6 March 2012

Unaudited results for the nine months and third quarter ended 31 January 2012

	Third quarter			Nine months		
	2012	2011	Growth[1]	2012	2011	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Revenue	271.3	221.4	+21%	846.8	705.7	+23%
EBITDA	85.8	60.3	+40%	292.4	220.5	+36%
Operating profit	33.7	14.9	+118%	143.3	80.6	+84%
Profit/(loss) before taxation	20.6	(1.7)	n/a	105.0	28.3	+286%
Earnings per share	2.7p	(0.2p)	n/a	13.3p	3.7p	+285%
Statutory results						
Profit/(loss) before taxation	20.0	(2.0)	n/a	102.9	21.6	+396%
Earnings per share	2.6p	(0.2p)	n/a	13.0p	2.8p	+396%

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

Highlights

- Record third quarter pre-tax profit of £21m (2011: £2m loss)
- Group nine month EBITDA margin rises to 35% (2011: 31%) with Sunbelt at 37% (2011: 33%)
- Net debt to EBITDA leverage[1] further reduced to 2.5 times (2011: 2.8 times)
- Full year profit anticipated to be significantly ahead of our earlier expectations

Ashtead's chief executive, Geoff Drabble, commented:

"Once again, we are pleased to report a strong set of results. Our record third quarter pre-tax profit of £21m (2011: £2m loss), whilst undoubtedly being helped by favourable weather conditions, is predominantly due to the continuation of the momentum we have established over recent quarters.

We continue to invest strongly in organic growth, with our rental fleet now being 11% larger and an average of five months younger than a year ago. However, with a continued focus on margin improvement, this investment has been accompanied by a reduction in net debt to EBITDA leverage to 2.5 times (2011: 2.8 times).

The Board remains committed to a strategy of strong organic growth and continues to believe that we are well positioned to take advantage of a continuation of current market trends. We therefore now anticipate a full year profit significantly 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

Nine months' results

	Revenue		EBITDA		Operating profit	
	2012	2011	2012	2011	2012	2011
Sunbelt in $m	1,130.0	903.7	416.5	298.0	228.8	128.4
Sunbelt in £m	708.5	584.5	261.1	192.7	143.5	83.1
A-Plant	138.3	121.2	36.9	33.3	5.4	3.1
Group central costs	-	-	(5.6)	(5.5)	(5.6)	(5.6)
Continuing operations	846.8	705.7	292.4	220.5	143.3	80.6
Net financing costs					(38.3)	(52.3)
Profit before tax, remeasurements and amortisation					**105.0**	**28.3**
Fair value remeasurements					-	(5.7)
Amortisation					(2.1)	(1.0)
Profit before taxation					102.9	21.6
Taxation					(37.9)	(7.6)
Profit attributable to equity holders of the Company					65.0	14.0
Margins						
Sunbelt			*36.9%*	*33.0%*	*20.2%*	*14.2%*
A-Plant			*26.7%*	*27.5%*	*3.9%*	*2.6%*
Group			*34.5%*	*31.2%*	*16.9%*	*11.4%*

These results reflect continued improvement in the US with Sunbelt's rental revenue growing 25% to $1,012m (2011: $811m). This comprised a 13% increase in average fleet on rent, 7% higher yield and a first-time contribution from Empire Scaffold. In the UK, A-Plant's rental revenue grew by 11% to £125m (2011: £113m) including 1% growth in average fleet on rent and 6% yield improvement.

Total revenue growth for the Group of 23% at constant rates (20% at actual rates) also included higher used equipment sales revenue of £54m (2011: £37m) 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. Sunbelt's 'drop-through' again remained high with EBITDA increasing by $118m or 69% of the net $171m increase in rental revenue as adjusted to exclude the $30m 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 the business and meant that Sunbelt's operating profit rose to $229m (2011: $128m). In a tough market, A-Plant also delivered an improved performance with its operating profits growing to £5m (2011: £3m).

Underlying Group pre-tax profit grew to £105m, 3.7 times greater than 2011's £28m. This reflected the operating profit growth at Sunbelt and A-Plant coupled with lower net financing costs of £38m (2011: £52m), mainly as a result of the debt refinancing undertaken in the fourth quarter of 2010/11.

After £2m of intangible amortisation, the statutory profit before tax was £103m (2011: £22m). Underlying earnings per share grew to 13.3p, 3.6 times greater than 2011's 3.7p and reflected an effective tax rate on the underlying pre-tax profit of 37% (2011: 35%)

Capital expenditure

We continue to invest heavily to support our growth. Capital expenditure for the nine months was £336m gross and £276m net of disposal proceeds (2011: £129m gross and £89m net). As a result the average age of the Group's rental fleet at 31 January 2012 was 40 months (2011: 45 months). Sunbelt's fleet size at 31 January of $2.3bn was 10% larger than a year earlier whilst average nine month physical utilisation grew to 72% (2011: 69%) as we continued to put the newly purchased equipment successfully out on rent.

For the fiscal year, we now anticipate spending around £425m or roughly double depreciation on a gross basis whilst, after disposal proceeds, net payments for capital expenditure are expected to be around £325m.

Our preliminary capital expenditure plan for next year is for gross additions of around £500m and net payments after disposal proceeds of approximately £400m. This level of expenditure is consistent with our strategy at this stage in the cycle of investing in organic growth, whilst both de-ageing our fleet and continuing to reduce our leverage.

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 January 2012 rose to 12.9% (2011: 8.1%). In the UK, return on investment remains weak at 2.1% (2011: 1.5%). For the Group as a whole, pre-tax return on investment of 10.9% (2011: 6.7%) now clearly exceeds our roughly 9% weighted-average pre-tax cost of capital.

Cash flow and net debt

Net debt increased in the nine months to £911m at 31 January 2012 (30 April 2011: £776m) reflecting the translation increase from the stronger dollar we have seen all year (£46m as at end Q3) as well as the capital investment made to grow and renew the fleet. Despite the higher net debt, our stronger earnings meant that net debt to EBITDA leverage reduced to 2.5 times (2011: 2.8 times) and has therefore now reached the midpoint of our 2-3x target leverage range.

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.

Current trading and outlook

February saw both Sunbelt and A-Plant again deliver year-on-year revenue and profit growth continuing the pattern established in the first nine months of the year.

The Board remains committed to a strategy of strong organic growth and continues to believe that we are well positioned to take advantage of current market trends. We therefore now anticipate a full year profit significantly 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.

Geoff Drabble and Ian Robson will hold a conference call for equity analysts at 9.30 am on Tuesday 6 March. Dial in details for this call have already been distributed but any analyst not having received them should contact the Company's PR advisors, Maitland (Astrid Wright) on 020 7379 5151. The call will be webcast live via the Company's website at www.ashtead-group.com and there will also be a replay available via the website from shortly after the call concludes. There will, as usual, also be a separate call for bondholders at 3pm UK time (10am EST).

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JANUARY 2012

	2012			2011		
Third quarter - unaudited	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Revenue						
Rental revenue	242.7	-	242.7	196.5	-	196.5
Sale of new equipment, merchandise and consumables	10.9	-	10.9	9.3	-	9.3
Sale of used rental equipment	17.7	-	17.7	15.6	-	15.6
	271.3	-	271.3	221.4	-	221.4
Operating costs						
Staff costs	(84.0)	-	(84.0)	(71.9)	-	(71.9)
Used rental equipment sold	(15.5)	-	(15.5)	(14.3)	-	(14.3)
Other operating costs	(86.0)	-	(86.0)	(74.9)	-	(74.9)
	(185.5)	-	(185.5)	(161.1)	-	(161.1)
EBITDA*	85.8	-	85.8	60.3	-	60.3
Depreciation	(52.1)	-	(52.1)	(45.4)	-	(45.4)
Amortisation of intangibles	-	(0.6)	(0.6)	-	(0.3)	(0.3)
Operating profit	33.7	(0.6)	33.1	14.9	(0.3)	14.6
Investment income	1.0	-	1.0	0.9	-	0.9
Interest expense	(14.1)	-	(14.1)	(17.5)	-	(17.5)
Profit/(loss) on ordinary activities before taxation	20.6	(0.6)	20.0	(1.7)	(0.3)	(2.0)
Taxation:						
- current	(1.3)	-	(1.3)	(0.3)	-	(0.3)
- deferred	(6.1)	0.2	(5.9)	1.0	0.1	1.1
	(7.4)	0.2	(7.2)	0.7	0.1	0.8
Profit/(loss) attributable to equity holders of the Company	13.2	(0.4)	12.8	(1.0)	(0.2)	(1.2)
Basic earnings per share	2.7p	(0.1p)	2.6p	(0.2p)	-	(0.2p)
Diluted earnings per share	2.6p	(0.1p)	2.5p	(0.2p)	-	(0.2p)

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

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2012

	2012			2011		
Nine months - unaudited	Before amortisation £m	Amortisation £m	Total £m	Before amortisation and remeasurements £m	Amortisation and remeasurements £m	Total £m
Revenue						
Rental revenue	759.5	-	759.5	637.8	-	637.8
Sale of new equipment, merchandise and consumables	33.1	-	33.1	30.9	-	30.9
Sale of used rental equipment	54.2	-	54.2	37.0	-	37.0
	846.8	-	846.8	705.7	-	705.7
Operating costs						
Staff costs	(249.2)	-	(249.2)	(213.6)	-	(213.6)
Used rental equipment sold	(46.6)	-	(46.6)	(34.8)	-	(34.8)
Other operating costs	(258.6)	-	(258.6)	(236.8)	-	(236.8)
	(554.4)	-	(554.4)	(485.2)	-	(485.2)
EBITDA*	292.4	-	292.4	220.5	-	220.5
Depreciation	(149.1)	-	(149.1)	(139.9)	-	(139.9)
Amortisation of intangibles	-	(2.1)	(2.1)	-	(1.0)	(1.0)
Operating profit	143.3	(2.1)	141.2	80.6	(1.0)	79.6
Investment income	3.1	-	3.1	2.8	-	2.8
Interest expense	(41.4)	-	(41.4)	(55.1)	(5.7)	(60.8)
Profit on ordinary activities before taxation	105.0	(2.1)	102.9	28.3	(6.7)	21.6
Taxation:						
- current	(5.7)	-	(5.7)	(4.5)	0.4	(4.1)
- deferred	(32.9)	0.7	(32.2)	(5.5)	2.0	(3.5)
	(38.6)	0.7	(37.9)	(10.0)	2.4	(7.6)
Profit attributable to equity holders of the Company	66.4	(1.4)	65.0	18.3	(4.3)	14.0
Basic earnings per share	13.3p	(0.3p)	13.0p	3.7p	(0.9p)	2.8p
Diluted earnings per share	13.1p	(0.3p)	12.8p	3.6p	(0.8p)	2.8p

* 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 January		Nine months to 31 January	
	2012 £m	2011 £m	2012 £m	2011 £m
Profit/(loss) attributable to equity holders of the Company for the period	12.8	(1.2)	65.0	14.0
Foreign currency translation differences	5.8	0.2	12.9	(8.5)
Actuarial gain on defined benefit pension scheme	-	-	-	12.1
Tax on defined benefit pension scheme	-	-	-	(3.9)
Total comprehensive income for the period	18.6	(1.0)	77.9	13.7

CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2012

	Unaudited 31 January 2012	Unaudited 31 January 2011	Audited 30 April 2011
	£m	£m	£m
Current assets			
Inventories	13.1	9.9	11.5
Trade and other receivables	174.7	149.3	155.3
Current tax asset	2.4	0.4	2.3
Cash and cash equivalents	1.4	10.8	18.8
	191.6	170.4	187.9
Non-current assets			
Property, plant and equipment			
- rental equipment	1,070.7	904.1	914.5
- other assets	146.0	124.8	121.7
	1,216.7	1,028.9	1,036.2
Intangible assets - brand names and other acquired intangibles	10.8	8.6	12.3
Goodwill	374.3	367.0	354.9
Deferred tax asset	-	1.1	1.1
Defined benefit pension fund surplus	7.6	5.1	6.1
	1,609.4	1,410.7	1,410.6
Total assets	1,801.0	1,581.1	1,598.5
Current liabilities			
Trade and other payables	150.8	126.4	174.6
Current tax liability	3.4	1.9	2.4
Debt due within one year	1.8	2.1	1.7
Provisions	11.5	11.2	9.6
	167.5	141.6	188.3
Non-current liabilities			
Debt due after more than one year	910.8	782.8	792.8
Provisions	24.2	26.4	23.3
Deferred tax liabilities	150.1	124.6	112.7
	1,085.1	933.8	928.8
Total liabilities	1,252.6	1,075.4	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)	(6.5)	(6.7)
Cumulative foreign exchange translation differences	15.5	11.6	2.6
Retained reserves	421.6	383.2	368.1
Equity attributable to equity holders of the Company	548.4	505.7	481.4
Total liabilities and equity	1,801.0	1,581.1	1,598.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 JANUARY 2012

	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 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	-	-	-	-	-	-	-	14.0	14.0
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(8.5)	-	(8.5)
Actuarial loss 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	-	-	-	-	-	-	(8.5)	22.2	13.7
Dividends paid	-	-	-	-	-	-	-	(10.0)	(10.0)
Own shares purchased by the ESOT	-	-	-	-	-	(0.2)	-	-	(0.2)
Share-based payments	-	-	-	-	-	-	-	0.8	0.8
Tax on share-based payments	-	-	-	-	-	-	-	1.1	1.1
At 31 January 2011	55.3	3.6	0.9	90.7	(33.1)	(6.5)	11.6	383.2	505.7
Loss for the period	-	-	-	-	-	-	-	(13.1)	(13.1)
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(9.0)	-	(9.0)
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	-	-	-	-	-	-	(9.0)	(11.8)	(20.8)
Dividends paid	-	-	-	-	-	-	-	(4.6)	(4.6)
Own shares purchased by the ESOT	-	-	-	-	-	(0.2)	-	-	(0.2)
Share-based payments	-	-	-	-	-	-	-	0.8	0.8
Tax on share-based payments	-	-	-	-	-	-	-	0.5	0.5
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	-	-	-	-	-	-	-	65.0	65.0
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	12.9	-	12.9
Total comprehensive income for the period	-	-	-	-	-	-	12.9	65.0	77.9
Dividends paid	-	-	-	-	-	-	-	(10.3)	(10.3)
Own shares purchased by the ESOT	-	-	-	-	-	(3.2)	-	-	(3.2)
Share-based payments	-	-	-	-	-	3.8	-	(2.1)	1.7
Tax on share-based payments	-	-	-	-	-	-	-	0.9	0.9
At 31 January 2012	55.3	3.6	0.9	90.7	(33.1)	(6.1)	15.5	421.6	548.4

CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2012

		Unaudited
	2012	2011
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	260.8	206.5
Exceptional operating costs paid	(2.6)	(4.0)
Payments for rental property, plant and equipment	(316.4)	(127.2)
Proceeds from disposal of rental property, plant and equipment	55.1	33.2
Cash generated from operations	(3.1)	108.5
Financing costs paid (net)	(29.4)	(37.3)
Tax paid (net)	(4.5)	(3.6)
Net cash (used in)/from operating activities	(37.0)	67.6
Cash flows from investing activities		
Acquisition of business	(0.9)	(24.7)
Payments for non-rental property, plant and equipment	(40.5)	(14.0)
Proceeds from disposal of non-rental property, plant and equipment	5.8	3.5
Net cash used in investing activities	(35.6)	(35.2)
Cash flows from financing activities		
Drawdown of loans	129.8	64.9
Redemption of loans	(60.0)	(128.7)
Capital element of finance lease payments	(1.1)	(2.3)
Purchase of own shares by the ESOT	(3.2)	(0.2)
Dividends paid	(10.3)	(10.0)
Net cash from/(used in) financing activities	55.2	(76.3)
Decrease in cash and cash equivalents	(17.4)	(43.9)
Opening cash and cash equivalents	18.8	54.8
Effect of exchange rate differences	-	(0.1)
Closing cash and cash equivalents	1.4	10.8

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed interim financial statements for the nine months ended 31 January 2012 were approved by the directors on 5 March 2012. 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 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:

	2012	2011
Average for the three months ended 31 January	1.56	1.58
Average for the nine months ended 31 January	1.60	1.55
At 31 January	1.58	1.60

2. Segmental analysis

	Revenue	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Three months to 31 January				
2012				
Sunbelt	226.7	35.7	(0.2)	35.5
A-Plant	44.6	0.1	(0.4)	(0.3)
Corporate costs	-	(2.1)	-	(2.1)
	271.3	33.7	(0.6)	33.1
2011				
Sunbelt	182.6	18.4	(0.1)	18.3
A-Plant	38.8	(1.1)	(0.2)	(1.3)
Corporate costs	-	(2.4)	-	(2.4)
	221.4	14.9	(0.3)	14.6

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

2. Segmental analysis (continued)

	Revenue	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Nine months to 31 January				
2012				
Sunbelt	708.5	143.5	(0.9)	142.6
A-Plant	138.3	5.4	(1.2)	4.2
Corporate costs	-	(5.6)	-	(5.6)
	846.8	143.3	(2.1)	141.2
2011				
Sunbelt	584.5	83.1	(0.5)	82.6
A-Plant	121.2	3.1	(0.5)	2.6
Corporate costs	-	(5.6)	-	(5.6)
	705.7	80.6	(1.0)	79.6

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 31 January 2012				
Sunbelt	1,491.8	-	-	1,491.8
A-Plant	305.3	-	-	305.3
Corporate items	0.1	1.4	2.4	3.9
	1,797.2	1.4	2.4	1,801.0
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

	2012			2011		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	£m	£m	£m	£m	£m	£m
Three months to 31 January						
Staff costs:						
Salaries	75.9	-	75.9	65.5	-	65.5
Social security costs	6.6	-	6.6	5.7	-	5.7
Other pension costs	1.5	-	1.5	0.7	-	0.7
	84.0	-	84.0	71.9	-	71.9
Used rental equipment sold	15.5	-	15.5	14.3	-	14.3
Other operating costs:						
Vehicle costs	20.4	-	20.4	17.4	-	17.4
Spares, consumables & external repairs	15.2	-	15.2	13.5	-	13.5
Facility costs	13.8	-	13.8	10.8	-	10.8
Other external charges	36.6	-	36.6	33.2	-	33.2
	86.0	-	86.0	74.9	-	74.9
Depreciation and amortisation:						
Depreciation	52.1	-	52.1	45.4	-	45.4
Amortisation of acquired intangibles	-	0.6	0.6	-	0.3	0.3
	52.1	0.6	52.7	45.4	0.3	45.7
	237.6	0.6	238.2	206.5	0.3	206.8

3. Operating costs (continued)

	2012 Before amortisation £m	2012 Amortisation £m	2012 Total £m	2011 Before amortisation £m	2011 Amortisation £m	2011 Total £m
Nine months to 31 January						
Staff costs:						
Salaries	228.0	-	228.0	196.3	-	196.3
Social security costs	16.9	-	16.9	15.5	-	15.5
Other pension costs	4.3	-	4.3	1.8	-	1.8
	249.2	-	249.2	213.6	-	213.6
Used rental equipment sold	46.6	-	46.6	34.8	-	34.8
Other operating costs:						
Vehicle costs	63.2	-	63.2	55.5	-	55.5
Spares, consumables & external repairs	45.7	-	45.7	43.7	-	43.7
Facility costs	35.7	-	35.7	33.9	-	33.9
Other external charges	114.0	-	114.0	103.7	-	103.7
	258.6	-	258.6	236.8	-	236.8
Depreciation and amortisation:						
Depreciation	149.1	-	149.1	139.9	-	139.9
Amortisation of acquired intangibles	-	2.1	2.1	-	1.0	1.0
	149.1	2.1	151.2	139.9	1.0	140.9
	703.5	2.1	705.6	625.1	1.0	626.1

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.

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 January 2012 £m	Three months to 31 January 2011 £m	Nine months to 31 January 2012 £m	Nine months to 31 January 2011 £m
Fair value remeasurements	-	-	-	5.7
Amortisation of acquired intangibles	0.6	0.3	2.1	1.0
	0.6	0.3	2.1	6.7
Taxation	(0.2)	(0.1)	(0.7)	(2.4)
	0.4	0.2	1.4	4.3

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 January 2012	Three months to 31 January 2011	Nine months to 31 January 2012	Nine months to 31 January 2011
	£m	£m	£m	£m
Amortisation of acquired intangibles	0.6	0.3	2.1	1.0
Charged in arriving at operating profit	0.6	0.3	2.1	1.0
Interest expense	-	-	-	5.7
Charged in arriving at profit before taxation	0.6	0.3	2.1	6.7
Taxation	(0.2)	(0.1)	(0.7)	(2.4)
	0.4	0.2	1.4	4.3

5. Financing costs

	Three months to 31 January 2012	Three months to 31 January 2011	Nine months to 31 January 2012	Nine months to 31 January 2011
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	(1.0)	(0.9)	(3.1)	(2.8)
Interest expense:				
Bank interest payable	4.5	3.5	12.9	12.5
Interest on second priority senior secured notes	7.9	11.3	23.3	34.5
Interest payable on finance leases	0.1	0.1	0.2	0.2
Non-cash unwind of discount on defined benefit pension plan liabilities	0.7	0.8	2.3	2.6
Non-cash unwind of discount on self insurance provisions	0.3	0.4	0.9	1.1
Amortisation of deferred costs of debt raising	0.6	1.4	1.8	4.2
Total interest expense	14.1	17.5	41.4	55.1
Net financing costs before remeasurements	13.1	16.6	38.3	52.3
Fair value remeasurements	-	-	-	5.7
Net financing costs	13.1	16.6	38.3	58.0

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 (2011: 35%) and 27% in the UK (2011: 30%). The blended effective rate for the Group as a whole is 37%.

The tax charge of £38.6m (2011: £10.0m) on the underlying pre-tax profit of £105.0m (2011: £28.3m) can be explained as follows:

	Nine months to 31 January	
	2012	2011
	£m	£m
Current tax		
- current tax on income for the period	5.9	4.5
- adjustment to prior year	(0.2)	-
	5.7	4.5
Deferred tax		
- origination and reversal of temporary differences	32.3	5.4
- adjustments to prior year	0.6	0.1
	32.9	5.5
Tax on underlying activities	38.6	10.0
Comprising:		
- UK tax	7.5	7.4
- US tax	31.1	2.6
	38.6	10.0

In addition, the tax credit of £0.7m (2011: £2.4m) on amortisation and fair value remeasurements of £2.1m (2011: £6.7m) consists of a current tax credit of £nil (2011: £0.4m) relating to the UK, a deferred tax credit of £0.3m (2011: £0.2m) relating to the UK and a deferred tax credit of £0.4m (2011: £1.8m) relating to the US.

7. Earnings per share

Basic and diluted earnings per share for the three and nine months ended 31 January 2012 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 January		Nine months to 31 January	
		2012	2011	2012	2011
Profit/(loss) for the financial period (£m)		12.8	(1.2)	65.0	14.0
Weighted average number of shares (m)	- basic	498.9	497.7	498.2	497.7
	- diluted	506.0	506.8	506.9	506.4
Basic earnings per share		2.6p	(0.2p)	13.0p	2.8p
Diluted earnings per share		2.5p	(0.2p)	12.8p	2.8p

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 January		Nine months to 31 January	
	2012	2011	2012	2011
Basic earnings per share	2.6p	(0.2p)	13.0p	2.8p
Amortisation of acquired intangibles	0.1p	-	0.4p	1.3p
Tax on amortisation and remeasurements	-	-	(0.1p)	(0.4p)
Underlying earnings per share	2.7p	(0.2p)	13.3p	3.7p
Other deferred tax	1.2p	(0.2p)	6.6p	1.1p
Cash tax earnings per share	3.9p	(0.4p)	19.9p	4.8p

8. Dividends

During the period, a final dividend in respect of the year ended 30 April 2011 of 2.07p (2011: 2.0p) per share was paid to shareholders costing £10.3m (2011: £10.0m). The interim dividend for the year ended 30 April 2012 of 1.0p (2011: 0.93p) per share announced on 8 December 2011 was paid on 8 February 2012.

9. Property, plant and equipment

	2012		2011	
	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	40.3	44.8	(31.0)	(34.8)
Reclassifications	(0.4)	-	(0.5)	-
Acquisitions	(0.3)	(0.3)	8.4	8.8
Additions	293.0	335.8	113.1	129.4
Disposals	(45.6)	(50.7)	(33.1)	(36.2)
Depreciation	(130.8)	(149.1)	(122.5)	(139.9)
At 31 January	1,070.7	1,216.7	904.1	1,028.9

10. Called up share capital

Ordinary shares of 10p each:

	31 January 2012	30 April 2011	31 January 2012	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 January 2012, 50m shares were held by the Company and a further 4.6m 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

	Nine months to 31 January 2012 £m	2011 £m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation	143.3	80.6
Depreciation	149.1	139.9
EBITDA before exceptional items	292.4	220.5
Profit on disposal of rental equipment	(7.6)	(2.2)
Profit on disposal of other property, plant and equipment	(1.1)	(0.6)
Increase in inventories	(1.0)	(0.4)
Increase in trade and other receivables	(14.9)	(12.1)
(Decrease)/increase in trade and other payables	(8.8)	0.5
Exchange differences	0.1	-
Other non-cash movements	1.7	0.8
Cash generated from operations before exceptional items and changes in rental equipment	260.8	206.5

b) Reconciliation to net debt

	2012 £m	2011 £m
Decrease in cash in the period	17.4	43.9
Increase/(decrease) in debt through cash flow	68.7	(66.1)
Change in net debt from cash flow	86.1	(22.2)
Exchange differences	46.1	(39.2)
Non-cash movements:		
- deferred costs of debt raising	1.8	4.2
- capital element of new finance leases	1.5	2.3
Increase/(reduction) in net debt in the period	135.5	(54.9)
Opening net debt	775.7	829.0
Closing net debt	911.2	774.1

c) Analysis of net debt

	1 May 2011 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 January 2012 £m
Cash	(18.8)	-	17.4	-	(1.4)
Debt due within 1 year	1.7	-	(1.2)	1.3	1.8
Debt due after 1 year	792.8	46.1	69.9	2.0	910.8
Total net debt	775.7	46.1	86.1	3.3	911.2

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

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 $31m together with interest and penalties of $14m. We disagree with these assessments and believe that no adjustment is warranted.

12. Contingent liabilities (continued)

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 January 2012 would be to increase current tax payable by £28m, current tax receivable by £13m, deferred tax liabilities by £62m and deferred tax assets by £40m while shareholders' equity would reduce by approximately £37m.

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 may well 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 THE THIRD QUARTER, BALANCE SHEET AND CASH FLOW

Third quarter

	Revenue		EBITDA		Operating profit	
	2012	2011	2012	2011	2012	2011
Sunbelt in $m	354.2	288.7	120.3	85.5	55.3	29.4
Sunbelt in £m	226.7	182.6	77.2	53.8	35.7	18.4
A-Plant	44.6	38.8	10.8	8.9	0.1	(1.1)
Group central costs	-	-	(2.2)	(2.4)	(2.1)	(2.4)
Continuing operations	271.3	221.4	85.8	60.3	33.7	14.9
Net financing costs					(13.1)	(16.6)
Profit/(loss) before tax and amortisation					20.6	(1.7)
Amortisation					(0.6)	(0.3)
Profit/(loss) before taxation					20.0	(2.0)
Margins						
Sunbelt			*33.9%*	*29.6%*	*15.6%*	*10.2%*
A-Plant			*24.1%*	*23.0%*	*0.4%*	*-2.8%*
Group			*31.6%*	*27.3%*	*12.4%*	*6.7%*

Third quarter results reflect continued improvement in the US with Sunbelt's rental revenue growing 25% to $318m (2011: $254m). This comprised a 15% increase in average fleet on rent, 6% higher yield and a first-time contribution from Empire Scaffold. In the UK, A-Plant's third quarter rental revenue grew by 10% to £39m (2011: £36m) including 8% yield improvement and unchanged average fleet on rent.

Total revenue growth for the Group of 21% at constant rates (23% at actual rates) included higher used equipment sales revenue of £18m (2011: £16m) 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. Continuing the high 'drop-through' seen all year, Sunbelt's EBITDA increased by $35m or 61% of the net $57m increase in third quarter rental revenue as adjusted to exclude the $7m first-time impact of Empire's largely pass-through erection and dismantling labour recovery billings. Now we have passed the anniversary of Empire's January 2011 acquisition, it will no longer impact significantly future 'drop-through'. Both businesses grew Q3 operating profit significantly with A-Plant notably avoiding a loss in the seasonally weak third quarter this year.

Group pre-tax profit before amortisation of acquired intangibles was £21m (2011: loss of £2m). This reflected the operating profit growth and lower net financing costs of £13m (2011: £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 £20m (2011: loss of £2m).

Balance sheet

Fixed assets

	2012			2011
	Growth	Maintenance	Total	Total
Sunbelt in $m	185.4	200.1	385.5	159.8
Sunbelt in £m	117.5	126.8	244.3	99.7
A-Plant	10.3	38.4	48.7	13.4
Total rental equipment	127.8	165.2	293.0	113.1
Delivery vehicles, property improvements & computers			42.8	16.3
Total additions			335.8	129.4

Capital expenditure during the nine months totalled £336m (2011: £129m) with £293m invested in the rental fleet (2011: £113m). 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, $185m of rental equipment capital expenditure was spent on growth while $200m 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 January 2012 was 40 months (2011: 45 months) on a net book value basis. Sunbelt's fleet had an average age of 39 months (2011: 46 months) comprising 46 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 41 months (2011: 42 months).

	Rental fleet at original cost				LTM	LTM
	31 January 2012	30 April 2011	LTM average	LTM rental revenues	dollar utilisation	physical utilisation
Sunbelt in $m	2,335	2,151	2,261	1,284	57%	70%
Sunbelt in £m	1,479	1,289	1,432	805	57%	70%
A-Plant	370	343	347	166	48%	66%
	1,849	1,632	1,779	971		

Dollar utilisation is defined as rental revenues divided by average fleet at original (or "first") cost and, measured over the last twelve months to 31 January 2012, was 57% at Sunbelt (2011: 49%) and 48% at A-Plant (2011: 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 January 2012, physical utilisation was 70% in Sunbelt (2011: 67%) and 66% at A-Plant (2011: 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 January 2012.

Trade receivables

Receivable days at 31 January were 50 days (2011: 51 days). The bad debt charge for the nine months ended 31 January 2012 as a percentage of total turnover was 0.8% (2011: 0.7%). Trade receivables at 31 January 2012 of £147m (2011: £124m) are stated net of provisions for bad debts and credit notes of £17m (2011: £15m) with the provision representing 10.4% (2011: 10.7%) of gross receivables.

Trade and other payables

Group payable days were 54 days in 2012 (2011: 49 days) with capital expenditure-related payables, which have longer payment terms, totalling £34m (2011: £17m). Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Nine months to 31 January 2012 £m	Nine months to 31 January 2011 £m	LTM to 31 January 2012 £m	Year to 30 April 2011 £m
EBITDA before exceptional items	292.4	220.5	355.7	283.8
Cash inflow from operations before exceptional items and changes in rental equipment	260.8	206.5	334.0	279.7
*Cash conversion ratio**	*89.2%*	*93.7%*	*93.9%*	*98.6%*
Maintenance rental capital expenditure paid	(199.4)	(127.2)	(254.4)	(182.2)
Payments for non-rental capital expenditure	(40.5)	(14.0)	(46.9)	(20.4)
Rental equipment disposal proceeds	55.1	33.2	76.9	55.0
Other property, plant and equipment disposal proceeds	5.8	3.5	6.8	4.5
Tax paid	(4.5)	(3.6)	(5.2)	(4.3)
Financing costs paid	(29.4)	(37.3)	(58.8)	(66.7)
Cash inflow before growth capex and payment of exceptional costs	**47.9**	**61.1**	**52.4**	**65.6**
Growth rental capital expenditure paid	(117.0)	-	(117.0)	-
Exceptional costs paid	(2.6)	(4.0)	(10.6)	(12.0)
Total cash (used in)/generated from operations	**(71.7)**	**57.1**	**(75.2)**	**53.6**
Business acquisitions	(0.9)	(24.7)	(11.0)	(34.8)
Total cash (absorbed)/generated	**(72.6)**	**32.4**	**(86.2)**	**18.8**
Dividends paid	(10.3)	(10.0)	(14.9)	(14.6)
Purchase of own shares by the ESOT	(3.2)	(0.2)	(3.4)	(0.4)
(Increase)/decrease in net debt	**(86.1)**	**22.2**	**(104.5)**	**3.8**

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

Reflecting an increase in working capital (principally trade receivables) which has been particularly pronounced as a result of the strong growth in revenue this year, the nine month cash conversion ratio was 89.2% (2011: 93.7%). Despite this, cash inflow from operations before payment of exceptional costs and net investment in the rental fleet still rose 26% to £261m (2011: £207m).

Total payments for capital expenditure (rental equipment and other PPE) during the nine months were £357m (2011: £141m), more than the £336m of capital expenditure delivered into the fleet due to the timing of deliveries and impact of supplier payment terms. Disposal proceeds received totalled £61m, giving net payments for capital expenditure of £296m in the nine months (2011: £105m). Interest payments reduced to £29m (2011: £37m) reflecting the benefit of the debt refinancing undertaken in the fourth quarter of 2010/11, whilst tax payments were again £4m. Interest payments differ from the £38m net accounting charge in the income statement due to the timing of interest payments in the quarter and non-cash interest charges. In the nine months the Group generated £48m of net cash inflow before growth capex whilst there was a £72m outflow (2011: inflow of £57m) after growth capex and the payment of exceptional costs provided in earlier years relating to closed premises.

Net debt

	31 January 2012 £m	31 January 2011 £m	30 April 2011 £m
First priority senior secured bank debt	565.7	290.5	467.1
Finance lease obligations	3.4	3.5	3.0
8.625% second priority senior secured notes, due 2015	-	153.3	-
9% second priority senior secured notes, due 2016	343.5	337.6	324.4
	912.6	784.9	794.5
Cash and cash equivalents	(1.4)	(10.8)	(18.8)
Total net debt	911.2	774.1	775.7

Net debt at 31 January 2012 was £911m (30 April 2011: £776m) with the increase since April reflecting principally the net cash outflow set out above and £46m of currency translation effect. The Group's underlying EBITDA for the twelve months ended 31 January 2012 was £356m and the ratio of net debt to underlying EBITDA was 2.5 times at 31 January 2012 at constant exchange rates (30 April 2011: 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 4.3 years remaining at 31 January 2012. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 5.2%. 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 January 2012 availability under the bank facility was $574m, including $100m of suppressed availability ($479m at 30 April 2011) meaning that covenants were not measured at 31 January 2012 and are unlikely to be measured in forthcoming quarters.

As a matter of good practice, we still, however, calculate the covenant ratios each quarter. At 31 January 2012, as a result of the 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 a commentary on market and economic conditions for the remainder of the year.

Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars. All our debt was denominated in US dollars at 31 January 2012 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 January 2012, a 1% change in the US dollar exchange rate would impact pre-tax profit by £1.1m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 January		30 April	31 January		30 April
	2012	2011	2011	2012	2011	2011
Sunbelt Rentals	352	358	347	5,455	5,269	5,289
Empire	9	9	9	828	588	942
Total US	361	367	356	6,283	5,857	6,231
A-Plant	109	104	106	1,949	1,886	1,921
Corporate office	-	-	-	10	11	11
Group	470	471	462	8,242	7,754	8,163