Ashtead group

8 December 2011

Unaudited results for the half year and second quarter ended 31 October 2011

	Second quarter			First half		
	2011	2010	Growth[1]	2011	2010	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Revenue	306.9	245.2	+27%	575.5	484.3	+24%
EBITDA	112.7	81.8	+40%	206.6	160.2	+35%
Operating profit	63.4	35.5	+83%	109.6	65.7	+75%
Profit before taxation	50.6	18.1	+186%	84.4	30.0	+197%
Earnings per share	6.4p	2.3p	+185%	10.7p	3.9p	+196%
Statutory results						
Profit before taxation	49.8	9.6	+446%	82.9	23.6	+271%
Earnings per share	6.3p	1.2p	+466%	10.5p	3.1p	+273%

[1] at constant exchange rates [2] before amortisation of acquired intangibles and fair value remeasurements

Highlights

- Record first half pre-tax profit of £84m (2010: £30m)
- 25% first half rental revenue growth at Sunbelt
- Sunbelt's EBITDA margin rises to 38% (2010: 34.5%)
- Now see full year profit substantially ahead of our earlier expectations
- Interim dividend raised by 7.5% to 1.0p per share (2010: 0.93p)

Ashtead's chief executive, Geoff Drabble, commented:

"We are delighted to report record first half pre-tax profits of £84m in end markets which remain well below previous peaks.

Market share gains, the on-going structural shift to rental in the US and operational efficiency meant we delivered a very strong performance across a broad range of metrics despite end construction markets being at a cyclical low point. This is encouraging for both the short-term, where we expect a continuation of current trends, and the longer term where, when cyclical recovery comes, we expect to benefit significantly.

With our robust debt structure, substantial capacity to fund fleet growth and the well-established momentum in the business we now anticipate a full year profit substantially ahead of our earlier expectations."

Contacts:

Geoff Drabble	Chief executive	+44 (0)20 7726 9700
Ian Robson	Finance director	
Brian Hudspith	Maitland	+44 (0)20 7379 5151

Geoff Drabble and Ian Robson will host a meeting for equity analysts to discuss the results and outlook at 9.30am on Thursday 8 December at the offices of RBS at 250 Bishopsgate, London, EC2M 4AA. This meeting will be webcast live for the information of shareholders and investors 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 meeting concludes. A copy of the announcement and slide presentation used for the meeting will also be available for download on the Company's website. There will, as usual, also be a separate call for bondholders at 3.00 UK time (10.00am EST).

Analysts and bondholders have already been invited to these meetings but any eligible person not holding an invitation should contact Astrid Wright at Maitland, on 020 7379 5151.

First half results

	Revenue 2011	Revenue 2010	EBITDA 2011	EBITDA 2010	Operating profit 2011	Operating profit 2010
Sunbelt in $m	775.8	615.0	296.2	212.5	173.5	99.0
Sunbelt in £m	481.8	401.9	183.9	138.9	107.8	64.7
A-Plant	93.7	82.4	26.1	24.4	5.3	4.2
Group central costs	-	-	(3.4)	(3.1)	(3.5)	(3.2)
	575.5	484.3	206.6	160.2	109.6	65.7
Net financing costs					(25.2)	(35.7)
Profit before tax, remeasurements and amortisation					**84.4**	**30.0**
Amortisation and fair value remeasurements					(1.5)	(6.4)
Profit before taxation					82.9	23.6
Taxation					(30.7)	(8.4)
Profit attributable to equity holders of the Company					52.2	15.2
Margins						
Sunbelt			*38.2%*	*34.5%*	*22.4%*	*16.1%*
A-Plant			*27.9%*	*29.6%*	*5.6%*	*5.1%*
Group			*35.9%*	*33.1%*	*19.0%*	*13.6%*

First half results reflect continued improvement in the US with Sunbelt's rental revenue growing 25% to $694m (2010: $557m). This comprised a 12% increase in fleet on rent, 7% higher yield and a first-time contribution from Empire Scaffold. In the UK, A-Plant's first half rental revenue grew by 11% to £86m (2010: £77m) including 2% growth in average fleet on rent and 6% yield improvement.

Total revenue growth for the Group of 24% at constant rates (19% at actual rates) included higher used equipment sales revenue of £37m (2010: £21m) as we increased capital expenditure and hence sold more used equipment.

Costs remained under close control with the reported growth in staff costs being due principally to the first-time inclusion of Empire following its acquisition in January 2011. Consequently, Sunbelt's EBITDA increased by $84m or 74% of the net $113m increase in first half rental revenue as adjusted to exclude the $24m first-time impact of Empire's largely pass-through erection and dismantling labour recovery billings. This high 'drop through' demonstrates the significant operational gearing in our business. In a tough market, A-Plant also delivered an improved performance with its operating profits growing to £5m.

Underlying Group pre-tax profit grew to £84m, 2.8 times greater than 2010's £30m. This reflected the operating profit growth and lower net financing costs of £25m (2010: £36m), mainly as a result of the benefits of the debt refinancing undertaken in the fourth quarter of 2010/11.

After £1m of intangible amortisation, the statutory profit before tax was £83m (2010: £24m). The effective tax rate on the underlying pre-tax profit was 37% (2010: 35%). Underlying earnings per share grew 176% to 10.7p (2010: 3.9p) whilst basic earnings per share were 10.5p (2010: 3.1p).

Capital expenditure

Capital expenditure this year will, as usual, be concentrated in the first, second and fourth quarters of the year as we maximise expenditure for the seasonally stronger summer months. First half expenditure was £253m gross and £212m net of disposal proceeds (2010: £96m gross and £72m net). As a result the average age of the Group's rental fleet at 31 October 2011 was 39 months (2010: 44 months). Sunbelt's fleet size at 31 October of $2.3bn was 8% larger than a year earlier whilst average first half physical utilisation grew to 73% (2010: 71%) as we successfully put the new equipment out on rent.

For the year as a whole we now expect to invest around £400m or roughly double depreciation on a gross basis (up from our earlier 175% of depreciation guidance) whilst, after disposal proceeds, net payments for capex this year are expected to be around £300m. The additional expenditure, much of which will only be received into the fleet in March and April next year will ensure we are positioned ready for the 2012 summer season.

Return on Investment

Sunbelt's pre-tax return on investment (operating profit to the sum of net tangible assets, goodwill and other intangibles) in the 12 months to 31 October 2011 improved to 12.0% (2010: 7.2%) despite end US construction markets being at 30 year lows. In the UK, return on investment remains weak at 1.6% (2010: 1.2%) reflecting continuing excess supply in the UK market. For the Group as a whole, return on investment of 9.9% (2010: 5.9%) now exceeds our cost of capital.

Cash flow and net debt

Debt increased in the first half in line with plan. This resulted from the capital expenditure made to grow and renew the fleet and due to the usual seasonal increase in working capital that occurs in the first half as activity rises in the summer months. As usual the working capital increase should largely reverse in the second half. Net debt at 31 October 2011 was therefore £889m (2010: £777m) whilst the ratio of net debt to EBITDA has been reduced to 2.7 times (2010: 2.9 times), well within our 2-3x target leverage range. We are also targeting further deleveraging in the second half.

The Group's two debt facilities remain committed until 2016 (March 2016 for the senior bank facility and August 2016 for the $550m senior secured notes) whilst ABL availability was $574m - substantially above the $168m level at which the Group's entire debt package is covenant free.

Dividend

In line with its policy of providing a progressive dividend having regard to both underlying profit and cash generation and to sustainability through the economic cycle, the Board has declared an interim dividend of 1.0p per share (2010: 0.93p per share). This will be paid on 8 February 2012 to shareholders on record on 20 January 2012.

Current trading and outlook

November saw both Sunbelt and A-Plant deliver good year-on-year revenue and profit growth continuing the pattern established in the first half.

With our robust debt structure, substantial capacity to fund fleet growth and the well-established momentum in our business, we now anticipate a full year profit substantially ahead of our earlier expectations.

Forward looking statements

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

Directors' responsibility statement in respect of the interim financial report

We confirm that to the best of our knowledge:

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

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

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

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

By order of the Board of Directors　　　　7 December 2011

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 OCTOBER 2011

	2011			2010		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation and remeasurements £m	Amortisation and remeasurements £m	Total £m
Second quarter - unaudited						
Revenue						
Rental revenue	272.9	-	272.9	221.7	-	221.7
Sale of new equipment, merchandise and consumables	11.6	-	11.6	10.6	-	10.6
Sale of used rental equipment	22.4	-	22.4	12.9	-	12.9
	306.9	-	306.9	245.2	-	245.2
Operating costs						
Staff costs	(85.7)	-	(85.7)	(71.1)	-	(71.1)
Used rental equipment sold	(19.0)	-	(19.0)	(12.2)	-	(12.2)
Other operating costs	(89.5)	-	(89.5)	(80.1)	-	(80.1)
	(194.2)	-	(194.2)	(163.4)	-	(163.4)
EBITDA*	112.7	-	112.7	81.8	-	81.8
Depreciation	(49.3)	-	(49.3)	(46.3)	-	(46.3)
Amortisation of intangibles	-	(0.8)	(0.8)	-	(0.3)	(0.3)
Operating profit	63.4	(0.8)	62.6	35.5	(0.3)	35.2
Investment income	1.1	-	1.1	1.0	-	1.0
Interest expense	(13.9)	-	(13.9)	(18.4)	(8.2)	(26.6)
Profit on ordinary activities before taxation	50.6	(0.8)	49.8	18.1	(8.5)	9.6
Taxation:						
- current	(1.9)	-	(1.9)	(2.1)	0.4	(1.7)
- deferred	(16.7)	0.3	(16.4)	(4.4)	2.6	(1.8)
	(18.6)	0.3	(18.3)	(6.5)	3.0	(3.5)
Profit attributable to equity holders of the Company	32.0	(0.5)	31.5	11.6	(5.5)	6.1
Basic earnings per share	6.4p	(0.1p)	6.3p	2.3p	(1.1p)	1.2p
Diluted earnings per share	6.3p	(0.1p)	6.2p	2.3p	(1.1p)	1.2p

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

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

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

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2011

	2011			2010		
	Before amortisation	Amortisation	Total	Before amortisation and remeasurements	Amortisation and remeasurements	Total
	£m	£m	£m	£m	£m	£m
First half - unaudited						
Revenue						
Rental revenue	516.8	-	516.8	441.3	-	441.3
Sale of new equipment, merchandise and consumables	22.2	-	22.2	21.6	-	21.6
Sale of used rental equipment	36.5	-	36.5	21.4	-	21.4
	575.5	-	575.5	484.3	-	484.3
Operating costs						
Staff costs	(165.2)	-	(165.2)	(141.7)	-	(141.7)
Used rental equipment sold	(31.1)	-	(31.1)	(20.5)	-	(20.5)
Other operating costs	(172.6)	-	(172.6)	(161.9)	-	(161.9)
	(368.9)	-	(368.9)	(324.1)	-	(324.1)
EBITDA*	206.6	-	206.6	160.2	-	160.2
Depreciation	(97.0)	-	(97.0)	(94.5)	-	(94.5)
Amortisation of intangibles	-	(1.5)	(1.5)	-	(0.7)	(0.7)
Operating profit	109.6	(1.5)	108.1	65.7	(0.7)	65.0
Investment income	2.1	-	2.1	1.9	-	1.9
Interest expense	(27.3)	-	(27.3)	(37.6)	(5.7)	(43.3)
Profit on ordinary activities before taxation	84.4	(1.5)	82.9	30.0	(6.4)	23.6
Taxation:						
- current	(4.4)	-	(4.4)	(4.2)	0.4	(3.8)
- deferred	(26.8)	0.5	(26.3)	(6.5)	1.9	(4.6)
	(31.2)	0.5	(30.7)	(10.7)	2.3	(8.4)
Profit attributable to equity holders of the Company	53.2	(1.0)	52.2	19.3	(4.1)	15.2
Basic earnings per share	10.7p	(0.2p)	10.5p	3.9p	(0.8p)	3.1p
Diluted earnings per share	10.5p	(0.2p)	10.3p	3.8p	(0.8p)	3.0p

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited			
	Three months to 31 October		Six months to 31 October	
	2011	2010	2011	2010
	£m	£m	£m	£m
Profit attributable to equity holders of the Company for the period	31.5	6.1	52.2	15.2
Foreign currency translation differences	3.8	(3.7)	7.1	(8.7)
Actuarial gain on defined benefit pension scheme	-	12.1	-	12.1
Tax on defined benefit pension scheme	-	(3.9)	-	(3.9)
Total comprehensive income for the period	35.3	10.6	59.3	14.7

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2011

	Unaudited		Audited
	31 October		30 April
	2011	2010	2011
	£m	£m	£m
Current assets			
Inventories	11.8	9.8	11.5
Trade and other receivables	189.9	158.2	155.3
Current tax asset	2.3	0.8	2.3
Cash and cash equivalents	22.9	68.1	18.8
	226.9	236.9	187.9
Non-current assets			
Property, plant and equipment			
- rental equipment	1,042.5	921.4	914.5
- other assets	142.9	126.5	121.7
	1,185.4	1,047.9	1,036.2
Intangible assets - brand names and other acquired intangibles	11.3	2.7	12.3
Goodwill	366.2	358.2	354.9
Deferred tax asset	-	2.3	1.1
Defined benefit pension fund surplus	7.0	4.9	6.1
	1,569.9	1,416.0	1,410.6
Total assets	1,796.8	1,652.9	1,598.5
Current liabilities			
Trade and other payables	176.1	135.5	174.6
Current tax liability	4.4	3.4	2.4
Debt due within one year	1.7	2.2	1.7
Provisions	9.4	11.6	9.6
	191.6	152.7	188.3
Non-current liabilities			
Debt due after more than one year	910.4	842.7	792.8
Provisions	24.2	27.8	23.3
Deferred tax liabilities	142.3	123.5	112.7
	1,076.9	994.0	928.8
Total liabilities	1,268.5	1,146.7	1,117.1
Equity			
Share capital	55.3	55.3	55.3
Share premium account	3.6	3.6	3.6
Capital redemption reserve	0.9	0.9	0.9
Non-distributable reserve	90.7	90.7	90.7
Own shares held by the Company	(33.1)	(33.1)	(33.1)
Own shares held through the ESOT	(6.1)	(6.3)	(6.7)
Cumulative foreign exchange translation differences	9.7	11.4	2.6
Retained reserves	407.3	383.7	368.1
Equity attributable to equity holders of the Company	528.3	506.2	481.4
Total liabilities and equity	1,796.8	1,652.9	1,598.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 OCTOBER 2011

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m	Total £m
At 1 May 2010	55.3	3.6	0.9	90.7	(33.1)	(6.3)	20.1	369.1	500.3
Profit for the period	-	-	-	-	-	-	-	15.2	15.2
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(8.7)	-	(8.7)
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	12.1	12.1
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	(3.9)	(3.9)
Total comprehensive income for the period	-	-	-	-	-	-	(8.7)	23.4	14.7
Dividends paid	-	-	-	-	-	-	-	(10.0)	(10.0)
Share-based payments	-	-	-	-	-	-	-	0.6	0.6
Tax on share-based payments	-	-	-	-	-	-	-	0.6	0.6
At 31 October 2010	55.3	3.6	0.9	90.7	(33.1)	(6.3)	11.4	383.7	506.2
Loss for the period	-	-	-	-	-	-	-	(14.3)	(14.3)
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(8.8)	-	(8.8)
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	0.8	0.8
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	0.5	0.5
Total comprehensive income for the period	-	-	-	-	-	-	(8.8)	(13.0)	(21.8)
Dividends paid	-	-	-	-	-	-	-	(4.6)	(4.6)
Own shares purchased by the ESOT	-	-	-	-	-	(0.4)	-	-	(0.4)
Share-based payments	-	-	-	-	-	-	-	1.0	1.0
Tax on share-based payments	-	-	-	-	-	-	-	1.0	1.0
At 30 April 2011	55.3	3.6	0.9	90.7	(33.1)	(6.7)	2.6	368.1	481.4
Profit for the period	-	-	-	-	-	-	-	52.2	52.2
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	7.1	-	7.1
Total comprehensive income for the period	-	-	-	-	-	-	7.1	52.2	59.3
Dividends paid	-	-	-	-	-	-	-	(10.3)	(10.3)
Own shares purchased by the ESOT	-	-	-	-	-	(2.7)	-	-	(2.7)
Share-based payments	-	-	-	-	-	3.3	-	(2.1)	1.2
Tax on share-based payments	-	-	-	-	-	-	-	(0.6)	(0.6)
At 31 October 2011	55.3	3.6	0.9	90.7	(33.1)	(6.1)	9.7	407.3	528.3

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2011

	Unaudited	
	2011	2010
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	173.0	143.4
Exceptional operating costs paid	(2.0)	(2.6)
Payments for rental property, plant and equipment	(224.7)	(85.5)
Proceeds from disposal of rental property, plant and equipment	34.3	19.0
Cash (used in)/generated by operations	(19.4)	74.3
Financing costs paid (net)	(24.6)	(34.9)
Tax paid (net)	(2.4)	(2.3)
Net cash (used in)/generated by operating activities	(46.4)	37.1
Cash flows from investing activities		
Payments for non-rental property, plant and equipment	(32.9)	(10.1)
Proceeds from disposal of non-rental property, plant and equipment	4.7	2.6
Net cash used in investing activities	(28.2)	(7.5)
Cash flows from financing activities		
Drawdown of loans	112.4	42.4
Redemption of loans	(22.6)	(46.8)
Capital element of finance lease payments	(0.8)	(1.8)
Dividends paid	(10.3)	(10.0)
Net cash from/(used in) financing activities	78.7	(16.2)
Increase in cash and cash equivalents	4.1	13.4
Opening cash and cash equivalents	18.8	54.8
Effect of exchange rate differences	-	(0.1)
Closing cash and cash equivalents	22.9	68.1

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed interim financial statements for the six months ended 31 October 2011 were approved by the directors on 7 December 2011. They have been prepared in accordance with relevant International Financial Reporting Standards ('IFRS') as adopted by the European Union and the accounting policies set out in the Group's Annual Report and Accounts for the year ended 30 April 2011 except for the early adoption, with effect from 1 May 2011, of the 'Amendments to IFRS 7 financial instruments: disclosures - transfers of financial assets'. This amendment has no impact on the consolidated results or financial position of the Group.

The interim financial statements have been prepared on the going concern basis of accounting as summarised in the attached discussion of cash flow and net debt. These financial statements 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 2011 were prepared in accordance with relevant IFRS and have been mailed to shareholders and filed with the Registrar of Companies. The auditor's 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:

	2011	2010
Average for the three months ended 31 October	1.60	1.57
Average for the six months ended 31 October	1.61	1.53
At 31 October	1.61	1.60

2. Segmental analysis

	Revenue	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Three months to 31 October				
2011				
Sunbelt	259.3	62.2	(0.4)	61.8
A-Plant	47.6	3.0	(0.4)	2.6
Corporate costs	-	(1.8)	-	(1.8)
	306.9	63.4	(0.8)	62.6
2010				
Sunbelt	202.5	35.0	(0.1)	34.9
A-Plant	42.7	2.2	(0.2)	2.0
Corporate costs	-	(1.7)	-	(1.7)
	245.2	35.5	(0.3)	35.2

2. Segmental analysis (continued)

	Revenue £m	Operating profit before amortisation £m	Amortisation £m	Operating profit £m
Six months to 31 October				
2011				
Sunbelt	481.8	107.8	(0.7)	107.1
A-Plant	93.7	5.3	(0.8)	4.5
Corporate costs	-	(3.5)	-	(3.5)
	575.5	109.6	(1.5)	108.1
2010				
Sunbelt	401.9	64.7	(0.4)	64.3
A-Plant	82.4	4.2	(0.3)	3.9
Corporate costs	-	(3.2)	-	(3.2)
	484.3	65.7	(0.7)	65.0

	Segment assets £m	Cash £m	Taxation assets £m	Total assets £m
At 31 October 2011				
Sunbelt	1,477.3	-	-	1,477.3
A-Plant	294.1	-	-	294.1
Corporate items	0.2	22.9	2.3	25.4
	1,771.6	22.9	2.3	1,796.8
At 30 April 2011				
Sunbelt	1,284.4	-	-	1,284.4
A-Plant	291.8	-	-	291.8
Corporate items	0.1	18.8	3.4	22.3
	1,576.3	18.8	3.4	1,598.5

3. Operating costs

	2011			2010		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Three months to 31 October						
Staff costs:						
Salaries	79.1	-	79.1	65.6	-	65.6
Social security costs	5.2	-	5.2	4.9	-	4.9
Other pension costs	1.4	-	1.4	0.6	-	0.6
	85.7	-	85.7	71.1	-	71.1
Used rental equipment sold	19.0	-	19.0	12.2	-	12.2
Other operating costs:						
Vehicle costs	22.1	-	22.1	18.9	-	18.9
Spares, consumables & external repairs	15.7	-	15.7	15.6	-	15.6
Facility costs	11.3	-	11.3	10.7	-	10.7
Other external charges	40.4	-	40.4	34.9	-	34.9
	89.5	-	89.5	80.1	-	80.1
Depreciation and amortisation:						
Depreciation	49.3	-	49.3	46.3	-	46.3
Amortisation of acquired intangibles	-	0.8	0.8	-	0.3	0.3
	49.3	0.8	50.1	46.3	0.3	46.6
	243.5	0.8	244.3	209.7	0.3	210.0

3. Operating costs (continued)

	2011			2010		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	£m	£m	£m	£m	£m	£m
Six months to 31 October						
Staff costs:						
Salaries	152.1	-	152.1	130.8	-	130.8
Social security costs	10.3	-	10.3	9.8	-	9.8
Other pension costs	2.8	-	2.8	1.1	-	1.1
	165.2	-	165.2	141.7	-	141.7
Used rental equipment sold	31.1	-	31.1	20.5	-	20.5
Other operating costs:						
Vehicle costs	42.8	-	42.8	38.1	-	38.1
Spares, consumables & external repairs	30.5	-	30.5	30.2	-	30.2
Facility costs	21.9	-	21.9	23.1	-	23.1
Other external charges	77.4	-	77.4	70.5	-	70.5
	172.6	-	172.6	161.9	-	161.9
Depreciation and amortisation:						
Depreciation	97.0	-	97.0	94.5	-	94.5
Amortisation of acquired intangibles	-	1.5	1.5	-	0.7	0.7
	97.0	1.5	98.5	94.5	0.7	95.2
	465.9	1.5	467.4	418.6	0.7	419.3

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 profit and earnings per share are stated before exceptional items, amortisation of acquired intangibles and fair value remeasurements.

There were no exceptional items either this year or last. Amortisation of acquired intangibles and fair value remeasurements are as set out below.

	Three months to 31 October		Six months to 31 October	
	2011	2010	2011	2010
	£m	£m	£m	£m
Fair value remeasurements	-	8.2	-	5.7
Amortisation of acquired intangibles	0.8	0.3	1.5	0.7
	0.8	8.5	1.5	6.4
Taxation	(0.3)	(3.0)	(0.5)	(2.3)
	0.5	5.5	1.0	4.1

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

	Three months to 31 October		Six months to 31 October	
	2011	2010	2011	2010
	£m	£m	£m	£m
Amortisation of acquired intangibles	0.8	0.3	1.5	0.7
Charged in arriving at operating profit	0.8	0.3	1.5	0.7
Interest expense	-	8.2	-	5.7
Charged in arriving at profit before taxation	0.8	8.5	1.5	6.4
Taxation	(0.3)	(3.0)	(0.5)	(2.3)
	0.5	5.5	1.0	4.1

5. Financing costs

	Three months to 31 October		Six months to 31 October	
	2011	2010	2011	2010
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	(1.1)	(1.0)	(2.1)	(1.9)
Interest expense:				
Bank interest payable	4.3	4.5	8.4	9.0
Interest payable on second priority senior secured notes	7.8	11.3	15.4	23.2
Interest payable on finance leases	-	-	0.1	0.1
Non-cash unwind of discount on defined benefit pension plan liabilities	0.9	0.9	1.6	1.8
Non-cash unwind of discount on self-insurance provisions	0.3	0.3	0.6	0.7
Amortisation of deferred costs of debt raising	0.6	1.4	1.2	2.8
Total interest expense	13.9	18.4	27.3	37.6
Net financing costs before remeasurements	12.8	17.4	25.2	35.7
Fair value remeasurements	-	8.2	-	5.7
Net financing costs	12.8	25.6	25.2	41.4

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

6. Taxation

The tax charge for the period has been computed using an estimated effective rate of 40% in the US (2010: 35%) and 27% in the UK (2010: 30%). The blended effective rate for the Group as a whole is 37% of the profit before tax, amortisation of acquired intangibles and fair value remeasurements.

The tax charge of £31.2m (2010: £10.7m) on the underlying pre-tax profit of £84.4m (2010: £30.0m) is as follows:

	Six months to 31 October 2011 £m	2010 £m
Current tax		
- Current tax on income for the period	4.5	4.2
- Adjustment to prior year	(0.1)	-
	4.4	4.2
Deferred tax		
- Origination and reversal of temporary differences	26.3	6.3
- Adjustments to prior year	0.5	0.2
	26.8	6.5
Tax on underlying activities	31.2	10.7
Comprising:		
- UK tax	5.3	5.8
- US tax	25.9	4.9
	31.2	10.7

In addition, the tax credit of £0.5m (2010: £2.3m) on amortisation of acquired intangibles and fair value remeasurements of £1.5m (2010: £6.4m) consists of a current tax credit of £nil (2010: £0.4m) relating to the UK, a deferred tax credit of £0.2m relating to the UK (2010: £0.1m) and a deferred tax credit of £0.3m (2010: £1.8m) relating to the US.

7. Earnings per share

Basic and diluted earnings per share for the three and six months ended 31 October 2011 have been calculated based on the profit for the relevant period and on the weighted average number of ordinary shares in issue during that period (excluding shares held in treasury and by the ESOT over which dividends have been waived). Diluted earnings per share are computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive).

These are calculated as follows:

		Three months to 31 October 2011	2010	Six months to 31 October 2011	2010
Profit for the financial period (£m)		31.5	6.1	52.2	15.2
Weighted average number of shares (m)	- basic	497.9	497.7	497.8	497.7
	- diluted	505.9	504.6	507.2	504.5
Basic earnings per share		6.3p	1.2p	10.5p	3.1p
Diluted earnings per share		6.2p	1.2p	10.3p	3.0p

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7. Earnings per share (continued)

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

	Three months to 31 October		Six months to 31 October	
	2011	2010	2011	2010
Basic earnings per share	6.3p	1.2p	10.5p	3.1p
Amortisation of acquired intangibles and fair value remeasurements	0.1p	1.7p	0.3p	1.3p
Tax on amortisation and remeasurements	-	(0.6p)	(0.1p)	(0.5p)
Underlying earnings per share	6.4p	2.3p	10.7p	3.9p
Other deferred tax	3.4p	0.9p	5.4p	1.3p
Cash tax earnings per share	9.8p	3.2p	16.1p	5.2p

8. Dividends

During the period, a final dividend in respect of the year ended 30 April 2011 of 2.07p (2009: 2.0p) per share was paid to shareholders costing £10.3m (2010: £10.0m).

9. Property, plant and equipment

	2011		2010	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	914.5	1,036.2	969.7	1,101.6
Exchange difference	24.4	27.1	(30.0)	(33.5)
Reclassifications	(0.2)	-	(0.3)	-
Acquisitions	(0.3)	(0.3)	-	-
Additions	219.4	253.5	84.1	95.9
Disposals	(30.2)	(34.1)	(19.4)	(21.6)
Depreciation	(85.1)	(97.0)	(82.7)	(94.5)
At 31 October	1,042.5	1,185.4	921.4	1,047.9

10. Called up share capital

Ordinary shares of 10p each:

	31 October 2011	30 April 2011	31 October 2011	30 April 2011
	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

At 31 October 2011, 50m shares were held by the Company and a further 4.7m shares were held by the Company’s Employee Share Ownership Trust.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

11. Notes to the cash flow statement

	Six months to 31 October	
	2011	2010
	£m	£m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation	109.6	65.7
Depreciation	97.0	94.5
EBITDA before exceptional items	206.6	160.2
Profit on disposal of rental equipment	(5.4)	(0.9)
Profit on disposal of other property, plant and equipment	(1.0)	(0.6)
Decrease/(increase) in inventories	0.2	(0.3)
Increase in trade and other receivables	(29.5)	(26.9)
Increase in trade and other payables	0.8	11.4
Exchange differences	0.1	(0.1)
Other non-cash movements	1.2	0.6
Cash generated from operations before exceptional items and changes in rental equipment	173.0	143.4

	Six months to 31 October	
	2011	2010
	£m	£m
b) Reconciliation to net debt		
Increase in cash in the period	(4.1)	(13.4)
Increase/(decrease) in debt through cash flow	89.0	(6.2)
Change in net debt from cash flows	84.9	(19.6)
Exchange differences	26.4	(37.1)
Non-cash movements:		
- deferred costs of debt raising	1.2	2.8
- capital element of new finance leases	1.0	1.7
Increase/(reduction) in net debt in the period	113.5	(52.2)
Opening net debt	775.7	829.0
Closing net debt	889.2	776.8

c) Analysis of net debt

	1 May 2011	Exchange movement	Cash flow	Non-cash movements	31 October 2011
	£m	£m	£m	£m	£m
Cash	(18.8)	-	(4.1)	-	(22.9)
Debt due within 1 year	1.7	-	(0.8)	0.8	1.7
Debt due after 1 year	792.8	26.4	89.8	1.4	910.4
Total net debt	775.7	26.4	84.9	2.2	889.2

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

12. Contingent liabilities

There have been no significant changes in contingent liabilities from those reported in the financial statements for the year ended 30 April 2011.

In Spring 2011, following audits of the tax returns of the Group's US subsidiaries for the four years ended 30 April 2009, the US Internal Revenue Service ("IRS") issued revised assessments and associated notices of interest and penalties arising from its reclassification of certain US intercompany debt in those years from debt to equity and its consequent recharacterisation of US interest payments to the UK as equity-like distributions. The revised assessments would result in additional net tax payments due of $32m together with interest and penalties of $13m. We disagree with these assessments and believe that no adjustment is warranted.

If, contrary to our view, the IRS prevailed in its arguments then the Group has been advised that application to the UK tax authorities under the Competent Authority procedure should enable a corresponding adjustment reducing UK intercompany interest receivable and hence UK tax to be agreed. Taking account of this UK offset, the estimated impact of the IRS's proposed adjustments at 31 October 2011 would be to increase current tax payable by £28m, current tax receivable by £11m, deferred tax liabilities by £58m and deferred tax assets by £41m while shareholders' equity would reduce by approximately £34m.

Having taken external professional advice, the directors consider that the adjustments proposed by the IRS audit team have no merit and intend to defend this position vigorously. Whilst the procedures that have to be followed to resolve this sort of tax issue make it likely that it will be some years before the eventual outcome is known, the Board does not anticipate this matter having any material impact on the Group's results or financial position.

REVIEW OF SECOND QUARTER, BALANCE SHEET AND CASH FLOW

Second quarter

	Revenue 2011	Revenue 2010	EBITDA 2011	EBITDA 2010	Operating profit 2011	Operating profit 2010
Sunbelt in $m	414.7	317.7	161.6	111.7	99.6	54.8
Sunbelt in £m	259.3	202.5	101.0	71.3	62.2	35.0
A-Plant	47.6	42.7	13.5	12.1	3.0	2.2
Group central costs	-	-	(1.8)	(1.6)	(1.8)	(1.7)
	306.9	245.2	112.7	81.8	63.4	35.5
Net financing costs					(12.8)	(17.4)
Profit before tax, remeasurements and amortisation					50.6	18.1
Fair value remeasurements					-	(8.2)
Amortisation					(0.8)	(0.3)
Profit before taxation					49.8	9.6
Margins						
Sunbelt			*39.0%*	*35.2%*	*24.0%*	*17.3%*
A-Plant			*28.4%*	*28.4%*	*6.3%*	*5.1%*
Group			*36.8%*	*33.3%*	*20.7%*	*14.5%*

Second quarter results reflect continued improvement in the US with Sunbelt's rental revenue growing 28% to $367m (2010: $286m). This comprised a 14% increase in fleet on rent, 7% higher yield and a first-time contribution from Empire Scaffold. In the UK, A-Plant's second quarter rental revenue grew by 10% to £44m (2010: £39m) including 1% growth in average fleet on rent and 6% yield improvement.

Total revenue growth for the Group of 27% at constant rates included higher used equipment sales revenue of £22m (2010: £13m) as we increased capital expenditure and hence sold more used equipment.

Costs remained under close control with the reported growth in staff costs reflecting primarily the first-time inclusion of Empire. Consequently, Sunbelt's EBITDA increased by $50m or 73% of the net $69m increase in second quarter rental revenue as adjusted to exclude the $12m first-time impact of Empire's largely pass-through erection and dismantling labour recovery billings. This high "drop through" again demonstrates the significant operational gearing in the business. In a tough market, A-Plant also delivered an improved performance with its operating profits improving to £3m.

Group pre-tax profit before amortisation of acquired intangibles and fair value remeasurements grew to £51m, 2.8 times greater than 2010's £18m. This reflected the operating profit growth and lower net financing costs of £13m (2010: £17m), mainly as a result of the benefits of the debt refinancing undertaken in the fourth quarter of 2010/11. After £1m of intangible amortisation, the statutory profit before tax was £50m (2010: £10m).

Fixed assets

	2011 Growth	2011 Maintenance	2011 Total	2010 Total
Sunbelt in $m	172.9	143.2	316.1	120.3
Sunbelt in £m	107.1	88.8	195.9	75.2
A-Plant	-	23.5	23.5	8.9
Total rental equipment	107.1	112.3	219.4	84.1
Delivery vehicles, property improvements & computers			34.1	11.8
Total additions			253.5	95.9

Capital expenditure in the first half totalled £253m (2010: £96m) with £219m invested in the rental fleet (2010: £84m). Expenditure on rental equipment was 87% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and to computer equipment.

With good demand in the US, $173m of rental equipment capital expenditure was spent on growth while $143m was invested in replacement of existing fleet. The growth proportion is estimated on the basis of the assumption that maintenance capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 October 2011 was 39 months (2010: 44 months) on a net book value basis. Sunbelt's fleet had an average age of 38 months (2010: 46 months) comprising 45 months for aerial work platforms which have a longer life and 31 months for the remainder of its fleet while A-Plant's fleet had an average age of 42 months (2010: 40 months).

	Rental fleet at original cost				LTM	LTM
	31 Oct 2011	30 April 2011	LTM average	LTM rental revenue	dollar utilisation	physical utilisation
Sunbelt in $m	2,323	2,151	2,210	1,221	55%	69%
Sunbelt in £m	1,439	1,289	1,369	759	55%	69%
A-Plant	348	343	339	162	48%	68%
	1,787	1,632	1,708	921		

Dollar utilisation is defined as rental revenue divided by average fleet at original (or "first") cost and, measured over the last twelve months to 31 October 2011, rose to 55% at Sunbelt (2010: 48%) and 48% at A-Plant (2010: 47%). Physical utilisation is time based utilisation, which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date. Measured over the last twelve months to 31 October 2011, average physical utilisation was 69% in Sunbelt (2010: 66%) and 68% at A-Plant (2010: 70%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 90% of its fleet at 31 October 2011.

Trade receivables

Receivable days at 31 October were 47 days (2010: 47 days). The bad debt charge for the six months ended 31 October 2011 as a percentage of total turnover was 0.8% (2010: 0.8%). Trade receivables at 31 October 2011 of £162m (2010: £131m) are stated net of allowances for bad debts and credit notes of £16m (2010: £15m) with the allowance representing 9.0% (2010: 10.6%) of gross receivables.

Trade and other payables

Group payable days were 61 days in 2011 (2010: 53 days) with capital expenditure related payables, which have longer payment terms, totalling £55m (2010: £28m). 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

	Six months to 31 October 2011 £m	2010 £m	LTM to 31 October 2011 £m	Year to 30 April 2011 £m
EBITDA before exceptional items	206.6	160.2	330.2	283.8
Cash inflow from operations before exceptional items and changes in rental equipment	173.0	143.4	309.3	279.7
*Cash conversion ratio**	*83.7%*	*89.5%*	*93.7%*	*98.6%*
Maintenance rental capital expenditure paid	(137.3)	(85.5)	(234.0)	(182.2)
Payments for non-rental capital expenditure	(32.9)	(10.1)	(43.2)	(20.4)
Rental equipment disposal proceeds	34.3	19.0	70.3	55.0
Other property, plant and equipment disposal proceeds	4.7	2.6	6.6	4.5
Tax paid	(2.4)	(2.3)	(4.4)	(4.3)
Financing costs paid	(24.6)	(34.9)	(56.4)	(66.7)
Cash inflow before growth capex and payment of exceptional costs	**14.8**	**32.2**	**48.2**	**65.6**
Growth rental capital expenditure paid	(87.4)	-	(87.4)	-
Exceptional costs paid	(2.0)	(2.6)	(11.4)	(12.0)
Total cash (used in)/generated from operations	**(74.6)**	**29.6**	**(50.6)**	**53.6**
Business acquisitions	-	-	(34.8)	(34.8)
Total cash (absorbed)/generated	**(74.6)**	**29.6**	**(85.4)**	**18.8**
Dividends paid	(10.3)	(10.0)	(14.9)	(14.6)
Purchase of own shares by the ESOT	-	-	(0.4)	(0.4)
(Increase)/decrease in net debt	**(84.9)**	**19.6**	**(100.7)**	**3.8**

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

Reflecting a seasonal increase in working capital (principally trade receivables) which was particularly pronounced as a result of the strong growth in revenue this year, the first half cash conversion ratio was 83.7% (2010: 89.5%). This meant that cash inflow from operations before payment of exceptional costs and net investment in the rental fleet rose 21% to £173m. As usual we anticipate that these seasonal impacts on working capital will substantially reverse by year end.

Total payments for capital expenditure (rental equipment and other PPE) in the first half were £258m (2010: £95m), broadly in line with the £253m of capital expenditure delivered into the fleet. Disposal proceeds received totalled £39m, giving net payments for capital expenditure of £219m in the first half (2010: £74m). Interest payments reduced substantially to £25m (2010: £35m) reflecting the benefit of the debt refinancing undertaken in the fourth quarter of 2010/11 whilst tax payments were again £2m.

Accordingly, in the first half the Group generated £15m of net cash inflow before growth capex whilst there was a £75m outflow (2010: inflow of £30m) after growth capex and the payment of exceptional costs provided in earlier years relating to closed premises.

Net debt

	31 October 2011 £m	2010 £m	30 April 2011 £m
First priority senior secured bank debt	573.3	350.1	467.1
Finance lease obligations	3.2	3.3	3.0
8.625% second priority senior secured notes, due 2015	-	153.5	-
9% second priority senior secured notes, due 2016	335.6	338.0	324.4
	912.1	844.9	794.5
Cash and cash equivalents	(22.9)	(68.1)	(18.8)
Total net debt	889.2	776.8	775.7

Net debt at 31 October 2011 was £889m (30 April 2011: £776m) with the increase since April reflecting principally the net cash outflow set out above and currency fluctuations. The Group's underlying EBITDA for the twelve months ended 31 October 2011 was £330m and the ratio of net debt to underlying EBITDA was 2.7 times at 31 October 2011 at both actual and constant exchange rates (30 April 2011: 2.7 times at actual and 2.9 times at constant rates of exchange).

Under the terms of our asset-based senior bank facility, $1.4bn is committed until March 2016, whilst the $550m senior secured notes mature in August 2016. Our debt facilities therefore remain committed for the long term, with an average of 4.6 years remaining at 31 October 2011. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 5.3%. Financial performance covenants under the $550m 9% senior secured notes 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 times.

These covenants do not, however, apply when excess availability (the difference between the borrowing base and net facility utilisation) exceeds $168m. At 31 October 2011 availability under the bank facility was $574m, including $109m of suppressed availability ($479m at 30 April 2011) meaning that covenants were not measured at 31 October 2011 and are unlikely to be measured in forthcoming quarters. However, as a matter of good practice, we still calculate the covenant ratios each quarter. At 31 October 2011, as a result of the recent significant investment in our rental fleet, the fixed charge ratio did not meet the covenant requirement whilst the leverage ratio did so comfortably. The fact the fixed charge ratio is currently below 1.1 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice. Accordingly, the accounts are prepared on the going concern basis.

Principal risks and uncertainties

Risks and uncertainties in achieving the Group's objectives for the remainder of the financial year, together with assumptions, estimates, judgements and critical accounting policies used in preparing financial information remain unchanged from those detailed in the 2011 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 commentary on market and economic conditions for the remainder of the year.

Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars. All our debt was denominated in US dollars at 31 October 2011 and represented approximately 75% of the value of dollar denominated net assets (other than debt) providing a partial, but substantial, hedge against currency fluctuations. The dollar interest payable on this debt also limits the impact of changes in the dollar exchange rate on our pre-tax profits and earnings. Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 31 October 2011, a 1% change in the US dollar exchange rate would impact pre-tax profit by £0.9m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
		31 October	30 April		31 October	30 April
	2011	2010	2011	2011	2010	2011
Sunbelt Rentals	350	346	347	5,418	5,373	5,289
Empire	9	-	9	1,026	-	942
Total US	359	346	356	6,444	5,373	6,231
A-Plant	108	104	106	1,891	1,876	1,921
Corporate office	-	-	-	11	11	11
Group	467	450	462	8,346	7,260	8,163

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

We have been engaged by the Company to review the condensed interim financial statements for the six months ended 31 October 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed interim financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements for the six months ended 31 October 2011 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
London

Chartered Accountants and Statutory Auditor
7 December 2011