16 June 2011

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2011

	Fourth quarter			Year		
	2011	2010	Change[1]	2011	2010	Change[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Revenue	242.8	210.1	+21%	948.5	836.8	+11%
EBITDA	63.3	61.3	+9%	283.8	255.1	+9%
Operating profit	18.2	14.6	+35%	98.8	68.5	+41%
Profit/(loss) before tax	2.7	(3.1)	-	31.0	5.0	-
Earnings per share	0.4p	(0.4p)	-	4.0p	0.2p	-
Statutory results						
(Loss)/profit before tax	(19.9)	1.9	-	1.7	4.8	-67%
Earnings per share[3]	(2.6p)	0.3p	-	0.2p	0.2p	-45%

[1] at constant exchange rates [2] before exceptionals, intangible amortisation and fair value remeasurements [3] from continuing operations

Highlights

- Group pre-tax profits[2] of £31m (2010: £5m)
- Sunbelt's rental revenue up 10%; operating profit up 39% to $162m (2010: $117m)
- A-Plant's rental revenue up 1% with operating profit of £2.7m (2010: £1.8m)
- Capital expenditure increased to £225m (2010: £63m); £325m planned for 2011/12
- Balance sheet remains strong and our debt well structured with five year average maturities, net debt of £776m (30 April 2010: £829m) and leverage of 2.7 times EBITDA (2010: 3.2 times)
- Proposed final dividend of 2.07p making 3.0p for the year (2010: 2.9p)

Ashtead's chief executive, Geoff Drabble, commented

"We enjoyed an encouraging year where our focus on gaining market share and improving yields resulted in strong growth in Group profits.

The performance of Sunbelt in the US was particularly pleasing with good momentum established that has carried into the new financial year with sustainable improvements in both fleet on rent and yield. Against a backdrop of still challenging end construction markets we are clearly benefitting from both the structural change in the US rental market and self help from the programmes we initiated during the downturn. In the UK, performance also improved in the second half and we delivered year on year profit growth.

Looking forward we remain cautious over the outlook for end construction markets in the short term, particularly in the UK. However, we continue to benefit from the structural shift to rental, market share gains and the improvements we have established in all key areas of our business. Together with our balance sheet strength and strong market positions, this makes us confident of another year of good progress."

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 16 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 4pm (11am 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 (Astrid Wright) at +44 (0)20 7379 5151.

Trading results

	Revenue		EBITDA		Operating profit	
	2011	2010	2011	2010	2011	2010
Sunbelt in $m	1,224.7	1,080.5	388.2	350.8	162.1	116.6
Sunbelt in £m	782.7	674.5	248.1	219.0	103.6	72.7
A-Plant	165.8	162.3	43.1	42.0	2.7	1.8
Group central costs	-	-	(7.4)	(5.9)	(7.5)	(6.0)
Continuing operations	948.5	836.8	283.8	255.1	98.8	68.5
Net financing costs					(67.8)	(63.5)
Profit before tax, exceptionals, remeasurements and amortisation					**31.0**	**5.0**
Exceptional items (net)					(21.9)	(2.2)
Fair value remeasurements					(5.7)	5.5
Amortisation					(1.7)	(2.5)
Profit before taxation					1.7	5.8
Taxation					(0.8)	(3.7)
Profit attributable to equity holders of the Company					0.9	2.1
Margins						
Sunbelt			*31.7%*	*32.5%*	*13.2%*	*10.8%*
A-Plant			*26.0%*	*25.9%*	*1.6%*	*1.1%*
Group			*29.9%*	*30.5%*	*10.4%*	*8.2%*

These results reflect a significant improvement in our business despite continued weakness in end construction markets. Group revenue improved by 13% (11% at constant exchange rates) to £949m (2010: £837m) reflecting strong growth in fleet on rent and yield in the US. This revenue growth, continued cost control and the business improvement programmes initiated over the last two years combined to generate underlying pre-tax profits of £31m for the year (2010: £5m).

Rental revenue grew 10% in Sunbelt to $1,084m (2010: $989m) reflecting a 5% increase in average fleet on rent, 3% growth in yield and a first-time contribution from Empire Scaffold which was acquired in January. Sunbelt's total revenue growth of 13% was enhanced by higher used equipment sales revenue as we began the cyclical reinvestment in our fleets and hence sold more used equipment. A-Plant's total revenue growth was 2% including 1% growth in rental revenue to £154m (2010: £152m). Its average fleet on rent grew 2% whilst yield declined by 1%.

Both Sunbelt and A-Plant demonstrated improving trends through the year which is reflected in fourth quarter performance. Sunbelt's Q4 rental revenue growth was 19% reflecting 6% growth in fleet on rent, 6% yield improvement and a first-time contribution from Empire. A-Plant's rental revenue growth in Q4 was 6% reflecting 4% yield growth and 2% growth in fleet on rent.

The improvement in our revenue and profit this year brought about some one-time cost increases as sales commission and staff incentives recovered from last year's depressed levels. Fuel costs also rose rapidly with the increasing oil price. However, tight cost control was maintained throughout the year which ensured that operating costs before depreciation and used equipment sold rose more slowly than rental revenue in both businesses. For the Group as a whole, operating costs (before depreciation and used equipment sold) rose by 7%, at constant exchange rates, to £610m.

Margins were impacted by significantly higher, but inherently lower margin, used equipment sales revenue this year of £61m (2010: £27m). Despite this, full year EBITDA margins were 32% in Sunbelt (28% at the low point of the last cycle in 2003) and 26% at A-Plant. For the Group as a whole the full year EBITDA margin was 30% (2010: 30%).

Depreciation expense declined 3% at constant rates to £185m reflecting the smaller average fleet size in the past fiscal year. This, and the factors discussed above, meant that the underlying operating profit for the year rose to $162m (2010: $117m) in Sunbelt and £3m in A-Plant (2010: £2m).

Reflecting these operating results, Group EBITDA before exceptional items grew by £29m or 9% at constant rates to £284m (2010: £255m) whilst the Group's underlying operating profit grew 41% at constant rates to £99m (2010: £68m).

Following the refinancing of our asset-based senior loan facility ('ABL facility') in November 2009, higher interest margins and an adverse translation effect from the stronger dollar meant there was an increase in the net financing cost for the year to £68m (2010: £63m) despite lower average debt levels. After interest, the underlying profit before tax for the Group increased to £31m (2010: £5m). The tax charge for the year was again stable at 35% of the underlying pre-tax profit with underlying earnings per share increasing to 4.0p (2010: 0.2p).

Exceptional items and statutory results

There were no exceptional charges relating to operations this year or last. Instead, as previously reported, the exceptional charges of £22m incurred this year were all attributable to financing matters and comprised a £15m non-cash write-off of the unamortised deferred financing costs on the debt facilities renewed or redeemed in the year (the ABL facility following its renewal in March 2011 and the $250m 8.625% senior secured notes redeemed in April 2011) and an early redemption fee of £7m on the notes.

After these exceptional finance charges, a non-cash charge of £6m relating to the remeasurement to fair value of the early prepayment option in our long-term debt and amortisation of acquired intangibles of £2m (2010: £2m), the reported profit before tax for the year was £2m (2010: £5m) whilst basic earnings per share was 0.2p (2010: 0.4p).

Capital expenditure

As we began the cyclical reinvestment in our rental fleets, capital expenditure rose to £225m (2010: £63m) of which £202m was rental fleet replacement with the balance spent on delivery vehicles, property improvements and computers. Disposal proceeds were £65m (2010: £32m), giving net capital expenditure in the year of £160m (2010: £31m). The average age of the Group's rental fleet at 30 April 2011 was unchanged over the year at 44 months (2010: 44 months).

Moving forward we expect capital expenditure of about 175% of depreciation or around £325m gross and £250m net next year. We anticipate that by investing at around this level we will be able to grow Sunbelt's average fleet size by between 1% and 3% depending on demand.

Cash flow and net debt

£54m (2010: £191m) of cash was generated from operations in the year after £143m of net payments for capital expenditure (2010: £12m) and £71m in interest and tax payments. £35m of the cash generated was spent on acquisitions and £15m was paid out to shareholders in dividends. The balance of £4m was applied to reduce outstanding net debt.

Reflecting this and currency fluctuations which reduced debt by £73m in the year, net debt at 30 April 2011 was £776m (2010: £829m). The ratio of net debt to EBITDA was 2.7 times at 30 April 2011 (2010: 3.2 times).

Our renewed debt package remains well structured 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 5.1 years at 30 April 2011, with the first maturity being on our ABL facility which now extends until March 2016. Availability on the ABL facility at 30 April 2011 was $479m - significantly above the $168m level at which the Group's entire debt package is effectively covenant free whilst, as previously reported, the average interest margin next year is reduced relative to the facilities in place in the past year.

Dividends

Reflecting our policy of setting dividend levels in light of both profitability and cash generation at a level that is sustainable across the cycle, the Board is recommending a final dividend of 2.07p per share (2010: 2.0p) making 3.0p for the year (2010: 2.9p).

Payment of the 2010/11 dividend will cost £14.9m in total and is covered 1.3 times by underlying earnings. Whilst this coverage ratio is still quite low, given the cyclicality of the Group's earnings, the Board is comfortable that the proposed dividend level is appropriate. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 9 September 2011 to shareholders on the register on 19 August 2011.

Current trading and outlook

The momentum we established throughout the past year has carried forward into May with encouraging levels of fleet on rent and yield growth. For the month, rental revenue grew by 21% in Sunbelt, measured in dollars, and by 11% in A-Plant.

Looking forward we remain cautious over the outlook for end construction markets in the short term, particularly in the UK. However, we continue to benefit from the structural shift to rental, market share gains and the improvements we have established in all key areas of our business. Together with our balance sheet strength and strong market positions, this makes us confident of another year of good progress.

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 2011. 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 15 June 2011"

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 APRIL 2011

	2011			2010		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptionals, amortisation and remeasurements	Exceptionals, amortisation and remeasurements	Total
	£m	£m	£m	£m	£m	£m
Fourth quarter – unaudited						
Revenue						
Rental revenue	208.7	-	208.7	188.6	-	188.6
Sale of new equipment, merchandise and consumables	10.5	-	10.5	10.0	-	10.0
Sale of used rental equipment	23.6	-	23.6	11.5	-	11.5
	242.8	-	242.8	210.1	-	210.1
Operating costs						
Staff costs	(77.4)	-	(77.4)	(66.8)	-	(66.8)
Used rental equipment sold	(20.2)	-	(20.2)	(8.3)	-	(8.3)
Other operating costs	(81.9)	-	(81.9)	(73.7)	-	(73.7)
	(179.5)	-	(179.5)	(148.8)	-	(148.8)
EBITDA*	63.3	-	63.3	61.3	-	61.3
Depreciation	(45.1)	-	(45.1)	(46.7)	-	(46.7)
Amortisation	-	(0.7)	(0.7)	-	(0.5)	(0.5)
Operating profit	18.2	(0.7)	17.5	14.6	(0.5)	14.1
Investment income	0.9	-	0.9	0.8	5.5	6.3
Interest expense	(16.4)	(21.9)	(38.3)	(18.5)	-	(18.5)
Profit/(loss) on ordinary activities before taxation	2.7	(22.6)	(19.9)	(3.1)	5.0	1.9
Taxation:						
- current	(1.5)	2.5	1.0	-	-	-
- deferred	0.6	5.2	5.8	1.2	(1.8)	(0.6)
	(0.9)	7.7	6.8	1.2	(1.8)	(0.6)
Profit/(loss) attributable to equity holders of the Company	1.8	(14.9)	(13.1)	(1.9)	3.2	1.3
Basic earnings per share	0.4p	(3.0p)	(2.6p)	(0.4p)	0.7p	0.3p
Diluted earnings per share	0.4p	(3.0p)	(2.6p)	(0.4p)	0.7p	0.3p

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2011

	2011			2010		
	Before exceptionals, amortisation and remeasurements £m	Exceptionals, amortisation and remeasurements £m	Total £m	Before exceptionals, amortisation and remeasurements £m	Exceptionals, amortisation and remeasurements £m	Total £m
Year to 30 April 2011 - audited						
Continuing operations						
Revenue						
Rental revenue	846.5	-	846.5	769.6	-	769.6
Sale of new equipment, merchandise and consumables	41.4	-	41.4	40.6	-	40.6
Sale of used rental equipment	60.6	-	60.6	26.6	1.6	28.2
	948.5	-	948.5	836.8	1.6	838.4
Operating costs						
Staff costs	(291.0)	-	(291.0)	(266.3)	-	(266.3)
Used rental equipment sold	(55.0)	-	(55.0)	(24.6)	(1.6)	(26.2)
Other operating costs	(318.7)	-	(318.7)	(290.8)	-	(290.8)
	(664.7)	-	(664.7)	(581.7)	(1.6)	(583.3)
EBITDA*	283.8	-	283.8	255.1	-	255.1
Depreciation	(185.0)	-	(185.0)	(186.6)	-	(186.6)
Amortisation	-	(1.7)	(1.7)	-	(2.5)	(2.5)
Operating profit	98.8	(1.7)	97.1	68.5	(2.5)	66.0
Investment income	3.7	-	3.7	3.2	5.5	8.7
Interest expense	(71.5)	(27.6)	(99.1)	(66.7)	(3.2)	(69.9)
Profit on ordinary activities before taxation	31.0	(29.3)	1.7	5.0	(0.2)	4.8
Taxation:						
- current	(6.0)	2.9	(3.1)	(2.2)	-	(2.2)
- deferred	(4.9)	7.2	2.3	(1.7)	0.2	(1.5)
	(10.9)	10.1	(0.8)	(3.9)	0.2	(3.7)
Profit from continuing operations	20.1	(19.2)	0.9	1.1	-	1.1
Profit from discontinued operations	-	-	-	-	1.0	1.0
Profit attributable to equity holders of the Company	20.1	(19.2)	0.9	1.1	1.0	2.1
Continuing operations						
Basic earnings per share	4.0p	(3.8p)	0.2p	0.2p	-	0.2p
Diluted earnings per share	4.0p	(3.8p)	0.2p	0.2p	-	0.2p
Total continuing and discontinued operations						
Basic earnings per share	4.0p	(3.8p)	0.2p	0.2p	0.2p	0.4p
Diluted earnings per share	4.0p	(3.8p)	0.2p	0.2p	0.2p	0.4p

* 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	
	2011 £m	2010 £m	2011 £m	2010 £m
(Loss)/profit attributable to equity holders of the Company for the period	(13.1)	1.3	0.9	2.1
Foreign currency translation differences	(9.0)	8.8	(17.5)	(9.0)
Actuarial gain/(loss) on defined benefit pension scheme	0.8	4.8	12.9	(9.2)
Tax on defined benefit pension scheme	0.5	(1.3)	(3.4)	2.6
Tax on share-based payments	-	0.1	-	0.1
Total comprehensive income for the period	(20.8)	13.7	(7.1)	(13.4)

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2011

	Audited 2011 £m	2010 £m
Current assets		
Inventories	11.5	9.9
Trade and other receivables	155.3	134.7
Current tax asset	2.3	1.1
Cash and cash equivalents	18.8	54.8
	187.9	200.5
Non-current assets		
Property, plant and equipment		
- rental equipment	914.5	969.7
- other assets	121.7	131.9
	1,036.2	1,101.6
Intangible assets - brand names and other acquired intangibles	12.3	3.3
Goodwill	354.9	373.6
Deferred tax asset	1.1	7.8
Defined benefit pension fund surplus	6.1	-
Other financial assets - derivatives	-	5.7
	1,410.6	1,492.0
Total assets	1,598.5	1,692.5
Current liabilities		
Trade and other payables	174.6	130.6
Current tax liability	2.4	2.1
Debt due within one year	1.7	3.1
Provisions	9.6	12.0
	188.3	147.8
Non-current liabilities		
Debt due after more than one year	792.8	880.7
Provisions	23.3	29.4
Deferred tax liabilities	112.7	126.6
Defined benefit pension fund deficit	-	7.7
	928.8	1,044.4
Total liabilities	1,117.1	1,192.2
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	(6.7)	(6.3)
Cumulative foreign exchange translation differences	2.6	20.1
Retained reserves	368.1	369.1
Equity attributable to equity holders of the Company	481.4	500.3
Total liabilities and equity	1,598.5	1,692.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2011

Audited

	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 by ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m	Total £m
At 1 May 2009	55.3	3.6	0.9	90.7	(33.1)	(6.3)	29.1	385.8	526.0
Profit for the period	-	-	-	-	-	-	-	2.1	2.1
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(9.0)	-	(9.0)
Actuarial loss on defined benefit pension scheme	-	-	-	-	-	-	-	(9.2)	(9.2)
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	2.6	2.6
Tax on share-based payments	-	-	-	-	-	-	-	0.1	0.1
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
Profit for the period	-	-	-	-	-	-	-	0.9	0.9
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(17.5)	-	(17.5)
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	12.9	12.9
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	(3.4)	(3.4)
Total comprehensive income for the period	-	-	-	-	-	-	(17.5)	10.4	(7.1)
Dividends paid	-	-	-	-	-	-	-	(14.6)	(14.6)
Own shares purchased by the ESOT	-	-	-	-	-	(0.4)	-	-	(0.4)
Share-based payments	-	-	-	-	-	-	-	1.6	1.6
Tax on share-based payments	-	-	-	-	-	-	-	1.6	1.6
At 30 April 2011	55.3	3.6	0.9	90.7	(33.1)	(6.7)	2.6	368.1	481.4

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2011

	Audited	
	2011	2010
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	279.7	265.6
Exceptional operating costs paid	(5.5)	(8.2)
Payments for rental property, plant and equipment	(182.2)	(36.1)
Proceeds from disposal of rental property, plant and equipment before exceptional disposals	55.0	25.2
Exceptional proceeds from disposal of rental property, plant and equipment	-	1.6
Cash generated from operations	147.0	248.1
Financing costs paid	(66.7)	(54.7)
Exceptional financing costs paid – 2015 notes redemption fee	(6.5)	-
Tax (paid)/received (net)	(4.3)	0.3
Net cash from operating activities	69.5	193.7
Cash flows from investing activities		
Acquisition of businesses	(34.8)	(0.2)
Disposal of business costs	-	(0.5)
Payments for non-rental property, plant and equipment	(20.4)	(6.7)
Proceeds from disposal of non-rental property, plant and equipment	4.5	4.0
Net cash used in investing activities	(50.7)	(3.4)
Cash flows from financing activities		
Drawdown of loans	597.8	290.7
Redemption of loans	(634.5)	(410.8)
Capital element of finance lease payments	(3.0)	(4.3)
Purchase of own shares by the ESOT	(0.4)	-
Dividends paid	(14.6)	(12.8)
Net cash used in financing activities	(54.7)	(137.2)
(Decrease)/increase in cash and cash equivalents	(35.9)	53.1
Opening cash and cash equivalents	54.8	1.7
Effect of exchange rate differences	(0.1)	-
Closing cash and cash equivalents	18.8	54.8

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the year ended 30 April 2011 were approved by the directors on 15 June 2011. This preliminary announcement of the results for the year ended 30 April 2011 contains information derived from the forthcoming 2010/11 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 2009/10 Annual Report & Accounts has been delivered to the Registrar of Companies. The 2010/11 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 2011. The auditor's 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 results for the year ended and quarter ended 30 April 2011 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 2010 except for the adoption, with effect from 1 May 2010, of new or revised accounting standards as set out below.

The financial statements have been prepared on the going concern basis. 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 following new standards, amendments to standards or interpretations are effective for the Group's accounting period beginning on 1 May 2010 and, where relevant, have been adopted. They have not had a material impact on the consolidated results or financial position of the Group:

- Amendments to IFRS1 - Additional exemptions for first-time adopters;
- Amendment to IFRS 1 - Limited exemption from comparative IFRS 7 disclosures for first-time adopters;
- IAS 24 (revised) - Related party disclosures;
- Amendment to IFRIC 14 - Prepayments of minimum funding requirement;
- IFRIC 19 - Extinguishing financial liabilities with equity instruments; and
- Improvements to IFRSs (2010).

The figures for the fourth quarter are unaudited.

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

	2011	2010
Average for the quarter ended 30 April	1.62	1.53
Average for the year ended 30 April	1.56	1.60
At 30 April	1.67	1.53

NOTES TO THE FINANCIAL STATEMENTS

2. Segmental analysis

	Revenue before exceptionals	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
Three months to 30 April	£m	£m	£m	£m
2011				
Sunbelt	198.2	20.5	(0.3)	20.2
A-Plant	44.6	(0.4)	(0.4)	(0.8)
Corporate costs	-	(1.9)	-	(1.9)
	242.8	18.2	(0.7)	17.5
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
Year to 30 April				
2011				
Sunbelt	782.7	103.6	(0.8)	102.8
A-Plant	165.8	2.7	(0.9)	1.8
Corporate costs	-	(7.5)	-	(7.5)
	948.5	98.8	(1.7)	97.1
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

	Segment assets	Cash	Taxation assets	Other financial assets - derivatives	Total assets
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
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

NOTES TO THE FINANCIAL STATEMENTS

3. Operating costs

	2011			2010		
	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, bonuses and commissions	69.8	-	69.8	61.0	-	61.0
Social security costs	7.1	-	7.1	5.6	-	5.6
Other pension costs	0.5	-	0.5	0.2	-	0.2
	77.4	-	77.4	66.8	-	66.8
Used rental equipment sold	20.2	-	20.2	8.3	-	8.3
Other operating costs:						
Vehicle costs	20.1	-	20.1	17.1	-	17.1
Spares, consumables & external repairs	15.1	-	15.1	11.1	-	11.1
Facility costs	11.5	-	11.5	11.7	-	11.7
Other external charges	35.2	-	35.2	33.8	-	33.8
	81.9	-	81.9	73.7	-	73.7
Depreciation and amortisation:						
Depreciation	45.1	-	45.1	46.7	-	46.7
Amortisation of acquired intangibles	-	0.7	0.7	-	0.5	0.5
	45.1	0.7	45.8	46.7	0.5	47.2
	224.6	0.7	225.3	195.5	0.5	196.0
Year to 30 April						
Staff costs:						
Salaries, bonuses and commissions	266.1	-	266.1	244.7	-	244.7
Social security costs	22.6	-	22.6	20.2	-	20.2
Other pension costs	2.3	-	2.3	1.4	-	1.4
	291.0	-	291.0	266.3	-	266.3
Used rental equipment sold	55.0	-	55.0	24.6	1.6	26.2
Other operating costs:						
Vehicle costs	75.6	-	75.6	66.2	-	66.2
Spares, consumables & external repairs	58.8	-	58.8	48.9	-	48.9
Facility costs	45.4	-	45.4	44.9	-	44.9
Other external charges	138.9	-	138.9	130.8	-	130.8
	318.7	-	318.7	290.8	-	290.8
Depreciation and amortisation:						
Depreciation	185.0	-	185.0	186.6	-	186.6
Amortisation of acquired intangibles	-	1.7	1.7	-	2.5	2.5
	185.0	1.7	186.7	186.6	2.5	189.1
	849.7	1.7	851.4	768.3	4.1	772.4

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	
	2011	2010	2011	2010
	£m	£m	£m	£m
Write off of deferred financing costs	15.4	-	15.4	3.2
Early redemption fee interest	6.5	-	6.5	-
Fair value remeasurements	-	(5.5)	5.7	(5.5)
Amortisation of acquired intangibles	0.7	0.5	1.7	2.5
Sale of Ashtead Technology	-	-	-	(1.0)
	22.6	(5.0)	29.3	(0.8)
Taxation	(7.7)	1.8	(10.1)	(0.2)
	14.9	(3.2)	19.2	(1.0)

The write off of deferred financing costs consists of the unamortised balance of costs relating to both the 2006 ABL facility which was renewed in March 2011 and to the $250m 8.625% senior secured notes redeemed in April 2011. In addition, an early redemption fee of £6.5m was paid on settlement of the notes. Fair value remeasurements relate to the changes in the fair value of the embedded call options in our senior secured note issues.

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

	Three months to 30 April		Year to 30 April	
	2011	2010	2011	2010
	£m	£m	£m	£m
Sale of used rental equipment	-	-	-	(1.6)
Used rental equipment sold	-	-	-	1.6
Amortisation of acquired intangibles	0.7	0.5	1.7	2.5
Charged in arriving at operating profit	0.7	0.5	1.7	2.5
Investment income	-	(5.5)	-	(5.5)
Interest expense	21.9	-	27.6	3.2
Charged in arriving at profit/(loss) before tax	22.6	(5.0)	29.3	0.2
Taxation	(7.7)	1.8	(10.1)	(0.2)
	14.9	(3.2)	19.2	-
Profit after taxation from discontinued operations	-	-	-	(1.0)
	14.9	(3.2)	19.2	(1.0)

NOTES TO THE FINANCIAL STATEMENTS

5. Financing costs

	Three months to 30 April		Year to 30 April	
	2011	2010	2011	2010
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	(0.9)	(0.8)	(3.7)	(3.2)
Interest expense:				
Bank interest payable	3.2	4.2	15.7	13.4
Interest payable on second priority senior secured notes	10.8	11.6	45.3	44.4
Interest payable on finance leases	-	0.1	0.2	0.3
Non-cash unwind of discount on defined benefit pension plan liabilities	0.9	0.7	3.5	3.0
Non-cash unwind of discount on self-insurance provisions	0.3	0.5	1.4	1.5
Amortisation of deferred costs of debt raising	1.2	1.4	5.4	4.1
Total interest expense	16.4	18.5	71.5	66.7
Net financing costs before exceptional items	15.5	17.7	67.8	63.5
Exceptional items	21.9	-	21.9	3.2
Fair value remeasurements	-	(5.5)	5.7	(5.5)
Net financing costs	37.4	12.2	95.4	61.2

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 21% in the US (2010: 37%) and 31% in the UK (2010: 29%) applied to the profit before tax, exceptional items, amortisation of acquired intangibles and fair value remeasurements. The blended current year underlying rate for the Group as a whole is 35%.

The tax charge of £10.9m (2010: £3.9m) on the underlying pre-tax profit of £31.0m (2010: £5.0m) from continuing operations can be explained as follows:

	Year to 30 April	
	2011	2010
	£m	£m
Current tax		
- current tax on income for the year	7.3	3.9
- adjustments to prior year	(1.3)	(1.7)
	6.0	2.2
Deferred tax		
- origination and reversal of temporary differences	2.8	(2.1)
- adjustments to prior year	2.1	3.8
	4.9	1.7
Tax on underlying activities	10.9	3.9
Comprising:		
- UK tax	11.0	10.0
- US tax	(0.1)	(6.1)
	10.9	3.9

In addition, the tax credit of £10.1m (2010: £0.2m) on exceptional costs (including amortisation and fair value remeasurements) of £29.3m (2010: £0.2m) consists of a current tax credit of £2.9m (2010: £nil) relating to the UK, a deferred tax credit of £0.2m (2010: charge of £0.2m) relating to the UK and a deferred tax credit of £7.0m (2010: £0.4m) 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 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 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	
	2011	2010	2011	2010
Profit for the financial period (£m)				
From continuing operations	(13.1)	1.3	0.9	1.1
From discontinued operations	-	-	-	1.0
From continuing and discontinued operations	(13.1)	1.3	0.9	2.1
Weighted average number of shares (m) - basic	497.7	497.6	497.7	497.6
- diluted	505.6	503.5	504.2	501.4
Basic earnings per share				
From continuing operations	(2.6p)	0.3p	0.2p	0.2p
From discontinued operations	-	-	-	0.2p
From continuing and discontinued operations	(2.6p)	0.3p	0.2p	0.4p
Diluted earnings per share				
From continuing operations	(2.6p)	0.3p	0.2p	0.2p
From discontinued operations	-	-	-	0.2p
From continuing and discontinued operations	(2.6p)	0.3p	0.2p	0.4p

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

	Three months to 30 April		Year to 30 April	
	2011	2010	2011	2010
Basic earnings per share	(2.6p)	0.3p	0.2p	0.4p
Exceptional items, amortisation of acquired intangibles and fair value remeasurements	4.6p	(1.0p)	5.9p	(0.2p)
Tax on exceptionals, amortisation and remeasurements	(1.6p)	0.3p	(2.1p)	-
Underlying earnings per share	0.4p	(0.4p)	4.0p	0.2p
Other deferred tax	(0.1p)	(0.2p)	1.0p	0.4p
Cash tax earnings per share	0.3p	(0.6p)	5.0p	0.6p

NOTES TO THE FINANCIAL STATEMENTS

8. Dividends

During the year, a final dividend in respect of the year ended 30 April 2010 of 2.0p (2009: 1.675p) per share and an interim dividend for the year ended 30 April 2011 of 0.93p (2010: 0.9p) per share were paid to shareholders.

9. Property, plant and equipment

	2011		2010	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	969.7	1,101.6	1,140.5	1,294.0
Exchange difference	(55.9)	(62.5)	(35.0)	(39.3)
Reclassifications	(0.5)	-	(3.6)	(0.1)
Additions	202.4	224.8	55.6	63.4
Acquisitions	11.7	12.1	0.1	0.1
Disposals	(50.9)	(54.8)	(25.2)	(29.9)
Depreciation	(162.0)	(185.0)	(162.7)	(186.6)
At 30 April	914.5	1,036.2	969.7	1,101.6

10. Called up share capital

Ordinary shares of 10p each:

	2011 Number	2010 Number	2011 £m	2010 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	553,325,554	553,325,554	55.3	55.3

There were no movements in shares authorised or allotted during the period. At 30 April 2011, 50m shares were held by the Company and a further 5.6m shares were held by the Company's Employee Share Ownership Trust.

11. Notes to the cash flow statement

	Year to 30 April	
	2011	2010
	£m	£m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation	98.8	68.5
Depreciation	185.0	186.6
EBITDA before exceptional items	283.8	255.1
Profit on disposal of rental equipment	(5.6)	(2.0)
Profit on disposal of other property, plant and equipment	(0.8)	(0.1)
(Increase)/decrease in inventories	(2.6)	0.2
(Increase)/decrease in trade and other receivables	(21.2)	10.8
Increase in trade and other payables	24.7	1.0
Exchange differences	(0.2)	0.1
Other non-cash movements	1.6	0.5
Cash generated from operations before exceptional items and changes in rental equipment	279.7	265.6

NOTES TO THE FINANCIAL STATEMENTS

11. Notes to the cash flow statement (continued)

b) Reconciliation of net debt

	Year to 30 April 2011 £m	Year to 30 April 2010 £m
Decrease/(increase) in cash in the period	35.9	(53.1)
Decrease in debt through cash flow	(39.7)	(124.4)
Change in net debt from cash flows	(3.8)	(177.5)
Exchange differences	(73.1)	(36.9)
Non-cash movements:		
- deferred costs of debt raising	21.0	7.3
- capital element of new finance leases	2.6	0.2
Reduction in net debt in the period	(53.3)	(206.9)
Opening net debt	829.0	1,035.9
Closing net debt	775.7	829.0

c) Analysis of net debt

	1 May 2010 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	30 April 2011 £m
Cash	(54.8)	0.1	35.9	-	(18.8)
Debt due within 1 year	3.1	(0.1)	(3.0)	1.7	1.7
Debt due after 1 year	880.7	(73.1)	(36.7)	21.9	792.8
Total net debt	829.0	(73.1)	(3.8)	23.6	775.7

d) Acquisitions

	Year to 30 April 2011 £m	Year to 30 April 2010 £m
Cash consideration paid	34.8	0.2

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.

12. Acquisitions

£35m was spent on acquisitions in the year with the main transaction being Sunbelt's acquisition of the entire issued share capital of Empire Scaffold LLC ("Empire") on 10 January 2011.

Empire

Empire was acquired for US$39m (£25m) with additional deferred cash consideration of $1.5m (£1.0m) payable depending on Empire's profits in the year to 31 August 2011. Empire is a specialist provider of scaffold rental, erection and dismantlement services principally to the Gulf Coast petrochemical industry. This acquisition has enabled us to expand our specialty scaffolding services from the US eastern seaboard into new markets along the Gulf Coast.

NOTES TO THE FINANCIAL STATEMENTS

12. Acquisitions (continued)

The net assets acquired and the provisional goodwill arising on the acquisition are as follows:

	Acquiree's book value £m	At provisional fair value £m
Net assets acquired		
Trade and other receivables	6.6	6.4
Cash and cash equivalents	0.3	0.3
Property, plant and equipment		
- rental equipment	11.6	6.4
- other assets	0.4	0.4
Goodwill	4.4	-
Intangible assets (brand name, customer contracts and relationships)	-	6.4
Trade and other payables	(2.0)	(2.0)
Deferred tax liabilities	(2.8)	(3.6)
	18.5	14.3
Consideration:		
- cash paid and payable		25.0
- deferred consideration to be satisfied in cash		1.0
		26.0
Goodwill		11.7

The goodwill arising can be attributed to the key management personnel, workforce and safety record of the acquired business and the benefits the Group expects to derive from the acquisition. This goodwill is not deductible for tax purposes.

Trade receivables at acquisition were £5.0m at fair value, net of £0.4m provision for debts which may not be collected, and had a gross face value of £5.4m. Other receivables include prepaid expenses and accrued revenue.

Empire's revenue and operating profit in the period from the date of acquisition to 30 April 2011 were £12.3m ($19.3m) and £1.2m ($1.9m) respectively. Had the acquisition taken place on 1 May 2010 then Group reported revenue and operating profit for the year ended 30 April 2011 would have been higher by £19.2m ($30.0m) and £2.4m ($3.8m) respectively.

Other

In addition £10m was paid in the year to acquire £5.3m of tangible and £4.7m of intangible fixed assets.

13. Contingent liabilities

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

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. Detailed protest letters setting out the reasons why we disagree with these assessments and believe that no adjustment is warranted were submitted to the IRS on 29 March 2011.

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 30 April 2011 would be to increase current tax payable by £27m, current tax receivable by £7m, deferred tax liabilities by £51m and deferred tax assets by £43m while shareholders' equity would reduce by approximately £28m.

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 FOURTH QUARTER, BALANCE SHEET AND CASH FLOW

Fourth quarter	Revenue		EBITDA		Operating profit	
	2011	2010	2011	2010	2011	2010
Sunbelt in $m	321.0	259.2	90.2	81.4	33.7	24.4
Sunbelt in £m	198.2	169.0	55.4	53.2	20.5	16.0
A-Plant	44.6	41.1	9.8	10.0	(0.4)	0.5
Group central costs	-	-	(1.9)	(1.9)	(1.9)	(1.9)
	242.8	210.1	63.3	61.3	18.2	14.6
Net financing costs					(15.5)	(17.7)
Profit/(loss) before tax, exceptionals and amortisation					**2.7**	**(3.1)**
Exceptional items					(21.9)	5.5
Amortisation					(0.7)	(0.5)
Total Group (loss)/profit before taxation					(19.9)	1.9
Margins						
Sunbelt			*28.1%*	*31.4%*	*10.5%*	*9.4%*
A-Plant			*22.0%*	*24.4%*	*-1.0%*	*1.2%*
Group			*26.1%*	*29.2%*	*7.5%*	*7.0%*

Fourth quarter results reflect improving market conditions with rental revenue growing in Sunbelt by 19% to $273m and by 6% to £41m at A-Plant. Sunbelt's 19% rental revenue growth reflected 6% more fleet on rent, 6% yield improvement and a first-time contribution from Empire Scaffold which was acquired in January. A-Plant's 6% rental revenue growth reflected 2% more fleet on rent and 4% yield growth. Reflecting higher used equipment sales in 2010/11 as we stepped up fleet replacement expenditure, total revenue grew by 24% at Sunbelt and by 9% at A-Plant.

Operating costs (before depreciation) in the US grew 30% or $53m to $231m reflecting a $17m increase in the cost of used equipment sold as we stepped up investment for fleet replacement and consequently sold more equipment and other, largely non-recurring, cost growth including a first time impact from the Empire acquisition. UK operating costs before depreciation rose 12% also reflecting growth in costs for used equipment sold and other, largely non-recurring, cost growth.

As a result there was a £4m increase in Q4 underlying operating profit to £18m with the Group's underlying operating profit margin rising to 7.5% (2010: 7.0%). The underlying pre-tax profit for the fourth quarter was £3m (2010: loss of £3m) reflecting the operating profit growth and a reduced £15m net financing cost. After one-time costs of £22m relating to the renewal of the Group's ABL senior debt facility and the redemption, in April, of the $250m 2015 senior secured notes and intangible amortisation of £1m, the statutory loss before tax for the quarter was £20m (2010: profit of £2m).

Balance sheet

Fixed assets

Capital expenditure in the year was £225m (2010: £63m) with £202m invested in the rental fleet (2010: £56m).

Expenditure on rental equipment was again entirely for replacement and comprised 90% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and computer equipment. Capital expenditure by division was as follows:

	2011	2010
Sunbelt in $m	295.0	69.6
Sunbelt in £m	176.9	45.5
A-Plant	25.5	10.1
Total rental equipment	202.4	55.6
Delivery vehicles, property improvements and computers	22.4	7.8
Total additions	224.8	63.4

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2011 was 44 months (2010: 44 months) weighted on a net book value basis. Sunbelt's fleet had an average age of 44 months (2010: 46 months) comprising 47 months for aerial work platforms which have a longer life and 39 months for the remainder of its fleet while A-Plant's fleet had an average age of 42 months (2010: 36 months).

The original cost of the Group's rental fleet and the dollar and physical utilisation for the year ended 30 April 2011 is shown below:

	Rental fleet at original cost					
	30 April 2011	30 April 2010	LTM average	LTM rental revenue	LTM dollar utilisation	LTM physical utilisation
Sunbelt in $m	2,151	2,094	2,121	1,084	51%	68%
Sunbelt in £m	1,289	1,368	1,271	693	51%	68%
A-Plant	343	321	330	154	47%	69%
	1,632	1,689	1,601	847		

Dollar utilisation is defined as rental revenue divided by average fleet at original (or "first") cost and, in the year ended 30 April 2011, was 51% at Sunbelt (2010: 47%) and 47% at A-Plant (2010: 48%). 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 2011, was 68% at Sunbelt (2010: 64%) and 69% at A-Plant (2010: 69%). 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 30 April 2011.

Trade receivables

Receivable days at 30 April were 46 days (2010: 45 days). The bad debt charge for the year ended 30 April 2011 as a percentage of total turnover was 0.8% (2010: 1.2%). Trade receivables at 30 April 2011 of £132m (2010: £114m) are stated net of provisions for bad debts and credit notes of £14m (2010: £16m) with the provision representing 9.4% (2010: 12.0%) of gross receivables.

Trade and other payables

Group payable days were 57 days in 2011 (2010: 88 days) with capital expenditure related payables, which have longer payment terms, totalling £58m (2010: £28m). 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	
	2011	2010
	£m	£m
EBITDA before exceptional items	283.8	255.1
Cash inflow from operations before exceptional items and changes in rental equipment	279.7	265.6
*Cash conversion ratio**	*98.6%*	*104.1%*
Maintenance rental capital expenditure paid	(182.2)	(36.1)
Payments for non-rental capital expenditure	(20.4)	(6.7)
Rental equipment disposal proceeds	55.0	26.8
Other property, plant and equipment disposal proceeds	4.5	4.0
Tax (paid)/received (net)	(4.3)	0.3
Financing costs paid	(66.7)	(54.7)
Cash flow before exceptional costs	**65.6**	**199.2**
Exceptional costs paid	(12.0)	(8.2)
Total cash generated from operations	**53.6**	**191.0**
Business acquisitions/disposals	(34.8)	(0.7)
Total cash generated	**18.8**	**190.3**
Dividends paid	(14.6)	(12.8)
Purchase of own shares by the ESOT	(0.4)	-
Decrease in net debt	**3.8**	**177.5**

* 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 grew 5% to £280m. As end markets recovered leading to increased profits on sale of fixed assets (which are included in EBITDA but not in cash inflow from operations) and slightly higher working capital, the cash conversion ratio reverted to a more normal level of 98.6% compared to the unusually high ratio of 104.1% achieved last year during recession.

Total payments in the year for capital expenditure (rental equipment and other PPE) were £202m, a little below the £225m of capital expenditure delivered in the year due to the impact of supplier payment terms. Disposal proceeds received totalled £59m giving net payments for capital expenditure of £143m in the year (2010: £12m).

After financing costs paid of £67m, tax paid of £4m and exceptional costs of £12m (£5m of closed property costs originally provided in 2008/9 and the early redemption fee on the $250m 8.625% senior secured notes redeemed in April 2011) the Group generated £54m of net cash inflow in the year (2010: £191m).

£35m of this net inflow was spent on acquisitions and £15m was distributed to shareholders through dividends and share purchases by our ESOT. The remaining £4m was applied to lower outstanding debt.

Net debt

	2011	2010
	£m	£m
First priority senior secured bank debt	467.1	367.5
Finance lease obligations	3.0	3.5
8.625% second priority senior secured notes, due 2015	-	160.2
9% second priority senior secured notes, due 2016	324.4	352.6
	794.5	883.8
Cash and cash equivalents	(18.8)	(54.8)
Total net debt	775.7	829.0

Net debt at 30 April 2011 was £776m (30 April 2010: £829m) which includes a translation reduction in the year of £73m reflecting the strengthening of the pound against the dollar. The Group's underlying EBITDA for the year ended 30 April 2011 was £284m and the ratio of net debt to reported underlying EBITDA was therefore 2.7 times at 30 April 2011 (2010: 3.2 times).

Under the terms of our renewed asset-based senior bank facility, $1.4bn is now committed for five years until March 2016. At 30 April 2011 the amount of the facility utilised was $823m (including letters of credit totalling $27m), substantially lower than the committed facility. In addition the Group retains the $550m 9% senior secured notes which are committed until August 2016.

Our debt facilities therefore remain committed for the long term, with an average of 5.1 years remaining at 30 April 2011. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is now approximately 5.5%. Financial performance covenants under the remaining 9% senior secured note issue is 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 $168m. At 30 April 2011 excess availability under the bank facility was $479m ($537m at 30 April 2010) making it unlikely that covenants will be measured. Additionally, although the senior debt covenants were not required to be measured at 30 April 2011, 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.

<u>Market risk</u>

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 41% of the drawn debt at a fixed rate as at 30 April 2011. 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 225bp.

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 2011, 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 2011, dollar denominated debt represented approximately 80% 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 2011, a 1% change in the US dollar exchange rate would impact pre-tax profit by £0.4m.

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenue 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.

Credit risk

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 500,000 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.

Liquidity risk

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 2011, excess availability under this facility was $479m (£287m).

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, revenue, profits, cash flows and assets of the Group.

Economic conditions

Potential impact
The construction industry, from which we earn the majority of our revenue, is cyclical with construction industry cycles typically lagging the general economic cycle by between six and 18 months. Thus, while the US economy is showing signs of improvement, our end markets are still declining and we may not see a significant improvement in our demand until markets improve.

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 debt facilities arranged in recognition of the cyclical nature of our main end market.

Competition

Potential impact
The already competitive market could become even more competitive and we could 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 fleet.
- Regularly estimate and monitor our market share and track the performance of our competitors to ensure that we are performing effectively.

Financing

Potential impact
Debt facilities are only ever committed for a finite period of time and we need to plan to renew our facilities before they mature. If we were unable to complete this, there would be a default at maturity which could give lenders the right to assume control of our business or to liquidate our assets in order to recover their loan. Our loan agreements also contain conditions (known as covenants) with which we must comply.

Mitigation
- Maintain conservative 2-3 times net debt to EBITDA leverage which helps minimise our refinancing risk.
- Maintain long debt maturities – currently five years following March's ABL refinancing.
- Use of asset based senior facility means none of our debt contains quarterly financial covenants when excess availability ($479m at year end) exceeds $168m.

Business continuity

Potential impact
We are heavily dependent on technology for the smooth running of our business given the large number of both units of equipment we rent and of customers we deal with over the course of a year. A serious uncured failure in our point of sale IT platforms would have an immediate impact on our business, rendering us unable to record and track our high volume, low transaction value operations.

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 at work.
- Invest in opportunities for our people to enhance their skills and develop their careers to the mutual benefit of both them and the Group.

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.
- 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. Competition law and the new UK Bribery Act were a particular focus this year.

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. Breaches potentially create hazards to our employees, damage to our reputation and expose 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
- Policies and procedures in place at all our stores regarding the need to adhere to local law and regulations.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools in our fleet.
- Monitoring and reporting of carbon emissions.

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

OPERATING STATISTICS

	Profit centre numbers		Staff numbers	
	2011	2010	2011	2010
Sunbelt	347	393	5,289	5,334
Empire	9	-	942	-
Total US	356	393	6,231	5,334
A-Plant	106	105	1,921	1,872
Corporate office	-	-	11	12
Group	462	498	8,163	7,218

Sunbelt's profit centre numbers include 40 Sunbelt at Lowes stores at 30 April 2011 (89 at 30 April 2010.