17 June 2010

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2010

	Fourth quarter			Year		
	2010	2009	Change[1]	2010	2009	Change[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Revenue	210.1	232.1	-3%	836.8	1,073.5	-25%
EBITDA	61.3	68.2	-1%	255.1	356.1	-31%
Operating profit	14.6	16.4	+26%	68.5	155.0	-58%
Profit/(loss) before tax	(3.1)	(0.2)	+20%	5.0	87.4	-95%
Earnings per share	(0.4p)	0.2p	-	0.2p	11.9p	-
Statutory results						
Profit/(loss) before tax	1.9	(29.2)	-	4.8	0.8	-
Earnings per share[3]	0.3p	(3.3p)	-	0.2p	0.4p	-

[1] At constant exchange rates [2] Before exceptionals, intangible amortisation & fair value remeasurements [3] from continuing operations

Highlights

- Profit of £5m (2009: £87m) in difficult market conditions
- Strong full year EBITDA margin of 30.5% (2009: 33.2%)
- Encouraging early signs of improvement in Q4, particularly in the US
- £191m (2009: £157m) of cash generated from operations in the year
- Net debt reduced to £829m (2009: £1,036m); net debt to EBITDA leverage of 3.1 times
- $1.3bn ABL facility successfully refinanced in the year providing:
  - long average debt maturity of 5 years at year end
  - with $537m of year end availability, all our debt continues to be effectively covenant free
- Final dividend of 2.0p per share proposed (2009: 1.675p) making 2.9p for the year (2009: 2.575p)

Ashtead's chief executive, Geoff Drabble, commented:

"Having taken decisive and prompt actions to prepare the business for the contraction in our end markets we have maintained healthy margins and strong cash generation whilst gaining market share. Although market conditions remain difficult we are pleased to have seen some early signs of improvement in Q4, particularly in the US.

In the US we continue to believe that we will see stabilisation in markets in the current year with improving trends through 2011. In the UK, whilst current markets are also stabilising, uncertainty around the impact of public sector spending cuts makes the medium term less certain.

In preparation for the next phase of the cycle, we have started a fleet reinvestment programme, funded from operating cash flow. Our well structured debt facility means that we can react quickly if markets differ materially from those we anticipate.

Having strengthened our market position in the year just ended and with the flexibility provided by our strong balance sheet, the Board believes that the Group is well positioned for the future."

Contacts:

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

Geoff Drabble and Ian Robson will host a meeting for equity analysts to discuss the results at 9.30 am on Thursday 17 June at the offices of RBS Hoare Govett at 250 Bishopsgate, London EC2M 4AA. 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 this announcement and the slide presentation used for the meeting will also be available for download on the Company's website. A conference call for bondholders will begin at 3.15pm (10.15am 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 (Ashley Forget) at +44 (0)20 7379 5151.

Overview

The year's results reflect a full year's impact of the global recession which produced a significant reduction in construction volumes in both our markets. Against this backdrop our relative performance has been strong in both markets where we have made clear market share gains whilst maintaining good EBITDA margins. These strong margins, together with tight control of capital expenditure, generated £191m of cash in the year and £348m from operations in the past two years which has been applied to reduce net debt to £829m.

Lack of available finance had a dramatic impact on the pace of the decline with construction projects being cancelled or suspended in an unprecedented manner. As a result our revenues were impacted by both a reduction in volume and significant yield declines as excess supply of equipment and future uncertainty resulted in some irrational behaviour. Over the course of the year, the rental industry reacted to these conditions by removing surplus fleet and, as a result, whilst construction markets remain difficult, there is evidence, particularly in the US, of price stabilisation.

We are pleased to be able report a return to profit growth in the US in the fourth quarter with an operating profit of $24m as compared to $17m in the prior year despite lower revenues.

Whilst this is an encouraging performance, construction markets remain fragile and we anticipate only moderate recovery in the US before 2011. In the UK, current activity levels remain stable due to committed infrastructure spend, particularly in utilities, but the medium term outlook is less certain.

In the coming year, as we prepare for full recovery, we intend to increase our gross capital expenditure from £63m in 2009/10 to around £225m. Currently our plans are for this reinvestment to be largely for fleet replacement as we look to broadly maintain the size of our rental fleets whilst holding or slightly reducing their average age. However, if markets continue to improve, we have the flexibility to make more of this expenditure available for fleet growth. As a result of these expenditure plans, we are targeting debt to be broadly flat over the course of the year. Beyond next year, assuming improved markets, we expect our ongoing strong operating cash flow generation to provide us with the ability to fund significant organic fleet growth whilst, at the same time, reducing the level of net debt to EBITDA.

Our well structured debt package also gives us the flexibility to make strategic capital investments as appropriate. The strength of this structure has been clearly demonstrated during an unprecedented downturn and is equally appropriate as we plan for the next phase of our cycle with availability in excess of $500m and long committed maturities.

Trading results

	Revenue 2010	Revenue 2009	EBITDA 2010	EBITDA 2009	Operating profit 2010	Operating profit 2009
Sunbelt in $m	1,080.5	1,450.0	350.8	500.4	116.6	241.8
Sunbelt in £m	674.5	865.5	219.0	298.7	72.7	144.4
A-Plant	162.3	208.0	42.0	62.8	1.8	16.1
Group central costs	-	-	(5.9)	(5.4)	(6.0)	(5.5)
Continuing operations	836.8	1,073.5	255.1	356.1	68.5	155.0
Net financing costs					(63.5)	(67.6)
Profit before tax, exceptionals and amortisation from continuing operations					**5.0**	**87.4**
Ashtead Technology					-	2.8
Exceptional items (net)					3.3	(17.1)
Amortisation					(2.5)	(3.4)
Total Group profit before taxation					5.8	69.7
Taxation					(3.7)	(6.7)
Profit attributable to equity holders of the Company					2.1	63.0
Margins						
Sunbelt			*32.5%*	*34.5%*	*10.8%*	*16.7%*
A-Plant			*25.9%*	*30.2%*	*1.1%*	*7.7%*
Group			*30.5%*	*33.2%*	*8.2%*	*14.4%*

Underlying Group revenues were £837m (2009: £1.07bn) whilst the underlying pre-tax profit was £5m (2009: £87m). Measured at constant exchange rates, underlying revenue declined 25% to £837m, underlying EBITDA by 31% to £255m and underlying operating profit by 58% to £69m.

Rental revenues declined 25% in Sunbelt to $989m and by 21% in A-Plant to £152m reflecting 10% less fleet on rent in both markets and average yield declines of 16% in Sunbelt and 12% in A-Plant. Fleet size remained broadly flat throughout the year in both businesses at $2.1bn and £320m respectively whilst physical utilisation remained comparatively strong.

Fourth quarter trends were encouraging with Sunbelt returning to operating profit growth in the quarter on rental revenues down 8%.

The prompt action we took in the winter of 2008/9 to right-size the cost base to the lower activity levels and the tight cost control we maintained all year ensured that operating costs before depreciation and used equipment sold reduced by $204m (23%) in Sunbelt and by £21m (16%) in A-Plant. For the Group as a whole, operating costs (before depreciation and used equipment sold) were reduced by £148m or 21%, at constant exchange rates, compared to the previous year and by £191m compared to the 12 months ended 31 October 2008, the period immediately before we implemented the right sizing programme.

As a result, despite the significant revenue reductions, full year EBITDA margins declined by only 2% in Sunbelt and 4% in A-Plant and remained above 30% for the Group as a whole.

Depreciation expense declined 7% at constant exchange rates reflecting the smaller average fleet size to give an underlying operating profit for the year of $117m (2009: $242m) in Sunbelt and £2m in A-Plant (2009: £16m).

Group performance

Reflecting the operating results discussed above and a US dollar exchange rate that was on average 5% stronger against the pound ($1.60 in 2009/10 v $1.68 in 2008/9), Group EBITDA before exceptional items declined £101m to £255m whilst the underlying operating profit reduced from £155m to £69m.

Lower average interest rates and significantly lower underlying average debt levels partly offset by the higher margin payable from November on the extended senior debt resulted in a lower net financing cost of £64m (2009: £68m) despite an adverse translation effect from the stronger dollar in which all our debt is now denominated.

Exceptional items this year comprised the £3m non-cash write off of the remaining deferred financing costs on the 2006 senior debt facility following its renewal in November 2009, a credit of £5m relating to the remeasurement at fair value of the embedded call options in the Group's senior secured notes and a £1m credit for the release of a provision for potential warranty claims on the June 2008 sale of Ashtead Technology which proved not to be required. After exceptionals and amortisation of acquired intangibles of £2m, the reported profit before tax for the year was £5m (2009: £1m).

The current year effective tax rate was stable at 35% (2009: 34%). In addition, there was an adjustment of £2m to prior year tax. Moving forward, once economies in the UK and US recover from the current recession, we expect the Group's effective tax rate to remain around 35% whilst the cash tax rate should continue to be substantially lower.

Underlying earnings per share for the year decreased to 0.2p (2009: 11.9p) whilst the basic earnings per share from continuing activities for the year was 0.2p (2009: 0.4p).

Capital expenditure

Capital expenditure for the year was held to £63m (2009: £238m) or roughly one third of the depreciation charge as we aged the fleet and maximised cash generation in tough markets. Despite this, the average age of the Group's rental fleet at 30 April 2010 was 44 months (2009: 35 months) on a net book value weighted basis. Disposal proceeds were £32m (2009: £100m), including £2m from the disposal of assets held for sale at April 2009, giving net capital expenditure for the year of £31m (2009: £138m).

We anticipate investing around £225m gross and £175m net in the coming year which will be mostly replacement rather than growth expenditure.

Cash flow and net debt

£191m (2009: £157m) was generated from operations in the year, of which £13m was returned to equity shareholders by way of dividend and £178m was applied to reduce outstanding debt. Including a translation reduction of £37m, closing net debt at 30 April 2010 reduced to £829m (30 April 2009: £1,036m). The ratio of net debt to underlying EBITDA at constant exchange rates was 3.1 times at 30 April 2010 (2009: 2.6 times).

Our debt package remains well structured for both the challenges of current market conditions and to enable us to take advantage of the next phase in the cycle. We retain substantial headroom on facilities which are committed for the long term, an average of 5.0 years at 30 April 2010 (2009: 4.6 years), with the first maturity being on our asset based senior bank facility which now extends until November 2013. Availability at 30 April 2010 was $537m (2009: $550m) well above the $150m level at which the entire debt package is covenant free.

Dividends

The Board is recommending a final dividend of 2.0p per share (2009: 1.675p) making 2.9p for the year (2009: 2.575p). Payment of the 2009/2010 dividend will cost £14.5m and, whilst not covered by 2009/10 earnings is, in the Board's view, appropriate. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 10 September 2010 to shareholders on the register on 20 August 2010.

In future the Board will aim to provide a progressive dividend having regard to both profits and cash generation whilst seeking to keep to levels that are sustainable over the cycle.

Current trading and outlook

Fleet on rent and revenue continued to be encouraging in both of our markets during May, supporting our view that the winter of 2010 was the bottom of the cycle.

In the US we continue to believe that we will see stabilisation in markets in the current year with improving trends through 2011. In the UK, whilst current markets are also stabilising, uncertainty around the impact of public sector spending cuts makes the medium term less certain.

In preparation for the next phase of the cycle, we have started a fleet reinvestment programme, funded from operating cash flow. Our well structured debt facility means that we can react quickly if markets differ materially from those we anticipate.

Having strengthened our market position in the year just ended and with the flexibility provided by our strong balance sheet, the Board believes that the Group is well positioned for the future.

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 on the annual report

The responsibility statement below has been prepared in connection with the Company's Annual Report & Accounts for the year ended 30 April 2010. Certain parts thereof are not included in this announcement.

"The Board confirms to the best of its knowledge (a) the consolidated financial statements, prepared in accordance with IFRS as issued by the International Accounting Standards Board and IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and (b) the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board 16 June 2010"

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 APRIL 2010

	2010			2009		
	Before exceptionals, amortisation and remeasurements £m	Exceptionals, amortisation and remeasurements £m	Total £m	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m
Fourth quarter – unaudited						
Continuing operations						
Revenue						
Rental revenue	188.6	-	188.6	218.8	-	218.8
Sale of new equipment, merchandise and consumables	10.0	-	10.0	12.2	-	12.2
Sale of used rental equipment	11.5	-	11.5	1.1	30.5	31.6
	210.1	-	210.1	232.1	30.5	262.6
Operating costs						
Staff costs	(66.8)	-	(66.8)	(76.7)	(2.9)	(79.6)
Used rental equipment sold	(8.3)	-	(8.3)	0.4	(30.3)	(29.9)
Other operating costs	(73.7)	-	(73.7)	(87.6)	(16.9)	(104.5)
	(148.8)	-	(148.8)	(163.9)	(50.1)	(214.0)
EBITDA*	61.3	-	61.3	68.2	(19.6)	48.6
Depreciation	(46.7)	-	(46.7)	(51.8)	(8.2)	(60.0)
Amortisation	-	(0.5)	(0.5)	-	(1.2)	(1.2)
Operating profit/(loss)	14.6	(0.5)	14.1	16.4	(29.0)	(12.6)
Net financing costs	(17.7)	5.5	(12.2)	(16.6)	-	(16.6)
Profit/(loss) on ordinary activities before taxation	(3.1)	5.0	1.9	(0.2)	(29.0)	(29.2)
Taxation:						
- current	-	-	-	(0.6)	1.3	0.7
- deferred	1.2	(1.8)	(0.6)	2.0	9.9	11.9
	1.2	(1.8)	(0.6)	1.4	11.2	12.6
Profit/(loss) from continuing operations	(1.9)	3.2	1.3	1.2	(17.8)	(16.6)
Loss from discontinued operations	-	-	-	-	(0.1)	(0.1)
Profit/(loss) attributable to equity holders of the Company	(1.9)	3.2	1.3	1.2	(17.9)	(16.7)
Continuing operations						
Basic earnings per share	(0.4p)	0.7p	0.3p	0.2p	(3.5p)	(3.3p)
Diluted earnings per share	(0.4p)	0.7p	0.3p	0.2p	(3.5p)	(3.3p)
Total continuing and discontinued operations						
Basic earnings per share	(0.4p)	0.7p	0.3p	0.2p	(3.5p)	(3.3p)
Diluted earnings per share	(0.4p)	0.7p	0.3p	0.2p	(3.5p)	(3.3p)

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2010

	2010			2009		
	Before exceptionals, amortisation and remeasurements	Exceptionals, amortisation and remeasurements	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Year to 30 April 2010 - audited						
Continuing operations						
Revenue						
Rental revenue	769.6	-	769.6	974.0	-	974.0
Sale of new equipment, merchandise and consumables	40.6	-	40.6	55.6	-	55.6
Sale of used rental equipment	26.6	1.6	28.2	43.9	50.5	94.4
	836.8	1.6	838.4	1,073.5	50.5	1,124.0
Operating costs						
Staff costs	(266.3)	-	(266.3)	(313.4)	(4.5)	(317.9)
Used rental equipment sold	(24.6)	(1.6)	(26.2)	(37.3)	(50.3)	(87.6)
Other operating costs	(290.8)	-	(290.8)	(366.7)	(35.0)	(401.7)
	(581.7)	(1.6)	(583.3)	(717.4)	(89.8)	(807.2)
EBITDA*	255.1	-	255.1	356.1	(39.3)	316.8
Depreciation	(186.6)	-	(186.6)	(201.1)	(43.9)	(245.0)
Amortisation	-	(2.5)	(2.5)	-	(3.4)	(3.4)
Operating profit	68.5	(2.5)	66.0	155.0	(86.6)	68.4
Net financing costs	(63.5)	2.3	(61.2)	(67.6)	-	(67.6)
Profit on ordinary activities before taxation	5.0	(0.2)	4.8	87.4	(86.6)	0.8
Taxation:						
- current	(2.2)	-	(2.2)	(2.7)	2.6	(0.1)
- deferred	(1.7)	0.2	(1.5)	(26.9)	28.2	1.3
	(3.9)	0.2	(3.7)	(29.6)	30.8	1.2
Profit from continuing operations	1.1	-	1.1	57.8	(55.8)	2.0
Profit from discontinued operations	-	1.0	1.0	2.0	59.0	61.0
Profit attributable to equity holders of the Company	1.1	1.0	2.1	59.8	3.2	63.0
Continuing operations						
Basic earnings per share	0.2p	-	0.2p	11.5p	(11.1p)	0.4p
Diluted earnings per share	0.2p	-	0.2p	11.4p	(11.0p)	0.4p
Total continuing and discontinued operations						
Basic earnings per share	0.2p	0.2p	0.4p	11.9p	0.6p	12.5p
Diluted earnings per share	0.2p	0.2p	0.4p	11.8p	0.7p	12.5p

* 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 30 April		Audited Year to 30 April	
	2010	2009	2010	2009
	£m	£m	£m	£m
Profit/(loss) attributable to equity holders of the Company for the period	1.3	(16.7)	2.1	63.0
Foreign currency translation differences	8.8	(3.4)	(9.0)	59.8
Actuarial gain/(loss) on defined benefit pension scheme	4.8	(7.4)	(9.2)	(7.4)
Tax on foreign currency translation differences	-	-	-	(3.7)
Tax on defined benefit pension scheme	(1.3)	2.4	2.6	2.0
Tax on share-based payments	0.1	0.4	0.1	0.4
Total comprehensive income for the period	13.7	(24.7)	(13.4)	114.1

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2010

	Audited 2010	2009
	£m	£m
Current assets		
Inventories	9.9	10.4
Trade and other receivables	134.7	148.3
Current tax asset	1.1	1.5
Cash and cash equivalents	54.8	1.7
	200.5	161.9
Assets held for sale	-	1.6
	200.5	163.5
Non-current assets		
Property, plant and equipment		
- rental equipment	969.7	1,140.5
- other assets	131.9	153.5
	1,101.6	1,294.0
Intangible assets - brand names and other acquired intangibles	3.3	5.9
Goodwill	373.6	385.4
Deferred tax asset	7.8	12.3
Other financial assets - derivatives	5.7	-
Defined benefit pension fund surplus	-	0.3
	1,492.0	1,697.9
Total assets	1,692.5	1,861.4
Current liabilities		
Trade and other payables	130.6	106.7
Current tax liability	2.1	-
Debt due within one year	3.1	6.9
Provisions	12.0	17.4
	147.8	131.0
Non-current liabilities		
Debt due after more than one year	880.7	1,030.7
Provisions	29.4	36.8
Deferred tax liabilities	126.6	136.9
Defined benefit pension fund deficit	7.7	-
	1,044.4	1,204.4
Total liabilities	1,192.2	1,335.4
Equity		
Share capital	55.3	55.3
Share premium account	3.6	3.6
Capital redemption reserve	0.9	0.9
Non-distributable reserve	90.7	90.7
Own shares held by the Company	(33.1)	(33.1)
Own shares held through the ESOT	(6.3)	(6.3)
Cumulative foreign exchange translation differences	20.1	29.1
Retained reserves	369.1	385.8
Equity attributable to equity holders of the Company	500.3	526.0
Total liabilities and equity	1,692.5	1,861.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2010

Audited

	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	56.2	3.6	-	90.7	(23.3)	(7.0)	(28.2)	348.3	440.3
Total comprehensive income for the period	-	-	-	-	-	-	56.1	58.0	114.1
Shares issued	-	-	-	-	0.5	-	-	(0.3)	0.2
Dividends paid	-	-	-	-	-	-	-	(12.9)	(12.9)
Share-based payments	-	-	-	-	-	-	-	(0.8)	(0.8)
Vesting of share awards	-	-	-	-	-	1.1	-	(1.1)	-
Own shares purchased	-	-	-	-	(15.7)	(0.4)	-	-	(16.1)
Cancellation of shares held by the Company	(0.9)	-	0.9	-	5.4	-	-	(5.4)	-
Realisation of foreign exchange translation differences	-	-	-	-	-	-	1.2	-	1.2
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	-	-	-	-	-	-	(9.0)	(4.4)	(13.4)
Dividends paid	-	-	-	-	-	-	-	(12.8)	(12.8)
Share-based payments	-	-	-	-	-	-	-	0.5	0.5
At 30 April 2010	55.3	3.6	0.9	90.7	(33.1)	(6.3)	20.1	369.1	500.3

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2010

	Audited 2010 £m	Audited 2009 £m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental fleet	265.6	373.6
Exceptional costs paid	(8.2)	(9.4)
Payments for rental property, plant and equipment	(36.1)	(208.5)
Proceeds from disposal of rental property, plant and equipment before exceptional disposals	25.2	39.2
Exceptional proceeds from disposal of rental property, plant and equipment	1.6	46.1
Cash generated from operations	248.1	241.0
Financing costs paid (net)	(54.7)	(64.7)
Tax received (net)	0.3	0.8
Net cash from operating activities	193.7	177.1
Cash flows from investing activities		
Acquisition of businesses	(0.2)	(0.3)
Disposal of business (costs)/proceeds	(0.5)	89.3
Payments for non-rental property, plant and equipment	(6.7)	(27.1)
Proceeds from disposal of non-rental property, plant and equipment	4.0	6.6
Net cash (used in)/from investing activities	(3.4)	68.5
Cash flows from financing activities		
Drawdown of loans	290.7	147.8
Redemption of loans	(410.8)	(353.4)
Capital element of finance lease payments	(4.3)	(11.6)
Purchase of own shares by the Company	-	(15.7)
Purchase of own shares by the ESOT	-	(0.4)
Dividends paid	(12.8)	(12.9)
Proceeds from issue of ordinary shares	-	0.2
Net cash used in financing activities	(137.2)	(246.0)
Increase/(decrease) in cash and cash equivalents	53.1	(0.4)
Opening cash and cash equivalents	1.7	1.8
Effect of exchange rate differences	-	0.3
Closing cash and cash equivalents	54.8	1.7

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the year ended 30 April 2010 were approved by the directors on 16 June 2010. This preliminary announcement of the results for the year ended 30 April 2010 contains information derived from the forthcoming 2009/10 Annual Report & Accounts and does not contain sufficient information to comply with International Financial Reporting Standards (IFRS) and does not constitute the statutory accounts for the purposes of section 435 of the Companies Act 2006. The 2008/9 Annual Report & Accounts has been delivered to the Registrar of Companies. The 2009/10 Annual Report & Accounts will be delivered to the Registrar of Companies and made available on the Group's website at www.ashtead-group.com in July 2010. The auditors' reports in respect of both years are unqualified, do not include a reference to any matter by way of emphasis without qualifying the report and do not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The financial statements have been prepared on the going concern basis. After reviewing the Group's annual budget, plans and financing arrangements, the directors consider that the Group has adequate resources to continue in operation for the foreseeable future and consequently that it is appropriate to adopt the going concern basis in preparing the financial statements.

The results for the year ended and quarter ended 30 April 2010 have been prepared in accordance with relevant IFRS and the accounting policies set out in the Group's Annual Report & 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 statements' 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 (revised) First time adoption of IFRS;
- IFRS 3 (revised) Business combinations;
- Amendments to IFRS 2 Group cash-settled share-based payment transactions;
- 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;
- Improvements to IFRSs (April 2009).

The figures for the fourth quarter are unaudited.

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

	2010	2009
Average for the quarter ended 30 April	1.53	1.44
Average for the year ended 30 April	1.60	1.68
At 30 April	1.53	1.48

NOTES TO THE FINANCIAL STATEMENTS

2. Segmental analysis

	Revenue before exceptionals	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit/(loss)
Three months to 30 April	£m	£m	£m	£m
2010				
Sunbelt	169.0	16.0	(0.3)	15.7
A-Plant	41.1	0.5	(0.2)	0.3
Corporate costs	-	(1.9)	-	(1.9)
	210.1	14.6	(0.5)	14.1
2009				
Sunbelt	189.4	16.2	(13.4)	2.8
A-Plant	42.7	1.6	(15.6)	(14.0)
Corporate costs	-	(1.4)	-	(1.4)
	232.1	16.4	(29.0)	(12.6)
Year to 30 April				
2010				
Sunbelt	674.5	72.7	(1.9)	70.8
A-Plant	162.3	1.8	(0.6)	1.2
Corporate costs	-	(6.0)	-	(6.0)
	836.8	68.5	(2.5)	66.0
2009				
Sunbelt	865.5	144.4	(54.8)	89.6
A-Plant	208.0	16.1	(31.8)	(15.7)
Corporate costs	-	(5.5)	-	(5.5)
	1,073.5	155.0	(86.6)	68.4

	Segment assets	Cash	Taxation assets	Other financial assets - derivatives	Total assets
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
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 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 30 April						
Staff costs:						
Salaries	61.0	-	61.0	69.2	2.9	72.1
Social security costs	5.6	-	5.6	6.0	-	6.0
Other pension costs	0.2	-	0.2	1.5	-	1.5
	66.8	-	66.8	76.7	2.9	79.6
Used rental equipment sold	8.3	-	8.3	(0.4)	30.3	29.9
Other operating costs:						
Vehicle costs	17.1	-	17.1	18.0	0.3	18.3
Spares, consumables & external repairs	11.1	-	11.1	14.9	0.4	15.3
Facility costs	11.7	-	11.7	12.8	10.9	23.7
Other external charges	33.8	-	33.8	41.9	5.3	47.2
	73.7	-	73.7	87.6	16.9	104.5
Depreciation and amortisation:						
Depreciation	46.7	-	46.7	51.8	8.2	60.0
Amortisation of acquired intangibles	-	0.5	0.5	-	1.2	1.2
	46.7	0.5	47.2	51.8	9.4	61.2
	195.5	0.5	196.0	215.7	59.5	275.2
Year to 30 April						
Staff costs:						
Salaries	244.7	-	244.7	284.6	4.5	289.1
Social security costs	20.2	-	20.2	23.0	-	23.0
Other pension costs	1.4	-	1.4	5.8	-	5.8
	266.3	-	266.3	313.4	4.5	317.9
Used rental equipment sold	24.6	1.6	26.2	37.3	50.3	87.6
Other operating costs:						
Vehicle costs	66.2	-	66.2	84.0	0.5	84.5
Spares, consumables & external repairs	48.9	-	48.9	61.9	1.9	63.8
Facility costs	44.9	-	44.9	47.3	25.3	72.6
Other external charges	130.8	-	130.8	173.5	7.3	180.8
	290.8	-	290.8	366.7	35.0	401.7
Depreciation and amortisation:						
Depreciation	186.6	-	186.6	201.1	43.9	245.0
Amortisation of acquired intangibles	-	2.5	2.5	-	3.4	3.4
	186.6	2.5	189.1	201.1	47.3	248.4
	768.3	4.1	772.4	918.5	137.1	1,055.6

NOTES TO THE FINANCIAL STATEMENTS

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 30 April		Year to 30 April	
	2010	2009	2010	2009
	£m	£m	£m	£m
US cost reduction programme	-	(12.3)	-	(52.2)
UK cost reduction programme	-	(15.6)	-	(31.7)
Profit on sale of property from closed sites	-	0.1	-	0.7
Write off of deferred financing costs	-	-	(3.2)	-
Fair value remeasurements of embedded derivatives	5.5	-	5.5	-
Sale of Ashtead Technology	-	(0.1)	1.0	66.1
Total exceptional items before taxation	5.5	(27.9)	3.3	(17.1)
Taxation on exceptional items	(2.0)	10.7	(0.7)	22.4
Total exceptional items	3.5	(17.2)	2.6	5.3
Amortisation of acquired intangibles (net of tax credit)	(0.3)	(0.7)	(1.6)	(2.1)
	3.2	(17.9)	1.0	3.2

The write off of deferred financing costs consists of the unamortised balance of costs related to the 2006 ABL facility refinanced in November 2009. Fair value remeasurements relate to the changes in the fair value of the embedded call options in our senior secured note issues. 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 30 April		Year to 30 April	
	2010	2009	2010	2009
	£m	£m	£m	£m
Sale of used rental equipment	-	30.5	1.6	50.5
Staff costs	-	(2.9)	-	(4.5)
Used rental equipment sold	-	(30.3)	(1.6)	(50.3)
Other operating costs	-	(16.9)	-	(35.0)
Depreciation	-	(8.2)	-	(43.9)
Amortisation of acquired intangibles	(0.5)	(1.2)	(2.5)	(3.4)
Charged in arriving at operating profit	(0.5)	(29.0)	(2.5)	(86.6)
Net financing income	5.5	-	2.3	-
Charged in arriving at profit before tax	5.0	(29.0)	(0.2)	(86.6)
Taxation	(1.8)	11.2	0.2	30.8
	3.2	(17.8)	-	(55.8)
(Loss)/profit after taxation from discontinued operations	-	(0.1)	1.0	59.0
	3.2	(17.9)	1.0	3.2

NOTES TO THE FINANCIAL STATEMENTS

5. Financing costs

	Three months to 30 April		Year to 30 April	
	2010	2009	2010	2009
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	(0.8)	(1.0)	(3.2)	(4.1)
Interest expense:				
Bank interest payable	4.2	3.8	13.4	21.6
Interest payable on second priority senior secured notes	11.6	12.0	44.4	42.4
Interest payable on finance leases	0.1	0.1	0.3	0.7
Non-cash unwind of discount on defined benefit pension plan liabilities	0.7	0.8	3.0	3.1
Non-cash unwind of discount on self insurance provisions	0.5	0.1	1.5	1.1
Amortisation of deferred costs of debt raising	1.4	0.8	4.1	2.8
Total interest expense	18.5	17.6	66.7	71.7
Net financing costs before exceptional items	17.7	16.6	63.5	67.6
Exceptional items	-	-	3.2	-
Fair value remeasurements	(5.5)	-	(5.5)	-
Net financing costs	12.2	16.6	61.2	67.6

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 37% in the US (2009: 40%) and 29% in the UK (2009: 29%) applied to the profit before tax, exceptional items and amortisation of acquired intangibles. The blended current year effective rate for the Group as a whole is 35%.

The tax charge of £3.9m (2009: £29.6m) on the underlying pre-tax profit of £5.0m (2009: £87.4m) from continuing operations can be explained as follows:

	Year to 30 April	
	2010	2009
	£m	£m
Current tax		
- Current tax on income for the year	3.9	2.7
- Adjustments to prior year	(1.7)	-
	2.2	2.7
Deferred tax		
- Origination and reversal of temporary differences	(2.1)	26.9
- Adjustments to prior year	3.8	-
	1.7	26.9
Tax on underlying activities	3.9	29.6
Comprising:		
- UK tax	10.0	13.0
- US tax	(6.1)	16.6
	3.9	29.6

In addition, the tax credit of £0.2m (2009: £30.8m) on exceptional costs (including amortisation and fair value remeasurements) of £0.2m (2009: £86.6m) relating to continuing operations consists of a current tax credit of £nil relating to the UK (2009: £2.6m), a deferred tax charge of £0.2m (2009: credit of £5.9m) relating to the UK and a deferred tax credit of £0.4m (2009: £22.3m) relating to the US.

NOTES TO THE FINANCIAL STATEMENTS

7. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 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 is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

	Three months to 30 April		Year to 30 April	
	2010	2009	2010	2009
Profit/(loss) for the financial period (£m)				
From continuing operations	1.3	(16.6)	1.1	2.0
From discontinued operations	-	(0.1)	1.0	61.0
From continuing and discontinued operations	1.3	(16.7)	2.1	63.0
Weighted average number of shares (m) - basic	497.6	497.9	497.6	504.5
- diluted	503.5	498.0	501.4	504.7
Basic earnings per share				
From continuing operations	0.3p	(3.3p)	0.2p	0.4p
From discontinued operations	-	-	0.2p	12.1p
From continuing and discontinued operations	0.3p	(3.3p)	0.4p	12.5p
Diluted earnings per share				
From continuing operations	0.3p	(3.3p)	0.2p	0.4p
From discontinued operations	-	-	0.2p	12.1p
From continuing and discontinued operations	0.3p	(3.3p)	0.4p	12.5p

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 30 April		Year to 30 April	
	2010	2009	2010	2009
Basic earnings per share	0.3p	(3.3p)	0.4p	12.5p
Exceptional items and amortisation of acquired intangibles	(1.0p)	5.8p	(0.2p)	4.1p
Tax on exceptional items and amortisation	0.3p	(2.3p)	-	(4.7p)
Underlying earnings per share	(0.4p)	0.2p	0.2p	11.9p
Other deferred tax	(0.2p)	(0.4p)	0.4p	5.4p
Cash tax earnings per share	(0.6p)	(0.2p)	0.6p	17.3p

NOTES TO THE FINANCIAL STATEMENTS

8. Dividends

During the year, a final dividend in respect of the year ended 30 April 2009 of 1.675p (2008: 1.675p) per share and an interim dividend for the year ended 30 April 2010 of 0.9p (2009: 0.9p) per share were paid to shareholders.

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	(35.0)	(39.3)	233.4	262.9
Reclassifications	(3.6)	(0.1)	(0.6)	-
Additions	55.6	63.4	207.5	238.3
Acquisitions	0.1	0.1	0.1	0.1
Disposals	(25.2)	(29.9)	(43.6)	(50.6)
Depreciation	(162.7)	(186.6)	(210.8)	(245.0)
Transfer to assets held for sale	-	-	(39.5)	(41.8)
At 30 April	969.7	1,101.6	1,140.5	1,294.0

10. Called up share capital

Ordinary shares of 10p each:

	2010 Number	2009 Number	2010 £m	2009 £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 30 April 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

	Year to 30 April	
	2010	2009
	£m	£m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation:		
- continuing operations	68.5	155.0
- discontinued operations	-	2.8
	68.5	157.8
Depreciation	186.6	201.1
EBITDA before exceptional items	255.1	358.9
Profit on disposal of rental equipment	(2.0)	(6.6)
Profit on disposal of other property, plant and equipment	(0.1)	(0.9)
Decrease in inventories	0.2	10.5
Decrease in trade and other receivables	10.8	47.1
Increase/(decrease) in trade and other payables	1.0	(34.5)
Exchange differences	0.1	0.1
Other non-cash movements	0.5	(1.0)
Cash generated from operations before exceptional items and changes in rental equipment	265.6	373.6

NOTES TO THE FINANCIAL STATEMENTS

11. Notes to the cash flow statement (continued)

b) Reconciliation of net debt

	Year to 30 April 2010 £m	Year to 30 April 2009 £m
(Increase)/decrease in cash in the period	(53.1)	0.4
Decrease in debt through cash flow	(124.4)	(217.2)
Change in net debt from cash flows	(177.5)	(216.8)
Exchange differences	(36.9)	285.0
Non-cash movements:		
- deferred costs of debt raising	7.3	2.8
- capital element of new finance leases	0.2	1.7
(Reduction)/increase in net debt in the period	(206.9)	72.7
Opening net debt	1,035.9	963.2
Closing net debt	829.0	1,035.9

c) Analysis of net debt

	1 May 2009 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	30 April 2010 £m
Cash	(1.7)	-	(53.1)	-	(54.8)
Debt due within 1 year	6.9	(0.2)	(4.1)	0.5	3.1
Debt due after 1 year	1,030.7	(36.7)	(120.3)	7.0	880.7
Total net debt	1,035.9	(36.9)	(177.5)	7.5	829.0

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

d) Acquisitions

	Year to 30 April 2010 £m	Year to 30 April 2009 £m
Cash consideration	0.2	0.3

12. Contingent liabilities

The Group is subject to periodic legal claims and tax audits in the ordinary course of its business, none of which is expected to have a significant impact on the Group's financial position.

REVIEW OF FOURTH QUARTER, BALANCE SHEET AND CASH FLOW

Fourth quarter	Revenue		EBITDA		Operating profit	
	2010	2009	2010	2009	2010	2009
Sunbelt in $m	259.2	266.2	81.4	78.2	24.4	17.3
Sunbelt in £m	169.0	189.4	53.2	57.6	16.0	16.2
A-Plant	41.1	42.7	10.0	11.9	0.5	1.6
Group central costs	-	-	(1.9)	(1.3)	(1.9)	(1.4)
	210.1	232.1	61.3	68.2	14.6	16.4
Net financing costs					(17.7)	(16.6)
Loss before tax, exceptionals and amortisation from continuing operations					**(3.1)**	**(0.2)**
Exceptional items					5.5	(27.9)
Amortisation					(0.5)	(1.2)
Total Group profit/(loss) before taxation					1.9	(29.3)
Taxation					(0.6)	12.6
Profit/(loss) attributable to equity holders of the Company					1.3	(16.7)
Margins						
Sunbelt			*31.4%*	*29.4%*	*9.4%*	*6.5%*
A-Plant			*24.4%*	*27.9%*	*1.2%*	*3.7%*
Group			*29.2%*	*29.3%*	*7.0%*	*7.0%*

Fourth quarter results reflect the prevailing market conditions with rental revenues declining by 8% to $229.7m at Sunbelt and also by 8% to £38.5m at A-Plant. Total revenue reductions were 3% in Sunbelt and 4% in A-Plant due to increased sales of used equipment offsetting declines in rental revenues and sales of new 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 fourth quarter reduced 5% year on year at Sunbelt and was broadly flat at A-Plant. Pricing continued to be soft in both markets with yield declining 5% in Sunbelt and 9% in A-Plant compared to the same period in the prior year but, particularly in the US, the yield decline was significantly lower than in recent quarters.

Now a year has elapsed since we undertook the right-sizing of our business in winter 2008/9, fourth quarter operating costs declined 5% in Sunbelt and were broadly flat in A-Plant. After an interest charge of £17.7m, the pre-tax loss before exceptionals and amortisation for the fourth quarter was £3.1m (2009: £0.2m).

Balance sheet

Fixed assets

Capital expenditure in the year was £63.4m (2009: £238.3m) of which £55.6m was invested in the rental fleet (2009: £207.5m).

Expenditure on rental equipment was 88% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and to computer equipment. Capital expenditure by division was as follows:

	2010	2009
Sunbelt in $m	69.6	221.0
Sunbelt in £m	45.5	149.1
A-Plant	10.1	58.4
Total rental equipment	55.6	207.5
Delivery vehicles, property improvements & computers	7.8	30.8
Total additions	63.4	238.3

Reflecting the recession, all this year's capital expenditure was for replacement, as was the case in 2008/9.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2010 was 44 months (2009: 35 months) weighted on a net book value basis. Sunbelt's fleet had an average age of 46 months (2009: 38 months) whilst A-Plant's fleet had an average age of 36 months (2009: 27 months).

The original cost of the Group's rental fleet and the dollar and physical utilisation for the year ended 30 April 2010 is shown below:

	Rental fleet at original cost					
	30 April 2010	30 April 2009	LTM average	LTM rental revenue	LTM dollar utilisation	LTM physical utilisation
Sunbelt in $m	2,094	2,136	2,124	989	47%	64%
Sunbelt in £m	1,368	1,442	1,388	618	47%	64%
A-Plant	321	321	319	152	48%	69%
	1,689	1,763	1,707	770		

Dollar utilisation is defined as rental revenues divided by average fleet at original (or "first") cost and, in the year ended 30 April 2010, was 47% at Sunbelt (2009: 57%) and 48% at A-Plant (2009: 52%). 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, in the year ended 30 April 2010, was 64% at Sunbelt (2009: 66%) and 69% at A-Plant (2009: 67%).

Trade receivables

Receivable days at 30 April were 45 days (2009: 47 days). The bad debt charge for the year ended 30 April 2010 as a percentage of total turnover was 1.2% (2009: 1.6%). Trade receivables at 30 April 2010 of £114.2m (2009: £124.0m) are stated net of provisions for bad debts and credit notes of £15.6m (2009: £17.6m) with the provision representing 12.0% (2009: 12.4%) of gross receivables.

Trade and other payables

Group payable days were 88 days in 2010 (2009: 53 days) with capital expenditure related payables, which have longer payment terms, totalling £27.6m (2009: £9.4m). Payment periods for purchases other than rental equipment vary between seven and 45 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Year to 30 April	
	2010	2009
	£m	£m
EBITDA before exceptional items	255.1	358.9
Cash inflow from operations before exceptional items and changes in rental equipment	265.6	373.6
*Cash conversion ratio**	*104.1%*	*104.1%*
Maintenance rental capital expenditure paid	(36.1)	(208.5)
Payments for non-rental capital expenditure	(6.7)	(27.1)
Rental equipment disposal proceeds	26.8	85.3
Other property, plant and equipment disposal proceeds	4.0	6.6
Tax received (net)	0.3	0.8
Financing costs paid (net)	(54.7)	(64.7)
Cash flow before payment of exceptional costs	**199.2**	**166.0**
Exceptional costs paid	(8.2)	(9.4)
Total cash generated from operations	**191.0**	**156.6**
Business (acquisitions)/disposals	(0.7)	89.0
Total cash generated	**190.3**	**245.6**
Dividends paid	(12.8)	(12.9)
Share buy-backs and other equity transactions (net)	-	(15.9)
Decrease in net debt	**177.5**	**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 29% to £265.6m reflecting the lower EBITDA in 2010 whilst the cash conversion ratio was 104.1% (2009: 104.1%) reflecting reduced working capital in the recession.

Total payments for capital expenditure (rental equipment and other PPE) were £42.8m whilst disposal proceeds received totalled £30.8m. Net capital expenditure payments were therefore £12.0m in the year (2009: £143.7m).

There were again no net tax payments as a result of the reduced profitability in the recession. Financing costs paid differ from the accounting charge in the income statement due to the timing of interest payments in the year and non-cash interest charges. They reduced significantly due to the impact of both lower average interest rates and lower average debt levels, partially offset by the higher margin payable on the extended tranche of the ABL facility from November. Exceptional costs paid of £8.2m represented mostly staff severance and vacant property costs, all of which were provided for at 30 April 2009.

Accordingly the Group generated £190.3m (2009: £245.6m) of net cash inflow in the year. This reflected net cash generation of £191.0m from operations (2009: £156.6m) while in 2008/9 a further £89.0m was generated from the June 2008 sale of Ashtead Technology. £12.8m of the net inflow was returned to equity shareholders by way of dividends with the balance of £177.5m applied to reduce outstanding debt.

Over the past two years, a total of £435.9m has been generated with £41.6m returned to stockholders in dividends and buy-backs, and £394.3m applied to reduce net outstanding debt.

Net debt

	2010 £m	2009 £m
First priority senior secured bank debt	367.5	501.1
Finance lease obligations	3.5	7.9
8.625% second priority senior secured notes, due 2015	160.2	165.1
9% second priority senior secured notes, due 2016	352.6	363.5
	883.8	1,037.6
Cash and cash equivalents	(54.8)	(1.7)
Total net debt	829.0	1,035.9

Net debt at 30 April 2010 was £829.0m (30 April 2009: £1,035.9m) which includes a translation reduction since year end of £36.9m reflecting the strengthening of the pound against the dollar. The Group's underlying EBITDA for the year ended 30 April 2010 was £255.1m and the ratio of net debt to reported underlying EBITDA was therefore 3.2 times at 30 April 2010 (2009: 2.9 times). At constant rates of exchange leverage was 3.1 times based on EBITDA for the year of £265.3m at closing exchange rates.

Substantially all of the Group's cash and cash equivalents at 30 April 2010 are deposited with one large UK based financial institution which is not expected to fail.

Under the terms of our extended asset-based senior bank facility, $1.3bn is committed until November 2013 whilst an additional $0.5bn continues to be available until August 2011. Our debt facilities remain committed for the long term, with an average of 5.0 years remaining at 30 April 2010. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 7.4%. Financial performance covenants under the two senior secured note 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 to 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 30 April 2010 excess availability under the bank facility was $537m ($550m at 30 April 2009) making it unlikely that covenants will be measured. Additionally, although the senior debt covenants were not required to be measured at 30 April 2010, the Group was in compliance with both of them at that date. Accordingly, the Board continues to believe that it is appropriate to prepare the accounts on a going concern basis.

Financial risk management

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps whereas the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

The Group has fixed and variable rate debt in issue with 58% of the drawn debt at a fixed rate as at 30 April 2010. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. The interest rates currently applicable to this variable rate debt are LIBOR as applicable to the currency borrowed (US dollars or pounds) plus 350bp on the $1.3bn revolver, LIBOR plus 200bp on the additional $0.3bn revolver and LIBOR plus 175bp on the $0.2bn term loan.

The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2010, the Group had no such outstanding swap agreements. The Group also holds cash and cash equivalents, which earn interest at a variable rate.

Currency exchange risk

Currency exchange risk is limited to translation risk as there are no transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is the pound sterling. However, a majority of our assets, liabilities, revenue and costs is denominated in US dollars. The Group has arranged its financing such that virtually all of its debt is also denominated in US dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense. At 30 April 2010, dollar denominated debt represented approximately 82% of the value of dollar denominated net assets (other than debt). Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 30 April 2010, a 1% change in the US dollar exchange rate would impact pre-tax profit by £40,000.

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenues in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign exchange exposures or the impact of exchange rate movements on the translation of overseas profits into sterling. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions (e.g. acquisitions) is considered on an individual basis.

<u>Credit risk</u>

The Group's financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has a large number of unrelated customers, serving over 580,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage credit risk more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit rating agencies and the maintenance of a credit control function.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group generates significant free cash flow (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow is available to the Group to invest in growth capital expenditure, acquisitions and dividend payments or to reduce debt.

In addition to the free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2010, availability under this facility was $537m (£351m).

Principal risks and uncertainties

The Group faces a number of risks and uncertainties in its day-to-day operations and it is management's role to mitigate and manage these risks. The Board has established a formal risk management process which has identified the following principal risks and uncertainties which could affect employees, operations, revenues, profits, cash flows and assets of the Group.

<u>Economic conditions</u>

Potential impact
The construction industry, from which we earn the majority of our revenues, is cyclical with construction industry cycles typically lagging the general economic cycle by between six and eighteen months. We may suffer a protracted reduction in demand for our products and services if the construction industry takes longer than expected to come out of the downward phase of the industry cycle or has a weaker than anticipated recovery.

Mitigation
- Prudent management through the different phases of the cycle.
- Flexibility in the business model maintained to ensure adaptability whatever the economic environment.
- Capital structure and financing arranged in recognition of the cyclical nature of our industry.

<u>Competition</u>

Potential impact
The already competitive market becomes even more competitive and we suffer increased competition from large national competitors or small companies operating at a local level resulting in reduced market share and lower revenue.

Mitigation
- Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.
- Excel in the areas that provide barriers to entry to newcomers: industry leading application of IT, experienced personnel and a broad network and equipment fleets.
- Regularly estimate and monitor our market share and track the performance of our competitors to ensure that we are performing effectively.

<u>Exchange rates</u>

Potential impact
Exchange rate exposure arises from translation risk due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars. The relative value of sterling and the US dollar can fluctuate widely and could have a material effect on our financial condition and results of operations.

Mitigation
- Financing arranged so that virtually all our debt is denominated in US dollars providing a partial, but substantial, hedge against the translation effects of changes in the dollar exchange rate.
- Dollar interest payable on this debt also limits the impact of changes in the dollar exchange rate on our earnings.

Supply chain

Potential impact
We source equipment and parts from a small number of principal suppliers. If we are unable to obtain the right equipment and parts at the right time for a reasonable cost from our suppliers, this could have an adverse impact on the Group's financial performance.

Mitigation
- Partnering relationships with suppliers that have a strong reputation for product quality and reliability and good after-sales service and support.
- Sufficient alternative sources of supply for the equipment we purchase in each product category.
- Size and scale of our business and of our rental fleets enables us to negotiate favourable delivery, pricing, warranty and other terms with our suppliers.

Financing

Potential impact
Debt facilities are provided for a finite period of time and we could fail to renew facilities prior to their maturity. Such renewal could be affected by any structural issues in the credit markets. Debt facilities become unavailable by virtue of non-compliance with their terms. If we fail to renew required debt facilities, we might be unable to meet our obligations as they fall due.

Mitigation
- The weighted average remaining life of our debt facilities is 5 years with the first significant maturity being the asset-based senior bank debt facility which now extends until November 2013.
- Our facilities have no quarterly monitored financial covenants provided availability maintained on the asset-based senior bank debt exceeds $150m. At 30 April 2010 availability was $537m.
- If they are ever required to be calculated, covenants are computed at constant exchange rates and before exceptional items.

Acquisitions

Potential impact
Acquisitions may not deliver the expected benefits through over paying, acquiring unforeseen liabilities or failure to integrate effectively.

Mitigation
- Detailed operational and financial due diligence to ensure particularly that operational and financial risks are identified and appropriately factored into our valuation of the target.
- Development of a rigorous post-acquisition integration plan with close management and monitoring to ensure synergies are realised fully.

Accounting/fraud

Potential impact
Accounting or fraud discrepancies could occur if our financial and operational control framework is inadequate resulting in a loss and/or misstatement of the Group's financial performance.

Mitigation
- Maintain a robust internal financial control framework.
- A strong internal financial and operational audit function reviews the operation of the control framework and reports regularly to management and to the Audit Committee.

IT systems

Potential impact
We own over 250,000 units of rental equipment and in the past year entered into approximately 2.0m rental contracts which are tracked and controlled using fully integrated computer systems in the US and UK. A serious uncured failure in this area would have an immediate impact on our business, rendering us unable to record and track our high volume of relatively low value transactions.

Mitigation
- Robust and well protected data centres with multiple data links to protect against the risk of failure.
- Detailed business recovery plans which are tested periodically.
- Separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at the primary site.

People

Potential impact
Retaining and attracting good people is key to delivering superior performance and customer service. Excessive staff turnover is likely to impact on our ability to maintain the appropriate quality of service to our customers and would ultimately impact our financial performance adversely.

Mitigation
- Provide well structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need.
- Ensure that our staff have the right working environment and equipment to enable them to do the best job possible and maximise their satisfaction and fulfilment at work.
- Invest in opportunities for our people to enhance their skills and develop their careers to the mutual benefit of both themselves and the Company.

Health and safety

Potential impact
Accidents happen which might result in injury to an individual, claims against the Group and damage to our reputation.

Mitigation
- Maintain appropriate health and safety policies and procedures to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies and procedures.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.

Compliance with laws and regulations

Potential impact
Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.

Mitigation
- Maintaining a legal function to oversee management of these risks and to achieve compliance with relevant legislation.
- Group-wide ethics policy and 'whistle blowing' arrangements, by which employees may, in confidence, raise concerns about any alleged improprieties.
- Policies and practices evolve to take account of changes in legal obligations.
- Training and induction programmes ensure our staff receive appropriate training and briefing on the relevant policies.

Environmental

Potential impact
We could fail to comply with the numerous laws governing environmental protection and occupational health and safety matters. These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. This potentially creates hazards to our employees, damage to our reputation and exposes the Group to, amongst other things, the cost of investigating and remediating contamination at our sites as well as sites to which we send hazardous wastes for disposal or treatment regardless of fault, and also fines and penalties for non-compliance.

Mitigation
- Stringent policies and procedures in place at all our stores.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools.
- Monitoring and reporting of carbon emissions.

OPERATING STATISTICS

	Profit centre numbers		Staff numbers	
	2010	2009	2010	2009
Sunbelt Rentals	393	398	5,334	6,072
A-Plant	105	122	1,872	2,077
Corporate office	-	-	12	13
Group	498	520	7,218	8,162

Sunbelt's profit centre numbers include 89 Sunbelt at Lowes stores at 30 April 2010 (90 at 30 April 2009).