfer to assets held for sale	-	-	(37.7)	(37.7)
At 31 January	958.8	1,091.9	1,217.4	1,379.7

10. Called up share capital

Ordinary shares of 10p each:

	31 January 2010	30 April 2009	31 January 2010	30 April 2009
	Number	Number	£m	£m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	553,325,554	553,325,554	55.3	55.3

There were no movements in shares authorised or allotted during the period. At 31 January 2010, 50m shares were held by the Company and a further 5.7m shares were held by the Company's Employee Share Ownership Trust.

11. Notes to the cash flow statement

	Nine months to 31 January	
	2010	2009
	£m	£m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation:		
- continuing operations	53.9	138.6
- discontinued operations	-	2.8
	53.9	141.4
Depreciation	139.9	149.3
EBITDA before exceptional items	193.8	290.7
Loss/(profit) on disposal of rental equipment	1.2	(5.1)
Loss/(profit) on disposal of other property, plant and equipment	0.1	(0.9)
Decrease in inventories	0.9	8.0
Decrease in trade and other receivables	8.5	19.4
Decrease in trade and other payables	(9.2)	(30.5)
Exchange differences	0.1	2.1
Other non-cash movements	0.2	(1.3)
Cash generated from operations before exceptional items and changes in rental equipment	195.6	282.4

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

11. Notes to the cash flow statement (continued)

b) Reconciliation to net debt

	Nine months to 31 January 2010 £m	2009 £m
(Increase)/decrease in cash in the period	(24.8)	0.4
Decrease in debt through cash flow	(110.5)	(137.7)
Change in net debt from cash flow	(135.3)	(137.3)
Exchange differences	(77.9)	317.5
Non-cash movements:		
- deferred costs of debt raising	5.8	2.0
- capital element of new finance leases	0.1	1.6
(Reduction)/increase in net debt in the period	(207.3)	183.8
Opening net debt	1,035.9	963.2
Closing net debt	828.6	1,147.0

c) Analysis of net debt

	1 May 2009 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 January 2010 £m
Cash	(1.7)	0.1	(24.8)	-	(26.4)
Debt due within 1 year	6.9	(0.4)	(3.0)	1.5	5.0
Debt due after 1 year	1,030.7	(77.6)	(107.5)	4.4	850.0
Total net debt	1,035.9	(77.9)	(135.3)	5.9	828.6

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

d) Acquisitions

	Nine months to 31 January 2010 £m	2009 £m
Cash consideration	0.2	-

12. Contingent liabilities and contingent assets

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

REVIEW OF THE THIRD QUARTER, BALANCE SHEET AND CASH FLOW

Third quarter

	Revenue		EBITDA		Operating profit	
	2010	2009	2010	2009	2010	2009
Sunbelt in $m	245.2	313.6	70.1	101.4	12.2	37.5
Sunbelt in £m	150.1	213.5	42.9	70.5	7.4	28.8
A-Plant	37.2	46.8	8.3	12.1	(1.8)	0.3
Group central costs	-	-	(1.3)	(0.5)	(1.4)	(0.5)
Continuing operations	187.3	260.3	49.9	82.1	4.2	28.6
Net financing costs					(16.2)	(17.6)
(Loss)/profit before tax, exceptionals and amortisation					**(12.0)**	**11.0**
Exceptional items					(2.2)	(19.7)
Amortisation					(0.5)	(0.8)
Loss before taxation					(14.7)	(9.5)
Margins						
Sunbelt			*28.6%*	*32.3%*	*5.0%*	*12.0%*
A-Plant			*22.4%*	*25.9%*	*-4.9%*	*0.7%*
Group			*26.6%*	*31.6%*	*2.3%*	*11.0%*

Third quarter results reflect the prevailing market conditions with rental revenues declining in Sunbelt by 22% to $225.2m and in A-Plant by 19% to £34.6m. Total revenue reductions were 22% in Sunbelt and 20% in A-Plant due to the greater reduction in sales of new and used equipment, merchandise and consumables.

The volume of fleet on rent held up well as a result of market share gains. Average fleet on rent in the third quarter reduced 8% year on year at Sunbelt and 6% at A-Plant. Pricing continued to be under pressure in both markets with yield declining 15% in Sunbelt and 14% in A-Plant compared to the same period in the prior year.

Our prompt action on cost reduction measures is reflected in the third quarter results with operating costs down 18% in Sunbelt and 16% in A-Plant. After an interest charge of £16.2m, the pre-tax loss before exceptionals and amortisation for the third quarter was £12.0m (2009: profit of £11.0m).

Balance sheet

Fixed assets

Capital expenditure in the nine months was £35.1m (2009: £234.0m) with £29.6m invested in the rental fleet (2009: £206.2m). Capital expenditure by division was as follows:

	2010	2009
Sunbelt in $m	37.7	216.8
Sunbelt in £m	23.5	150.4
A-Plant	6.1	55.8
Total rental equipment	29.6	206.2
Delivery vehicles, property improvements & computers	5.5	27.8
Total additions	35.1	234.0

All capital expenditure for the current and prior period was for replacement.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 January 2010 was 41 months (2009: 34 months) on a net book value basis. Sunbelt's fleet had an average age of 43 months (2009: 36 months) comprising 45 months for aerial work platforms which have a longer life and 41 months for the remainder of its fleet while A-Plant's fleet had an average age of 35 months (2009: 26 months).

The table below summarises dollar and physical utilisation:

	Rental fleet at original cost			LTM rental revenues	LTM dollar utilisation	LTM physical utilisation
	31 January 2010	30 April 2009	LTM average			
Sunbelt in $m	2,109	2,136	2,136	1,010	47%	65%
Sunbelt in £m	1,316	1,442	1,333	622	47%	65%
A-Plant	319	321	325	155	48%	68%
	1,635	1.763	1,658	777		

Dollar utilisation is defined as rental revenues divided by average fleet at original (or "first") cost and, measured over the last twelve months to 31 January 2010, was 47% at Sunbelt (2009: 60%) and 48% at A-Plant (2009: 55%). Physical utilisation is time based utilisation, which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date and, measured over the last twelve months to 31 January 2010 was 65% in Sunbelt (2009: 68%) and 68% at A-Plant (2009: 67%).

Trade receivables

Receivable days at 31 January were 50 days (2009: 54 days). The bad debt charge for the nine months ended 31 January 2010 as a percentage of total turnover was 1.0% (2009: 1.2%). Trade receivables at 31 January 2010 of £108.0m (2009: £161.7m) are stated net of provisions for bad debts and credit notes of £15.8m (2009: £19.7m) with the provision representing 12.8% (2009: 10.8%) of gross receivables.

Trade and other payables

Group payable days were 63 days in 2010 (2009: 54 days). Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Nine months to 31 January		LTM to 31 January	Year to 30 April
	2010	2009	2010	2009
	£m	£m	£m	£m
EBITDA before exceptional items	193.8	290.7	262.0	358.9
Cash inflow from operations before exceptional items and changes in rental equipment	195.6	282.4	286.8	373.6
*Cash efficiency ratio**	*101.0%*	*97.1%*	*109.5%*	*104.1%*
Maintenance rental capital expenditure	(29.1)	(196.9)	(40.7)	(208.5)
Non-rental capital expenditure	(4.6)	(23.2)	(8.5)	(27.1)
Rental equipment disposal proceeds	16.8	51.3	50.8	85.3
Other property, plant and equipment disposal proceeds	1.9	2.4	6.1	6.6
Tax (paid)/received	(0.5)	(1.6)	1.9	0.8
Financing costs paid	(29.1)	(38.3)	(55.5)	(64.7)
Cash flow before growth capex and exceptionals	**151.0**	**76.1**	**240.9**	**166.0**
Exceptional costs paid	(6.8)	(4.1)	(12.1)	(9.4)
Total cash generated from operations	**144.2**	**72.0**	**228.8**	**156.6**
Business (acquisitions)/disposals	(0.6)	89.6	(1.2)	89.0
Total cash generated	**143.6**	**161.6**	**227.6**	**245.6**
Dividends paid	(8.3)	(8.4)	(12.8)	(12.9)
Share buy-backs and other equity transactions (net)	-	(15.9)	-	(15.9)
Decrease in net debt	**135.3**	**137.3**	**214.8**	**216.8**

*Cash inflow from operations before exceptional items and changes in rental equipment as a percentage of EBITDA before exceptional items.

Cash inflow from operations before exceptional items and changes in rental equipment decreased 30.7% to £195.6m reflecting the lower EBITDA in 2010 whilst the cash efficiency ratio was 101.0% (2009: 97.1%) reflecting changes in working capital in the recession.

Total payments for capital expenditure (rental equipment and other PPE) were £33.7m whilst total disposal proceeds received totalled £18.7m. Net cash capital expenditure was therefore £15.0m in the nine months (2009: £166.4m). Financing costs paid differ from the accounting charge in the income statement due to the timing of interest payments and non-cash interest charges.

After business acquisition and disposal costs of £0.6m and exceptional costs paid of £6.8m, representing mostly the settlement of staff severance and vacant property costs all of which were provided for at 30 April 2009, the Group generated £143.6m of net cash inflow in the nine months. £8.3m of this net inflow was returned to equity shareholders by way of dividends with the balance of £135.3m applied to reduce outstanding debt.

Net debt

	31 January		30 April
	2010	2009	2009
	£m	£m	£m
First priority senior secured bank debt	361.1	596.3	501.1
Finance lease obligations	4.4	9.4	7.9
8.625% second priority senior secured notes, due 2015	152.8	169.7	165.1
9% second priority senior secured notes, due 2016	336.7	373.4	363.5
	855.0	1,148.8	1,037.6
Cash and cash equivalents	(26.4)	(1.8)	(1.7)
Total net debt	828.6	1,147.0	1,035.9

Net debt at 31 January 2010 was £828.6m (30 April 2009: £1,035.9m) which includes a translation reduction since year end of £77.9m reflecting the strengthening of the pound against the dollar. The Group's underlying EBITDA for the twelve months ended 31 January 2010 was £262.0m and the ratio of net debt to underlying EBITDA was therefore 3.2 times at 31 January 2010 (2009: 2.6 times).

Under the terms of our asset-based senior bank facility, $1.3bn is committed until November 2013 with an additional $0.5bn available until August 2011. Our debt facilities continue to be committed for the long term, with an average of 5.2 years remaining at 31 January 2010. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 7%. Financial performance covenants under the two senior secured notes issues are only measured at the time new debt is raised. There are two financial performance covenants under the asset-based first priority senior bank facility:

- funded debt to LTM EBITDA before exceptional items not to exceed 4.0 times; and
- a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last twelve months) which must be equal or greater than 1.1.

These covenants do not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds $150m. At 31 January 2010 availability under the bank facility was $481m ($550m at 30 April 2009). Accordingly, the Board continues to believe that it is appropriate to prepare the accounts on a going concern basis. Additionally, although the senior debt covenants were not required to be measured at 31 January 2010, the Group was in compliance with both of them at that date.

Principal risks and uncertainties

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

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

Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars. 100% of our debt was denominated in US dollars at 31 January 2010. At that date dollar denominated debt represented approximately 80% of the value of dollar denominated net assets (other than debt) providing a partial, but substantial, hedge against the translation effects of changes in the dollar exchange rate. The dollar interest payable on this debt also limits the impact of changes in the dollar exchange rate on our pre-tax profits and earnings. Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 31 January 2010, a 1% change in the US dollar exchange rate would impact pre-tax profit by £0.2m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 January		30 April	31 January		30 April
	2010	2009	2009	2010	2009	2009
Sunbelt Rentals	395	402	398	5,509	6,429	6,072
A-Plant	106	154	122	1,933	2,334	2,159
Corporate office	-	-	-	12	13	13
Group	501	556	520	7,454	8,776	8,244

Sunbelt's store numbers include 90 Sunbelt at Lowes stores at 31 January 2010 (2009: 90).