Ashtead 2006

28 November 2005, London, England.

20 April 2006, Sterling, VA, USA.

3 November 2005, New Orleans, LA, USA.

14 April 2005, Marshville, NC, USA.

20 April 2006, Charlotte, NC, USA.

22 July 2005, Manchester, England.

21 April 2006, Oxon Hill, MD, USA.

21 April 2006, Rockville, MD, USA.

ASHTEAD
GROUP
PLC

...borough, England.

A snapshot of the business

A market leader in equipment rental serving the US and UK construction, industrial and homeowner markets.

The fourth largest equipment rental business in the fragmented US market, Sunbelt continues to increase its market share rapidly. Sunbelt has 209 locations operating in 27 states.

The UK's third largest equipment rental company with 193 locations across Britain, operating in a mature, stable market.

Renting specialised electronic equipment to the offshore oil and gas sectors and the environmental monitoring and testing industry from eleven locations in the UK, the US, Canada and Singapore.

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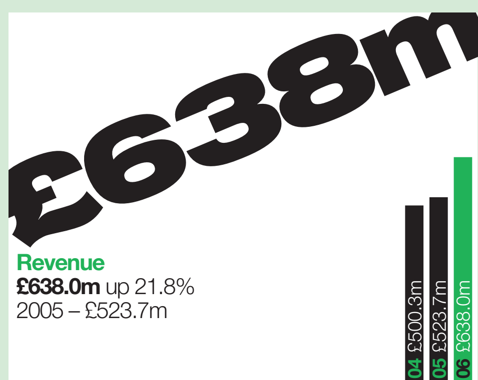


Figures for 2004 are in accordance with UK GAAP and are before exceptional items. Figures for 2005 and 2006 are in accordance with IFRS and are before fair value remeasurements of embedded derivatives in long term debt and, in 2006, before exceptional items.

Financial highlights

Group full year underlying* profit before taxation of £67.5m (2005: £22.4m)

Group full year profit before taxation of £81.7m (2005: profit of £32.2m)

Sunbelt's full year operating profit before exceptionals rises 62.7% to $175.5m (2005: $107.9m)

A-Plant's full year operating profit rises 22.0% to £13.9m (2005: £11.3m)

Final dividend of 1.0p per share proposed making 1.5p (2005: nil) for the full year

US market demand expected to remain strong

Pension fund is now fully funded

*Underlying profit before taxation and earnings per share are stated before exceptional items and fair value remeasurements related to embedded derivatives in long-term debt.

Chairman's report

The year saw the Group move forward strongly…with underlying pre-tax profits of £67.5m just over triple last year's £22.4m

The year saw the Group move forward strongly, particularly in the United States, with underlying pre-tax profits of £67.5m just over triple last year's £22.4m. We also invested heavily to ensure that our fleet age remained competitive, spending £220.2m in the year, almost double our depreciation charge. £64.5m was for growth with the balance representing replacement or maintenance expenditure. We also spent $100m on acquisitions in the US. With the support of shareholders in last summer's equity placing, we also further strengthened the balance sheet and provided an appropriate platform from which to execute our growth plans.

Cliff Miller and the Sunbelt team took advantage of the strong market conditions in the US to deliver an impressive 24% revenue growth to $818.7m (2005: $661.1m) and operating profits up 63% to $175.5m (2005: $107.9m). Whilst 19% of the revenue growth was same store, we also welcomed to the Group the staff of 16 new profit centres acquired during the year in the Florida, Southern California, Las Vegas, Indianapolis and Tennessee markets as well as Sunbelt's six new openings. The acquisitions delivered an excellent first year return.

The Board was also pleased to note the success of the new national sales force structure in A-Plant which drove a rise both in its profitability and rate of return. We look for these trends to continue in the coming year. Ashtead Technology also delivered solid growth in revenues and profit and continues to earn the highest returns in the Group. At A-Plant in particular, we face very different market conditions to those which prevail in the US and its staff and management are to be congratulated on the progress made in the past year.

These strong results and the strengthening of the balance sheet last summer enabled the Board to announce the resumption of dividend payments last December. Accordingly an interim dividend of 0.5p per share was paid in February and the Board is recommending a final dividend of 1.0p per share. If approved at the forthcoming Annual General Meeting, this will be paid on 28 September 2006 to shareholders on the register on 28 July 2006.

At Board level we saw no changes in the past year. However, as we announced with the release of the preliminary results on 28 June 2006,

£638m Group revenue up from 2005 by 21.8% from £523.7 million.

George Burnett will be retiring from his role as chief executive at the end of 2006. George co-founded Ashtead in 1984 when he and a fellow investor purchased what was then a five branch business trading in the south-east of England with revenues of £1m. George has been instrumental in all the key steps undertaken by the Group since that time. Since George assumed the role of Group Chief Executive in February 2000 he has successfully led the Group through the US economic downturn of 2001/2 and the turbulent times which followed and has overseen the recovery with profits now at record levels.

George well deserves to enjoy his forthcoming retirement and, on behalf of my fellow directors, the Company's shareholders and its employees, I would like to thank George for his leadership in developing the Group into one of the largest equipment rental businesses in the world and to record our best wishes for the future.

At the same time I would like to introduce our new Chief Executive, Geoff Drabble and to welcome him to his new role in the Company. Geoff joined the Board in 2005 following our search for a non-executive director with substantial experience of running businesses in the US. He is currently an executive director of the Laird Group where he is responsible for the Building Products division. Geoff has extensive experience of managing businesses with operations in both the US and the UK from both his time with Laird and previously with Black & Decker. We are certain that, in his new role, Geoff will bring both an understanding and continuity of our strategy whilst also providing renewed focus on all aspects of the Group's operations. Geoff emerged as the Nomination Committee's preferred candidate after an extensive external and internal search and we are delighted he has agreed to join Ashtead as its next Chief Executive. Geoff will be available to start full time in his new role from early October and will benefit from a handover period working alongside George until his retirement at the end of the year.

Amongst the other Board members, Philip Lovegrove remained on the Board longer than I had anticipated this time last year. Like George, he has served on the Company's Board since 1984 and for a long time was the sole non-executive. As a member of the FTSE 250 the Combined Code requires that the Company has at least an equal number of independent non-executive directors as there are executive directors, not counting myself. Your Board endorses these principles and accordingly is initiating a search for a new independent non-executive to replace Philip (who cannot be classed as independent under the rules of the Code because of the length of his service as a director) before the end of the current financial year. I therefore wish to record the Company's thanks to Philip for his expertise and advice over many years.

In closing, I should like to thank all the Group's employees for their continuing efforts on behalf of the Company in the past demanding but successful year.

Cob Stenham
Chairman
27 June 2006

Chief Executive's review

The Group achieved a record performance in 2006 and the Board looks forward to reporting further significant progress in the coming year

Overview

The Group achieved a record performance in the year to April 2006. Revenue increased by 21.8% to £638.0m. Underlying profit for the year before tax of £67.5m was three times last year's £22.4m, while the pre-tax profit for the year was £81.7m. Underlying basic earnings per share were 12.2p (2005: 2.6p) while basic earnings per share were 14.7p (2005: 5.6p). On a cash tax basis, earnings per share were 17.8p (2005: 6.7p).

The Group now reports its results under International Financial Reporting Standards (IFRS) and comparatives have been restated accordingly (see note 28 to the financial statements).

Review of trading for the year to 30 April

	Revenue		EBITDA*		Underlying profit	
	2006	2005	2006	2005	2006	2005
Sunbelt in $m	818.7	661.1	307.9	224.0	175.5	107.9
Sunbelt in £m	461.2	355.0	173.4	120.3	98.9	57.9
A-Plant	160.7	156.3	48.9	48.2	13.9	11.3
Ashtead Technology	16.1	12.4	8.0	6.5	4.0	3.4
Group central costs	–	–	(5.6)	(5.5)	(5.7)	(5.5)
	638.0	523.7	224.7	169.5	111.1	67.1
Interest					(43.6)	(44.7)
Underlying profit before tax					67.5	22.4

* in 2006 before exceptional items

Reflecting the Group's operational gearing, the 21.8% revenue increase resulted in a 32.5% increase in EBITDA before exceptional items to £224.7m and an increase of 65.5% in operating profit before exceptional items to £111.1m. Measured at constant exchange rates, to eliminate currency translation effects, revenue grew 17.8%, EBITDA before

£638m

Group: Revenue up 21.8%.

$819m

Sunbelt: Revenue up 23.8%.

£161m

A-Plant: Revenue up 2.8%.

£16m

Ashtead Technology: Revenue up 29.5%.

exceptional items grew 28.0%, operating profit before exceptional items grew 58.6% and underlying profit before tax was still almost three times that of last year. These improvements were reflected in the Group's margins. EBITDA margins grew from 32.4% to 35.2% and operating margins (before exceptional items) rose from 12.8% to 17.4%.

Sunbelt

In the year to 30 April 2006 revenue grew 23.8% to $818.7m. This was achieved through increased investment in the rental fleet which was on average 11% larger than a year ago and by significant increases in rental rates which were increased approximately 12% in strong market conditions. Average utilisation remained high at 70% (2005: 69%).

Revenue growth was broadly based with all regions and all major product areas trading ahead of last year. Last summer's hurricanes are estimated to have added around 2% to 2005/6's revenues. In a strong trading environment where US non-residential construction rose 10.2% in the 12 months to end April, according to figures published by the US Department of Commerce, Sunbelt continued to take market share. Revenues from house builders, where the short term outlook is less certain, accounted for just 6% of Sunbelt's revenues. The shift from ownership to rental in the US continued with the rental market again growing faster than its key customer base, non-residential construction, in calendar 2005.

For the full year, Sunbelt's operating profit before exceptional items was up 62.7% to $175.5m, representing a margin of 21.4% (2005: 16.3%).

Sunbelt continued to invest to reduce the age of its rental fleet and to invest for growth, spending $257.9m in the year, including the funding of six new greenfield stores. A further 16 new general equipment rental stores were acquired during the year for a consideration, including costs, of approximately $100m. The acquired stores were all immediately transferred onto Sunbelt's point of sale system and staff incentive programmes and began trading as Sunbelt stores from their acquisition closing date. The financial performance since acquisition has been strongly positive. In August Sunbelt also disposed of 12 specialist scaffold stores on the west coast and in Texas for $24.3m generating an exceptional disposal profit of $5.1m (£2.9m). The new stores continue Sunbelt's strategy of clustering stores in major metropolitan markets. Sunbelt also continues to emphasise organic growth with an increase in same store revenues for the year of 19.3%.

In the fourth quarter Sunbelt delivered revenue growth of 27.1% and growth in operating profit before exceptional items of 63.2%.

A-Plant

A-Plant's revenue for the year was £160.7m compared to £156.3m last year. The successful restructuring of A-Plant's sales force undertaken in the first half contributed to a significantly improved performance in the second half of the year and a particularly strong fourth quarter in which revenues increased by 8% to £41.8m and operating profit by 47.1% to £3.9m. Rental rates, average fleet size and utilisation for the year were all at similar levels to those of last year. Revenues from A-Plant's largest 150 customers continued to grow and represented 39% of the year's total.

Operating expenses were again carefully controlled, increasing by just 3.4% before depreciation. As a result A-Plant's operating profit for the year grew 22.0% to £13.9m (2005: £11.3m), representing a margin of 8.6% (2005: 7.3%).

The investment A-Plant makes in developing its staff, which is at the heart of its improving performance, was recognised in May when Hire Association Europe ('HAE') announced that A-Plant had won, amongst competition from rental companies across Europe, HAE's 'Excellence in Training' award.

Chief Executive's review continued

Over £200m invested in the rental fleet with £65m being for growth

Ashtead Technology
Ashtead Technology's performance continued recent trends with revenue for the year up 29.5% to £16.1m (2005: £12.4m) and operating profit up 19.9% to £4.0m (2005: £3.4m). This reflects increased investment by the oil majors which is delivering higher offshore exploration and construction activity as well as continued growth in Ashtead Technology's onshore environmental business. Investment for future growth included a significantly enlarged onshore sales force and a new profit centre in Chicago opened last November.

Exceptional items and fair value remeasurements of embedded derivatives
In addition to the trading results discussed above, operating profit as reported in the consolidated income statement includes £13.4m of net exceptional profits. These comprise the £11.3m received when Sunbelt settled its long standing litigation with Head & Engquist in November 2005, a £2.9m profit on disposal of Sunbelt's 12 scaffold stores less £0.8m of post acquisition integration costs. Included within finance costs is the £4.8m net cost of last summer's capital reorganisation, mainly relating to the 12% premium payable on the £42m of sterling senior secured notes redeemed early out of the proceeds of the equity placing, and the £5.6m (2005: £9.8m) non-cash fair value remeasurements of embedded derivatives in long term debt.

Taxation
Overall for the year the effective accounting tax rate on the underlying profit was 31% whilst the cash tax rate on the same basis remained minimal. The recent increases in Sunbelt's profitability together with the Head & Engquist litigation receipt means, however, that Sunbelt's US federal tax losses have now been fully utilised and that consequently the Group's cash tax rate will rise into double digits next year.

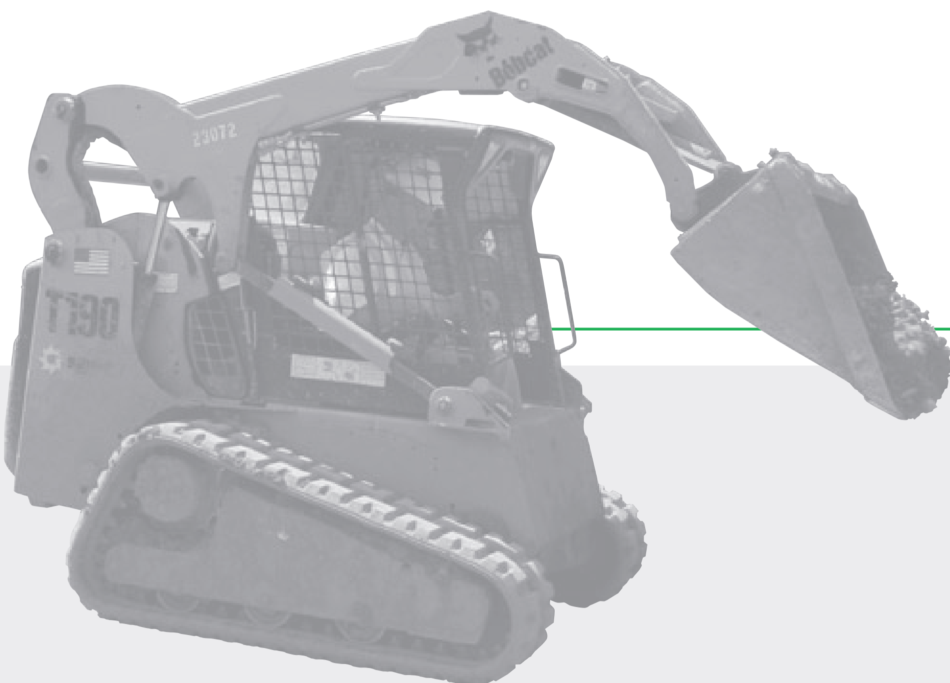
Pensions
Funding of the UK pension plan deficit as announced with the third quarter results was completed at the end of March with the payment of £17.1m, the amount recommended by the actuary, into the fund. As a result the Group's pension obligations are now fully funded. Funding of the deficit had no significant effect on the Group's income statement.

Capital expenditure and net debt
Capital expenditure in the year was £220.2m (2005: £138.4m) of which £201.8m was invested in the rental fleet. £64.5m of the fleet expenditure was for growth, principally in Sunbelt, with the remainder spent to replace existing equipment. Disposal proceeds were £50.8m (2005: £37.6m) generating a profit on disposal of £9.1m (2005: £7.1m).

As indicated in March, capital expenditure for the year to 30 April 2007 is currently expected to total approximately £250m.

Net debt at 30 April 2006 was £493.6m, an increase of £11.3m since 30 April 2005. At constant exchange rates the increase over the year was £2.5m. Net debt to EBITDA leverage reduced from 2.85x a year ago to 2.2x at 30 April 2006. Availability under the asset based loan facility was $283m at 30 April 2006 ($157m at 30 April 2005).

Dividends
The directors intend proposing to shareholders at the Annual General Meeting that a final dividend of 1.0p per share be paid making a total for the year of 1.5p per share (2005: nil). Under IFRS the financial statements now reflect just dividends paid in the year and therefore show only the £2.0m cost of the interim dividend paid in February. The final dividend, if approved by shareholders, will be paid on 28 September 2006 to shareholders on the register on 28 July 2006.



Current trading and outlook

All three of our businesses performed well in the past year. Each continues to benefit from good market conditions and has made an excellent start to the new financial year.

In the US, where the shift from ownership to rental continues, we are encouraged by the strength of the non-residential construction market which rose 10% in the 12 months to April 2006 and is forecast to grow strongly for at least the next two years and by Sunbelt's continuing gains in market share. Revenues from house builders, where the short term outlook is less certain, accounted for just 6% of Sunbelt's revenues last year.

The restructuring of A-Plant's sales force at the start of last year delivered benefits on a rising scale as the year progressed, a trend which has continued into our new financial year.

With this strong, broadly-based momentum, the Board looks forward to reporting further significant progress in the coming year.

In closing, I should like to express my thanks to everyone who has contributed to the growth of Ashtead Group over the last 22 years: shareholders, suppliers, customers (without whom we would not be here) but most of all to our staff, past and present. We are a service business in a 'hard-work' industry and it is the enthusiasm, drive and commitment of the A-Plant, Sunbelt and Ashtead Technology teams, backed up by the equally capable and committed Ashtead Group support staff, that makes the difference. My appreciation and best wishes go to all of them.

I am delighted that Geoff Drabble will be joining the Group in an executive capacity in October and very much look forward to working with him in effecting a seamless transition. He will take over the best management team in the industry and will bring both a sense of continuity and fresh new ideas to the next phase of Ashtead's development. I wish him and the entire Board every success in taking the Group forward to what I am sure will be a prosperous and exciting future.

George Burnett
Chief Executive
27 June 2006

Investing for growth

Regular re-investment in our rental fleet sits at the heart of Ashtead's business philosophy as does investing for growth when market conditions allow.

In the US, Sunbelt is growing as new sites are established and smaller businesses are acquired. 2005/6 has seen $257.9m invested in Sunbelt's fleet and six new greenfield stores opened. The year also saw the acquisition of a further 16 new general equipment rental stores representing an investment of $100m.

A-Plant is targeting a more mature market in the UK and the challenge here is to strengthen and consolidate the brand. A-Plant is well established in the market and within the industry its reputation continues to improve. Internal re-structuring has helped drive 22% profit growth in 2005/6 and positioned it for ongoing growth.

Ashtead Technology maintains a substantial position within its specialist market. The significant rise in its 2005/6 operating profit reflects both the increase in offshore activity around the world and growth in its environmental business, demonstrating its ability to take advantage of market strengths.

A-Plant's accommodation business offers a wide range of accommodation units.

Maintaining our rental fleet

The quality of the operational fleet is the key to successful rental operations. In all three divisions and in all markets Ashtead is committed to offering the customer high standards of equipment.

Ashtead's strong growth over the last two years, taken in tandem with the Company's financial re-structuring, allows for a significant level of discretion in fleet investment decisions.

The volume and pattern of replacement within the fleet can be used, at the directors' discretion, to manage the Group's free cash flow. With record results this year the level of replacement investment has been high, ensuring we are able to offer our customers a highly competitive standard and age of equipment. Also, by reducing fleet age significantly this year, the Company has the option to be flexible in the future. Fleet age at 30 April 2006 was 37 months for the Group, 38 months for Sunbelt and 36 months for A-Plant. These figures compare to the average depreciable life of the equipment in our fleet of 96 months indicating the flexibility available to us.

Sunbelt Rentals provides forklifts for all types of construction and industrial lifting applications.

Growth opportunities

Sunbelt continues to open greenfield stores but during the year returned to acquisitions to consolidate and expand its clusters in key metropolitan areas. Stores acquired from HSS RentX consolidated the Miami cluster and the Northridge and Brookstone acquisitions increased Sunbelt's presence in the attractive Southern California market. They have been integrated within Sunbelt's operations, exceeding our expectations post acquisition. Sunbelt intends to continue to develop further clusters in key markets.

In the UK an estimated 70%–80% of equipment is rented rather than owned. Early in 2005/6 A-Plant re-structured its sales operation to streamline and increase its penetration of the market. The enhanced sales operation which secures and services our larger customers was strengthened and consolidated into a single national structure. This has been instrumental in driving our national accounts business with the top 150 customers accounting for 39% of A-Plant's revenue in the year.

Over the past year the market profile of Ashtead Technology was raised further as it successfully pursued growth in its offshore and onshore markets. Ashtead Technology now has a strong position within this exciting and dynamic sector and intends to use that advantage to grow as its markets expand.

Ashtead Technology Rentals offers a wide range of remote visual inspection equipment to meet many inspection requirements.

The trend to rent

Sunbelt is riding the national trend in the US away from ownership and towards rental. Ashtead originally identified this shift within the marketplace ten years or more ago, and Sunbelt is perfectly placed to take advantage of the changing patterns of utilisation.

At the moment, an estimated 38% of construction equipment is rented by contractors but this is expected by Dan Kaplan Associates to grow to 50% by 2010. This gives Sunbelt enormous scope for growth as the company's customers make the strategic decision to move away from outright ownership and towards rental. Sunbelt's objective is to continue its expansion in this vigorous and buoyant marketplace in the coming year.

Sunbelt also plays a crucial part in clearing and reconstruction operations following meteorological occurrences such as tornadoes, hurricanes and flooding. These naturally occurring events are a weighty challenge for the regional authorities and contractors charged with implementing both emergency and long-term repair and restoration. It makes no sense for these bodies to own the essential equipment outright, so they turn to rental companies for a fast, efficient and professional service. Sunbelt is proud of its record in providing its equipment as rapidly as possible to help assist the recovery from such natural disasters.

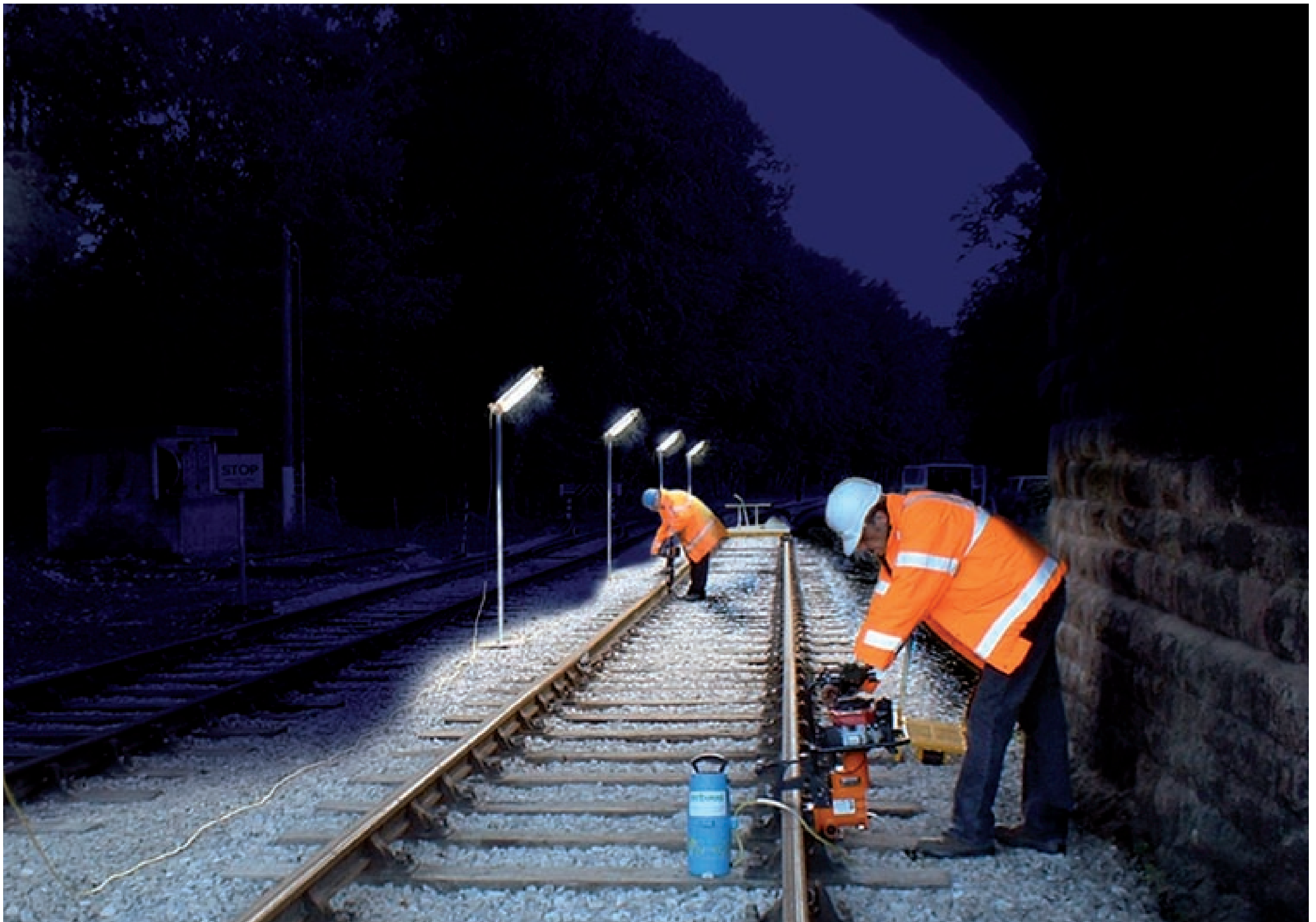
Sunbelt Rentals crews respond day or night for emergency equipment needs.

Focus on Health and Safety

In all markets there is an ever greater awareness of health and safety, with our customers demanding increasing levels of support.

In the US, Sunbelt offers an extensive online library of safety advice, and has also initiated a monthly safety message quiz, with prizes for both customers and members of the Sunbelt team. The company also offers training to customers' employees with qualified trainers available. There is also an in-house national training centre in Charlotte, North Carolina which provides Sunbelt's employees with training of the highest standard.

With its national presence and established IT systems, A-Plant is one of only a few national providers able to consistently meet its customers' health and safety requirements and to report on its success in doing so. A-Plant launched a health and safety awareness programme amongst its customers during the year entitled 'Making your Safety our Priority' and distributed over 100,000 copies throughout the UK. A-Plant also won the Hire Association Europe's 'Excellence in Training Award' earlier this year.



A-Plant's Rail division offers a wide range of lighting products.

Rewarding our employees

The strength of our business and its culture is the level of responsibility delegated to the rental store level. The rental store manager has a high degree of autonomy to manage his business in the light of local market conditions. This is reflected in the monthly profit share programme in which every member of the store staff is entitled to participate and is based on the store's month to month performance. The profit share programme motivates employees to maximise returns on investment and encourages them to build and reinforce relationships with our customers. It contributes to the performance of the business through acting as an incentive to control costs, optimise pricing and promote efficient fleet management, while building motivated cohesive teams focused on profitability at a local level. Profit share payments totalled £16.2m in 2005/6, representing 7.7% of employee remuneration.

In addition to rewarding our employees financially, the development of their careers is a priority and, we believe, an important way of maintaining employee morale and loyalty. Sunbelt and A-Plant maintain in-house training teams which, during 2005/6, organised over 2,200 courses for a significant number of employees.

Sunbelt's diesel-driven generators provide emergency power for diverse needs.

Clustered operations

Ashtead is committed to continuing Sunbelt's strategy of clustering its stores in key markets across the country. Sunbelt's 209 outlets are concentrated in major metropolitan areas ranging from Washington, DC and Baltimore on the Atlantic Coast through Miami, Tampa and Orlando in Florida to Seattle on the west coast.

Sunbelt concentrates on expanding and improving both its profile and the service it offers to its customers within these large metropolitan markets. In so doing, Sunbelt aims to offer its customers a complete, one-stop service for all their rental requirements.

Sunbelt also actively looks for acquisitions in pursuit of this strategy. For the most part these will be smaller, traditionally family-run operations in key locations although, as and when the opportunities arise, the company may pursue larger acquisitions of operators who fit Sunbelt's profile.

The US economy performed well in the past year and Sunbelt is servicing one of the most solid sectors of that economy, non-residential construction. This market is in excellent shape with its growth rate forecast by McGraw-Hill Construction to significantly outstrip the growth rate of the national economy in 2006 and 2007.

Sunbelt green – the dominant brand on the job site.

Maximising utilisation

The Company's distinctive and attractive green livery means that its equipment is easily identified, and its quality is appreciated wherever it is found.

However, equipment which is sitting in a yard or a showroom unused is not earning its keep. A key objective is to maximise the use of all items of equipment. This objective is supported by both our strategic national purchasing policy in each of the US and UK and by the local knowledge of customer requirements and preferences amongst our regional, district and profit centre managers.

Time utilisation of our fleet has improved significantly in the past two years at both Sunbelt and A-Plant and now approaches peak efficiency.

Both A-Plant and Sunbelt work hard to assist and inform their customers, and thereby ensure that they hire the most appropriate equipment for the job in hand. To this end both have public internet websites, which are easily navigated and provide technical information on the equipment in the field. There are provisions on both sites for customers to put questions to technical experts.

A-Plant offers a wide range of lighting towers.

Board of Directors

1. Cob Stenham, MA, FCA
Non-executive Chairman
Aged 74, Cob Stenham has been non-executive Chairman, Chairman of the Nomination Committee and a member of the Finance and Administration Committee since January 2004 and a director since 27 October 2003. Mr Stenham is also Deputy Chairman of NTL Incorporated, Chairman of Telewest Communications plc and a non-executive director of Whatsonwhen (non-executive Chairman), Management Consulting Group plc, Cambridge Place Investment Management and Ifonline Group plc (non-executive Chairman).

2. George Burnett, MA, LLB, CA
Chief Executive
Aged 59, George Burnett has been Chief Executive since February 2000 and one of our directors since May 1984. Prior to February 2000, Mr Burnett was Managing Director for 16 years. Mr Burnett is also Chairman of Henderson Strata Investments plc and is Chair of the Governors of University College for the Creative Arts at Canterbury, Epsom, Farnham, Maidstone and Rochester (formerly The Surrey Institute of Art & Design, University College). Overall, Mr Burnett has over 28 years' experience in the equipment rental business. George Burnett is Chairman of the Finance and Administration Committee and a member of the Nomination Committee.

3. Ian Robson, BSc, FCA
Finance Director
Aged 47, Ian Robson has been Finance Director since June 2000. Prior to June 2000, Mr Robson held a series of senior financial positions at Reuters Group plc for four years. Prior to joining Reuters Group plc, Mr Robson was a partner at Price Waterhouse (now PricewaterhouseCoopers LLP). Ian Robson is a member of the Finance and Administration Committee.

4. Cliff Miller
President and Chief Executive Officer, Sunbelt
Aged 43, Cliff Miller was appointed President and Chief Executive Officer of Sunbelt and as one of our directors in July 2004. Cliff Miller has more than 20 years of experience in the rental industry and joined the Group in 1996 with the acquisition of McLean Rentals. From that time until 2003 he was Vice President responsible for Sunbelt's North-Eastern division. Subsequently, he was one of two Executive Vice Presidents responsible for all of Sunbelt's front line operations.

5. Sat Dhaiwal
Chief Executive Officer, A-Plant
Aged 37, Sat Dhaiwal has been Chief Executive Officer of A-Plant and one of our directors since March 2002. Mr Dhaiwal was Managing Director of A-Plant East, one of A-Plant's four operational regions, from May 1998 to March 2002. He was an A-Plant trading director from 1995 until his appointment as Managing Director of A-Plant East and, prior to 1995, he managed one of A-Plant's profit centres. Mr Dhaiwal has some 20 years' experience in the equipment rental industry.

6. Chris Cole, C.Eng, FCIBSE
Senior independent non-executive director
Aged 59, Chris Cole has been a director and a member of the Audit, Nomination and Remuneration Committees since January 2002. He was appointed Chairman of the Remuneration Committee in September 2003 and became the senior independent non-executive director from the same date. Mr Cole is Chief Executive of WSP Group plc.

7. Hugh Etheridge, FCA, MCT
Independent non-executive director
Aged 56, Hugh Etheridge has been a director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees since January 2004. He also became Chairman of the Audit Committee in January 2004. Mr Etheridge is Chief Financial Officer of the Waste and Resources Action Programme ('WRAP'), a non-profit organisation established by the UK Government to promote sustainable waste management. Before joining WRAP, Mr Etheridge was finance director of Waste Recycling Group plc and, prior to that, of Matthew Clark plc.

8. Philip Lovegrove, OBE, LLM
Non-executive director
Aged 68, Philip Lovegrove has been a director since 1984 and is a member of the Nomination Committee. Mr Lovegrove is Chairman of Stanelco plc.

9. Gary Iceton
Independent non-executive director
Aged 56, Gary Iceton was appointed as a non-executive director and a member of the Audit and Nomination Committees effective from 1 September 2004. Until 2000 he was a director of St Ives plc and Chairman and Chief Executive of the Books Division. More recently, he was Chairman of Jarrold Limited and, prior to that, CEO of Amertrans.

10. Geoffrey Drabble, BSc, FCA
Currently a non-executive director and Chief Executive designate
Aged 46, Geoffrey Drabble was appointed as a non-executive director and a member of the Nomination and Remuneration Committees in April 2005. He is currently an executive director of The Laird Group PLC where he is responsible for its Building Products division which has extensive US and UK operations. Prior to joining Laird Group, Mr Drabble held a number of senior management positions at Black & Decker. He will join the Group as Chief Executive designate on 2 October 2006.

Details of the directors' contracts, emoluments and share interests can be found in the Directors' Remuneration Report.

Directors' report

The directors present their report and the audited accounts for the financial year ended 30 April 2006.

Principal activities
The principal activity of the Company is that of an investment holding and management company. The principal activity of the Group is the rental of equipment to industrial and commercial users mainly in the non-residential construction sectors in the US and the UK.

Trading results and dividends
The Group's consolidated profit before taxation for the year was £81.7m (2005: £32.2m). A review of the Group's performance and future development, including the principal risks and uncertainties facing the Group, is given in the Business and Financial Review on pages 33 to 44. These disclosures form part of this report. The Group paid an interim dividend of 0.5p per ordinary share in February and the directors recommend the payment of a final dividend of 1p per ordinary share, to be paid on 28 September 2006 to those shareholders on the register at the close of business on 28 July 2006, making a total dividend for the year of 1.5p (2005: nil).

Share capital and major shareholders
Details of the Company's share capital are given in note 18 to the financial statements. So far as the Company is aware, the only holdings of 3% or more of the issued share capital of the Company as at 23 June 2006 (the latest practicable date before approval of the financial statements) are as follows:

	At 23 June %
The Goldman Sachs Group Inc	5.9
Aviva plc	5.0
Barclays Bank plc	3.6
Legal & General	3.5
GB Burnett	3.2

Details of directors' interests in the Company's ordinary share capital and in options over that share capital are given in the Directors' Remuneration Report on pages 24 to 32. Details of all shares subject to option are given in note 20 to the financial statements.

Employees
The total number of employees worldwide of the Group at 30 April 2006 was 6,465.

The Group makes every reasonable effort to give disabled applicants, and existing employees becoming disabled, opportunities for work, training and career development in keeping with their aptitudes and abilities. The Group is an equal opportunities employer.

The Group has taken action consistently through the year to maintain and develop arrangements aimed at involving employees in its affairs. For example, monthly meetings are held at profit centres to discuss the previous month's performance. The Group has a positive approach to health and safety at work and to compliance with the law and the requirements of the regulatory bodies in both the UK and the US. A copy of the relevant formal statement of the Group's policy on health and safety is on display at profit centres in the UK and the US.

The Group encourages UK employees to become shareholders through the SAYE share option scheme.

Directors and directors' insurance
Details of the directors of the Company are given on pages 16 and 17. Each of the directors as at the date of approval of this report confirms, as required by Section 234 of the Companies Act 1985, that to the best of their knowledge and belief:
(1) there is no significant information known to the director relevant to the audit of which the Company's auditors are unaware; and
(2) each director has taken reasonable steps to make himself aware of such information and to establish that the Company's auditors are aware of it.

The Company has maintained insurance throughout the year to cover all directors against liabilities in relation to the Company and its subsidiary undertakings.

Policy on payment of suppliers
Suppliers are paid in accordance with the individual payment terms agreed with each of them. The number of Group creditor days at 30 April 2006 was 57 days (30 April 2005: 74 days) which reflects the terms agreed with individual suppliers. There were no trade creditors in the Company's balance sheet at any time during the past two years.

Political and charitable donations
Charitable donations in the year amounted to £29,914 in total (2005: £22,650). No political donations were made in either year.

Environmental report
The Group, through its equipment purchasing policies, maintenance programmes and environmental monitoring practices, endeavours to ensure that its trading activities have as little adverse impact on the environment as it is possible to achieve. Accordingly, the Group has developed environmental management processes which are designed to ensure:

- compliance with relevant legislation;
- removal of potential causes of environmental damage where practicable; and
- continuous reduction in environmental impact through monitoring and corrective action.

The Group's continued investment in its rental fleet, along with its maintenance programmes, minimises both pollution to the atmosphere and accidental contamination. The facilities the Group maintains throughout its profit centre network are designed to enable waste to be disposed of correctly, bulk fuels to be stored safely and fleet cleaning and maintenance to be carried out efficiently.

Group companies have documented procedures at profit centre level for fleet maintenance, removal of waste from customers' sites back to company premises for safe disposal as well as contractual arrangements for the disposal of all major waste products.

The Group's internal operational audit teams measure and monitor environmental performance and control measures at profit centres as part of their rolling audit programme and report their findings to senior operational management.

Auditors
Deloitte & Touche LLP has indicated its willingness to continue in office and in accordance with section 385 of the Companies Act 1985, a resolution concerning its re-appointment and authorising the directors to fix its remuneration will be proposed at the Annual General Meeting.

Annual General Meeting
The Annual General Meeting will be held at 2.30pm on Tuesday 26 September 2006. Notice of the meeting is set out in the document accompanying this Report and Accounts. In addition to the adoption of the 2005/6 Report and Accounts, the declaration of a final dividend, resolutions dealing with the appointment and re-election of directors and the resolution dealing with the approval of the Directors' Remuneration Report, there are four other matters which will be considered at the Annual General Meeting. These relate to the reappointment of Deloitte & Touche LLP as auditors, the ability for the directors to unconditionally allot shares up to approximately one third of the Company's share capital, the disapplication of pre-emption rights in relation to the previous resolution and empowering the Company to buy back up to 5% of its issued share capital. These resolutions update for a further year similar resolutions approved by shareholders in previous years.

By order of the Board

Eric Watkins
Company Secretary
27 June 2006

Corporate governance report

The revised Combined Code on corporate governance was published in July 2003 by the Financial Reporting Council ('the 2003 FRC Code') following a review of the role and effectiveness of non-executive directors by Sir Derek Higgs and a review of audit committees by a group led by Sir Robert Smith.

The Company is committed to maintaining high standards of corporate governance. The Board recognises that it is accountable to the Company's shareholders for corporate governance and this statement describes how the Company has applied the relevant principles of the 2003 FRC Code. The Company complied throughout the year with the provisions of the 2003 FRC Code on corporate governance.

The Board

The Company's Board comprises the non-executive chairman, the chief executive, the finance director, the executive heads of Sunbelt and A-Plant, the senior independent non-executive director and four other non-executive directors. Short biographies of the directors are given on pages 16 and 17.

The chairman undertakes leadership of the Board by agreeing Board agendas and encourages its effectiveness by the provision of timely, accurate and clear information on all aspects of the Group's business to enable the Board to take sound decisions and promote the success of the business. The chairman, assisted by other directors, reviews the effectiveness of each member of the Board no less than annually and he facilitates constructive relationships between the executive and non-executive directors through both formal and informal meetings.

The chairman ensures that all directors are properly briefed to enable them to discharge their duties effectively. All newly appointed directors undertake an induction to all parts of the Group's business. Additionally, detailed management accounts are sent monthly to all Board members and, in advance of all Board meetings, an agenda and appropriate documentation in respect of each item to be discussed is circulated.

The chairman facilitates effective communication with shareholders through both the Annual General Meeting and by individual meetings with major shareholders to develop an understanding of the views of the investors in the business. He also ensures that shareholders have access to other directors, including non-executive directors, as appropriate.

The chief executive's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. The chief executive undertakes the leadership and responsibility for the direction and management of the day-to-day business and conduct of the Group. In doing so, the chief executive's role includes, but is not restricted to, implementing Board decisions, delegating responsibility, and reporting to the Board regarding the conduct, activities and performance of the Group. The chief executive chairs the formal management meetings with the operating divisions of the Group's business and sets policies and direction to maximise returns to shareholders.

All directors are responsible under the law for the proper conduct of the Company's affairs. The directors are also responsible for ensuring that the strategies proposed by the executive directors are discussed in detail and assessed critically to ensure they conform with the long-term interests of shareholders and are compatible with the interests of employees, customers and suppliers. The Board has reserved to itself those matters, which reinforce its control of the Company. These include treasury policy, acquisitions and disposals, appointment and removal of directors or the company secretary, appointment and removal of the auditors and approval of the annual accounts.

Regular reports and briefings are provided to the Board, by the executive directors and the company secretary, to ensure the directors are suitably briefed to fulfil their roles. The Board normally meets at least six times a year and there is contact between meetings to advance the Company's activities. It is the Board's usual practice to meet at least annually at the offices of Sunbelt and A-Plant. The directors also have access to the company secretary and are able to seek independent advice at the Company's expense.

The Board's terms of reference are available for inspection at the Annual General Meeting.

All directors are subject to election by shareholders at the first Annual General Meeting after their appointment and to re-election thereafter at intervals of no more than three years. Non-executive directors are appointed for specified terms not exceeding three years and are subject to re-election and the provision of the Companies Act relating to the removal of a director.

In accordance with the Company's articles of association, Mr Stenham, Mr Robson and Mr Miller will offer themselves for retirement and re-election to the Board at the next Annual General Meeting.

Non-executive directors

The Board considers that the Company is in compliance with the independence provisions of the 2003 FRC Code.

In the recruitment of non-executive directors, it is the Group's practice to utilise the services of an external search consultancy. Before appointment, non-executive directors are required to assure the Board

that they can give the time commitment necessary to fulfil properly their duties, both in terms of availability to attend meetings and discuss matters on the telephone and meeting preparation time. The non-executives' letters of appointment are available for inspection at the Annual General Meeting.

The non-executive directors (including the chairman) meet as and when required in the absence of the executive directors to discuss and appraise the performance of the Board as a whole and the performance of the executive directors. In accordance with the FRC Code, the non-executive directors, led by the senior independent non-executive director, also meet annually in the absence of the chairman to discuss and appraise his performance.

Performance evaluation

The performance of the chairman, the chief executive, the Board and its committees is evaluated, amongst other things, against their respective role profiles and terms of reference. This evaluation was conducted by the Board as a whole in the context of a paper submitted by the company secretary summarising the key highlights of the year. The executive directors are additionally evaluated against the agreed budget for the generation of revenue, profit and value to shareholders.

Board committees

Audit Committee

The Audit Committee comprised throughout the year Mr Etheridge (chairman), Mr Cole and Mr Iceton. In accordance with the recommendation of the Smith Committee, the Company's non-executive chairman, Mr Stenham, is not a member of the Audit Committee. By invitation, our finance director, Mr Robson, our director of financial reporting, Mr Pratt and other directors (including the chairman) normally attend the committee's meetings, as do representatives of our internal and external auditors.

As is required by its terms of reference, the Audit Committee meets on at least four occasions each year to review the draft quarterly and annual financial statements prior to their publication, to consider the key accounting estimates and judgements contained therein and to consider reports from both the internal and external auditors which includes audit plans and the key findings of their work. The Audit Committee also keeps the Group's accounting policies under review, evaluates the effectiveness of the Group's internal controls and financial reporting policies and is responsible for dealing with any matter brought to its attention by the auditors. The Audit Committee also keeps under review the effectiveness of both internal and external audit as well as the independence of the external auditors including the type of, and associated fees for, non-audit services.

The Audit Committee reviews the nature of any non-audit work to be undertaken by Deloitte & Touche LLP and the level of proposed fees to ensure their independence is not impaired. The principal non-audit fees for the year relate to their work in connection with last year's share placing and open offer, to their reviews of the Group's quarterly results announcements and to their work on the Group's IFRS implementation project. The Audit Committee is satisfied that the nature of work undertaken and the level of non-audit fees did not impair their independence.

The Audit Committee's terms of reference are available for inspection at the Annual General Meeting.

Remuneration Committee

The Remuneration Committee comprised throughout the year Mr Cole (chairman), Mr Etheridge and Mr Drabble.

The Remuneration Committee meets as and when required but in any event holds a series of meetings during the year to set the compensation packages for the executive directors, to establish the terms and conditions of the executive directors' employment and to set remuneration policy generally. Mr Stenham and Mr Burnett normally attend the meetings of the Committee. The Committee also engages remuneration consultants to advise it in its work as and when required.

None of the members of the Remuneration Committee is currently or has been at any time one of the Company's executive directors or an employee. None of the executive directors currently serves, or has served, as a member of the Board of Directors of any other company, which has one or more of its executive directors serving on the Company's Board or Remuneration Committee.

The Remuneration Committee's terms of reference are available for inspection at the Annual General Meeting.

Nomination Committee

The Nomination Committee comprised throughout the year Mr Stenham (chairman), Mr Burnett, Mr Cole, Mr Etheridge, Mr Lovegrove, Mr Iceton and Mr Drabble. The Nomination Committee meets as and when required to recommend proposed changes to the structure and composition of the Board of Directors. The Nomination Committee met informally on a number of occasions throughout the year, usually at the end of Board meetings. As there were no proposed changes to the composition of the Board of Directors, the Committee did not meet formally during the year.

The Nomination Committee's terms of reference are available for inspection at the Annual General Meeting.

Corporate governance report continued

Attendance at Board and Committee meetings held between 1 May 2005 and 30 April 2006

	Board	Audit	Remuneration	Nomination
Number of meetings held	8	5	4	0
Mr Stenham	8	n/a	n/a	–
Mr Burnett	8	n/a	n/a	–
Mr Robson	8	n/a	n/a	n/a
Mr Dhaiwal	8	n/a	n/a	n/a
Mr Miller	8	n/a	n/a	n/a
Mr Cole	8	5	4	–
Mr Etheridge	7	5	3	–
Mr Lovegrove	8	n/a	n/a	–
Mr Iceton	8	5	n/a	–
Mr Drabble	8	n/a	4	–

Finance and Administration Committee
The Finance and Administration Committee comprised Mr Stenham, Mr Burnett and Mr Robson throughout the year and is chaired by Mr Burnett. The Board of Directors has delegated authority to this committee to deal with routine financial and administrative matters between Board meetings. The committee meets as necessary to perform its role and has a quorum requirement of two members with certain matters requiring the presence of Mr Stenham, our non-executive chairman, including, for example, the approval of material announcements to the London Stock Exchange.

Internal control
The directors acknowledge their responsibility for the Group's system of internal control and confirm they have reviewed its effectiveness. In doing so, the Group has taken note of the guidance for directors on internal control, Internal Control: Guidance for Directors on the Combined Code (the Turnbull Guidance).

The Board confirms that there is a process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place for the full financial year and is ongoing. It is kept under regular review by the executive directors and is considered periodically by the Board and accords with the Turnbull Guidance.

The Board considers that the Group's internal control system is appropriately designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Any such control system, however, can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group reviews the risks it faces in its business and how these risks are managed. These reviews are conducted in conjunction with the management teams of each of the Group's businesses and are documented in an annual report. The reviews consider whether any matters have arisen since the last report was prepared which might indicate omissions or inadequacies in that assessment. They also consider whether, as a result of changes in either the internal or external environment, any new significant risks have arisen. The executive directors reviewed the draft report for 2006, which was then presented to, discussed and approved by the Group Board on 21 June 2006.

Before producing the statement on internal control for the annual report and accounts for the year ended 30 April 2006, the Board reconsidered the operational effectiveness of the Group's internal control systems. In particular, through the Audit Committee, it received reports from the operational audit teams and considered the status of implementation of internal control improvement recommendations made by the Group's internal auditors and our external auditors. The control system includes written policies and control procedures, clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against budgets and latest forecasts.

In a group of the size, complexity and geographical diversity of Ashtead, minor breakdowns in established control procedures can occur. There are supporting policies and procedures for investigation and management of control breakdowns at any of the Group's profit centres or elsewhere. The Audit Committee also meets with the external auditors at least four times a year to discuss the results of their work.

In relation to internal financial control, the Group's control and monitoring procedures include:

- the maintenance and production of accurate and timely financial management information, including a monthly profit and loss account and selected balance sheet data for each profit centre;
- the control of key financial risks through clearly laid down authority levels and proper segregation of accounting duties at the Group's accounting support centres;

- the preparation of a monthly financial report to the Board including income statements for the Group and each subsidiary, balance sheet and cash flow statement;
- the preparation of an annual budget and periodic update forecasts which are reviewed by the executive directors and then by the Board;
- a programme of rental equipment inventories and full inventory counts conducted at each profit centre by equipment type independently checked on a sample basis by our operational auditors and external auditors;
- detailed internal audits at the Group's major accounting centres undertaken by internal audit specialists from a major international accounting firm;
- comprehensive audits of all profit centres generally carried out on average at least once per year by internal operational audit. A summary of this work is provided annually to the Audit Committee; and
- a review of arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements. The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the Company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulations.

IAS 1, Presentation of Financial Statements, requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985.

The maintenance and integrity of the Ashtead Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were first published.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern
After making appropriate enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements. In forming this view the directors have reviewed the Group's budgets and cash flow forecasts for a period of more than 12 months from the date of the approval of these financial statements and considered the sufficiency of the Group's banking facilities described on pages 42 to 43 of the Business and Financial Review.

By order of the Board

Eric Watkins
Company Secretary
27 June 2006

Directors' remuneration report

Introduction

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the forthcoming Annual General Meeting of the Company.

The Regulations require the auditors to report to the Company's members on the 'auditable part' of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration Committee

The Company has established a Remuneration Committee ('the Committee') in accordance with the recommendations of the Combined Code. The members of the Committee throughout the year were Mr Cole (chairman), Mr Etheridge and Mr Drabble. None of the Committee members has any personal financial interests, other than as shareholders, in the matters to be decided.

The Group's chief executive, Mr Burnett, normally attends the meetings of the Committee to advise on operational aspects of the implementation of existing policies and policy proposals, except where his own remuneration is concerned, as does the non-executive chairman, Mr Stenham. The company secretary acts as secretary to the Committee. Under Mr Cole's direction, the company secretary and Mr Burnett have responsibility for ensuring the Committee has the information relevant to its deliberations. In formulating its policies, the Committee has access to professional advice from outside the Company, if required, and to publicly available reports and statistics. External professional advice was obtained in the year from The Zygos Partnership.

Remuneration policy for executive directors

Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre needed to achieve the Group's objectives and to reward them for enhancing value to shareholders. The main elements of the remuneration package for executive directors and senior management are:

- basic annual salary and benefits in kind;
- annual performance related bonus plan;
- share related incentives; and
- pension arrangements.

In assessing all aspects of pay and benefits, the Company compares packages offered by similar companies, which are chosen having regard to:

- the size of the company (revenues, profits and number of people employed);
- the diversity and complexity of its businesses;
- the geographical spread of its businesses; and
- their growth, expansion and change profile.

In making the comparisons, the Company takes into consideration the international scope, complexity and speed of change of the Group's business and, particularly, its significant operations in the US where the Company has a number of larger, successful competitors who compete with it for top management talent.

The Committee implements its remuneration policies by the design of reward packages for executive directors comprising the appropriate mix of salary, performance related annual cash incentive bonuses and share related incentives. Mr Burnett, with the approval of the Board, holds two non-executive appointments outside the Group: he is chairman of Henderson Strata Investments plc and is also chair of the Governors of University College for the Creative Arts. The latter position is unpaid and Mr Burnett is allowed to retain the fees arising from Henderson Strata Investments plc amounting to £12,500 in the past year. None of the other executive directors holds any outside appointments.

Basic salary

An executive director's basic salary is normally determined by the Committee before the start of the year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and seeks to be competitive, but fair, using information drawn from both internal and external sources.

In recognition of the substantial growth in the Company's market capitalisation achieved in the year ended 30 April 2005, the Remuneration Committee concluded that a significant upwards revision to the salaries of the executive directors was appropriate for the year to 30 April 2006 just as the salaries of Mr Burnett and Mr Robson had been adjusted downwards in 2003 in the light of the reduction in the Company's market capitalisation at that time. Accordingly, effective 1 May 2005 the following salary increases were implemented:

	Percentage increase	Revised salary
George Burnett	25.6%	£428,000
Ian Robson	25.6%	£260,000
Sat Dhaiwal	20.0%	£180,000
Cliff Miller	20.0%	$420,000

Annual performance related bonus plan

Under the annual performance related bonus plan for executive directors, except for the additional payment to Mr Robson discussed below, payments for the year to 30 April 2006 were related directly to financial performance targets and were subject to a cap of 100% of salary. The

Committee establishes the objectives that must be met for each financial year if a cash incentive bonus for that year is to be paid. In determining bonus parameters the Committee's objective is to set targets that reflect appropriately challenging financial performance measures.

For the year ended 30 April 2006, the Group and Sunbelt fully attained their respective financial targets and accordingly Mr Burnett, Mr Robson and Mr Miller will be paid their 2005/6 performance related bonus in full in July 2006. In addition, Mr Robson was paid a discretionary performance bonus during the year of £40,000 in recognition of his performance in delivering the complete restructuring of the Group's debt finances over the 18 months culminating in last August's successful capital reorganisation. A-Plant partially attained its 2005/6 targets and accordingly Mr Dhaiwal will be paid a proportionate bonus in July 2006.

Share related incentives

Details of the Company's existing arrangements are set out below.

Previous plans

Executive share option schemes

Until 2002, it was the Committee's policy to make regular awards under the Company's executive share plans to senior staff. The value of the shares underlying the options awarded was assessed by reference to a number of factors including the employee's salary, seniority and length of service as well as both the Company's and the individual's performance in the year prior to the award. No further executive share option awards are planned.

Investment Incentive Plan

The Investment Incentive Plan is a long-term incentive plan which provided for senior management, who so elected, to invest all or a portion of their annual cash bonuses in shares of the Company and, thus, become eligible for matching awards in the form of shares which only vest subject to demanding performance conditions. The Company does not intend currently to make any further awards under this plan.

Matching awards were made in respect of investment shares acquired by participants with all or part of their bonus for the previous financial year. The matching awards only vest, in whole or part, based on annual growth in the Company's earnings per share ('EPS') in the three year period following the award over that of the year ended 30 April immediately prior to the date of the award and on the Company's Total Shareholder Return ('TSR') performance relative to a comparator group. In respect of the remaining available matching awards, the relevant performance period is the three years from 19 August 2004 (when the share price was 48.5p) to 18 August 2007. The comparator group comprises all of the FTSE 250 mid-cap stocks other than investment trusts.

The above performance conditions were chosen because they were felt to align most closely the interests of senior management with the interests of shareholders, by rewarding management for achieving superior relative total shareholder return performance compared with the FTSE 250 as a whole, excluding investment trusts. At the time the awards were made, the FTSE 250 was considered to be the Stock Exchange index most appropriate to the size and scale of the Company's operations.

Vesting of the matching awards is based on the following required performance grid:

Real EPS growth performance	**TSR performance against peer group**			
	Below median TSR	Median	63rd percentile	75th percentile
upper range RPI + 7% p.a.	1.0 x Match	2.0 x Match	2.5 x Match	3.0 x Match
target range RPI + 5% p.a.	0.75 x Match	1.5 x Match	2.0 x Match	2.5 x Match
minimum range RPI + 3% p.a.	0.5 x Match	1.0 x Match	1.5 x Match	2.0 x Match
	No matching award vests			

Vesting operates on a scaled basis for performance between the target levels shown in the grid above. Performance is measured at the end of the three year performance period when the awards either vest in full or part or lapse completely. For performance measurement purposes earnings per share is based on the profit before exceptional items measured under consistently applied accounting policies and using a 30% standardised tax rate.

Current plan

Performance Share Plan

The Performance Share Plan is a long-term incentive plan under which executive directors and other members of the senior management team may annually receive a conditional right to acquire shares ('performance shares'), the vesting of which depends on the satisfaction of demanding performance conditions.

The maximum award of performance shares that may be made in any financial year of the Company is limited under the rules of the Plan, to shares with a market value equal to 100% of the participant's base salary at the time the award is made. To date no award has exceeded 70% of salary.

Directors' remuneration report continued

The extent to which the awards vest depends as to 50% of the award on growth in EPS over the three year vesting period which runs for the awards granted in 2004 for the three years ending 30 April 2007 and for the awards granted in 2005 for the three years ending 30 April 2008.

The vesting of the other 50% of the awards is dependent upon the Company's TSR performance over the three years commencing on award date (5 October 2004 for the 2004 awards and 16 August 2005 for the 2005 awards) against the relevant index. For the 2004 awards this was the FTSE SmallCap index (excluding investment trusts) whilst, for the 2005 awards, it was the constituents of the FTSE 250 index (excluding investment trusts).

The part of each award relating to EPS growth depends on the level of EPS for the year ending 30 April 2007 for the 2004 award and for the year ending 30 April 2008 for the 2005 award. For the 2004 award, the award vests in full if EPS for 2006/7 is 8p or greater and lapses if EPS is 5p or lower. The equivalent thresholds for the 2005 award in the 2007/8 year are 9.1p and 7.7p. Awards are scaled for performance between these points. EPS for this purpose is calculated on the Group's profit before exceptional items less a standardised 30% tax charge. The EPS targets noted above have not yet been adjusted by the Committee to reflect the impact of the Group's subsequent application of International Financial Reporting Standards but this will be considered by the Committee at the time the awards mature.

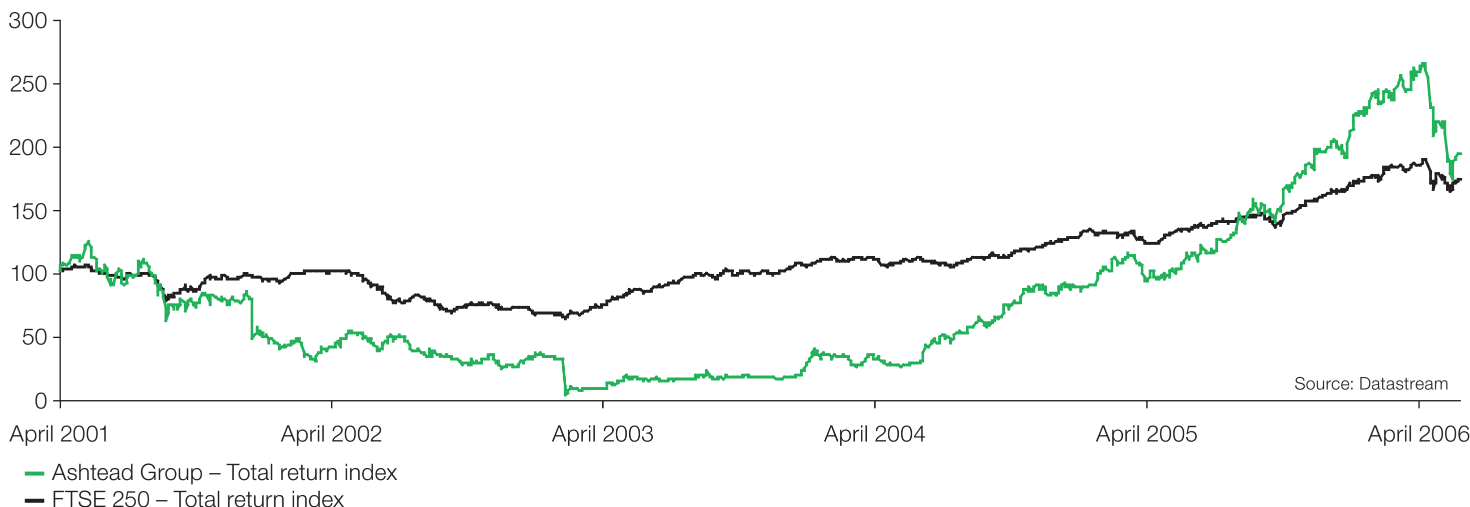
The part of each award linked to TSR vests in full if the Company's TSR growth over the three year vesting period ranks it in the top 25% of participants in the relevant index and will lapse if the Company's relative TSR growth is ranked at or below 50% of participants in the relevant index over the three year vesting period. If relative TSR performance is between these points, the TSR linked part of the award is scaled on a pro rata basis.

Employee Share Ownership Trust

The Group has established an Employee Share Ownership Trust (ESOT) to hold shares in the Company to satisfy potential awards under the Investment Incentive Plan and the Performance Share Plan. At 30 April 2006, the ESOT held a beneficial interest in 4,721,490 shares. The ESOT owned directly 2,286,959 of these shares and a further 2,434,531 shares were registered in the name of Investment Incentive Plan or Performance Share Plan participants on terms which require that the award shares are transferred back to the ESOT to the extent that the performance targets are not met.

Relative performance

The following graph compares the Company's TSR performance with the FTSE 250 index (excluding investment trusts) over the five years ended 30 April 2006, the Stock Exchange index the Committee considers to be the most appropriate to the size and scale of the Company's operations.



Directors' pension arrangements

During the year the Company agreed with Mr Burnett that his remuneration from 6 April 2006 would be non-pensionable and also that the Company's pension obligation to Mr Burnett at 6 April 2006 under the terms of his employment contract would be satisfied in full by the transfer to a private personal pension scheme established by Mr Burnett of all the assets then held by the Ashtead Group plc Pension Scheme of which Mr Burnett was the sole remaining member. The value of these assets at 6 April 2006 was £10.3m and the transfer to Mr Burnett's new personal pension plan was concluded on 29 April 2006.

Under the terms of his contract, Mr Robson is entitled to retire at age 60 on a pension equal to one-thirtieth of his final salary for each year of pensionable service. He is a member of the Company's Retirement Benefits Plan, which is a defined benefits scheme. Following the change in pension plan and Inland Revenue regulations effective 6 April 2006, the Company has agreed with the trustees of the Retirement Benefits Plan that the Retirement Benefits Plan will now be responsible for Mr Robson's entire pension, part of which was previously provided by the Company. Mr Robson's contract also contains early retirement provisions allowing him to retire and draw a pension based on actual years of service, but without deduction for early payment which take effect once he has completed 10 years' service with the Company (or at any time after age 50 if there is a change of control). Mr Robson pays contributions equal to 7.5% of his salary to the Retirement Benefits Plan.

Mr Dhaiwal's pension benefits are also now provided entirely through the Ashtead Group plc Retirement Benefits Plan. His pension rights accrue at the rate of one-sixtieth of salary (as defined) for each year of pensionable service and his normal retirement date is at age 65. Mr Dhaiwal also pays contributions equal to 7.5% of his salary to the Retirement Benefits Plan.

Except where otherwise stated above, the Retirement Benefits Plan provides:

- in the event of death in service or death between leaving service and retirement while retaining membership of the plan, a spouse's pension equal to 50% of the member's deferred pension calculated at the date of death plus a return of his contributions;
- in the event of death in retirement, a spouse's pension equal to 50% of the member's pension at the date of death;
- an option to retire at any time after age 50 with the Company's consent. Early retirement benefits are reduced by an amount agreed between the Actuary and the Trustees as reflecting the cost to the plan of the early retirement. After 2010, Government regulations raise the minimum early retirement age to 55;
- pension increases in line with the increase in retail price inflation up to a limit of currently 5% a year; and
- transfer values do not include discretionary benefits.

In February 2006, Mr Miller ceased contributing to Sunbelt's 401K defined contribution pension plan and joined Sunbelt's deferred compensation plan. Under the deferred compensation plan Mr Miller has elected to defer 6% of his annual salary and a proportion of his annual performance bonus, which is retained by Sunbelt in an account designated for his benefit to be paid to him on retirement. Sunbelt provides a co-match at the rate of $1 for every $1 deferred up to $7,500 per annum.

Executive directors' service agreements

Mr Burnett's service agreement dated 18 September 2003 provides for termination by either party by the giving of 12 months' notice. The contract further provides that Mr Burnett need give the Company only six months' notice if he wishes to retire on or after attaining the age of 60 in September 2006. The service agreements between the Company and Mr Robson (dated 4 August 2000), Mr Dhaiwal (dated 8 July 2002) and Mr Miller (dated 5 July 2004) are also terminable by either party giving the other 12 months' notice. The service agreements for each of the executive directors all contain non-compete provisions appropriate to their roles in the Group.

Remuneration policy for non-executive directors

The remuneration of the non-executive directors is determined by the chairman and chief executive within limits set out in the Articles of Association. The chairman has a service contract (dated 22 October 2003) with the Company terminable on three months' notice by the Company or immediately by the members in general meeting. The contract also provides for compensation following termination by reason of any change of control equal to 12 months' fees. None of the other non-executive directors has a service contract with the Company and their appointment is therefore terminable by the Board at any time.

An ordinary resolution concerning the Group's remuneration policies will be put to shareholders at the forthcoming Annual General Meeting.

Directors' remuneration report continued

Audited information

Directors' emoluments

The emoluments of the directors, excluding pension benefits, which are included in staff costs in note 3 to the financial statements, were as follows:

Name	Salary £'000	Fees £'000	Performance related bonus £'000	Benefits in kind* £'000	Other allowances† £'000	Compensation for loss of office £'000	Total emoluments 2006 £'000	Total emoluments 2005 £'000
Executive:								
GB Burnett	428	–	428	1	13	–	870	584
SS Dhaiwal	180	–	96	1	10	–	287	264
C Miller	237	–	237	5	26	–	505	334
SI Robson	260	–	300	–	10	–	570	356
Non-executive:								
AWP Stenham	–	133	–	–	15	–	148	145
C Cole	–	33	–	–	–	–	33	30
G Drabble	–	27	–	–	–	–	27	1
HC Etheridge	–	32	–	–	–	–	32	30
GI Iceton	–	27	–	–	–	–	27	16
PA Lovegrove	–	27	–	–	–	–	27	25
Former directors:								
JB Dressel	–	–	–	–	–	55	55	215
	1,105	279	1,061	7	74	55	2,581	2,000
2005	856	232	621	7	69	215		2,000

* Benefits in kind comprise private medical insurance and subscriptions.

† Other allowances include car allowances, a contribution to the Chairman's office costs and reimbursement of travel and accommodation costs for Mr Miller who continues to reside in Virginia but is based at Sunbelt's head office in Charlotte.

Compensation for loss of office was paid to Mr Dressel following his departure in July 2003, under the terms of his contract with Sunbelt whereby he was entitled, subject to certain conditions including an obligation not to compete with Sunbelt or to solicit any of its employees for a minimum of two years, to continue to receive his annual salary of $400,000 for a matching two year period which expired on 28 July 2005.

Key management

In accordance with IAS 24, Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group's key management comprise the Company's executive and non-executive directors.

Compensation for key management was as follows:

	2006 £'000	2005 £'000
Salaries and short term employee benefits	**2,526**	1,785
Post-employment benefits	**45**	33
National Insurance and social security	**214**	141
Share-based payments	**770**	660
	3,555	2,619

Directors' pension benefits

	Age at 30 April 2006 Years	Accrued pensionable service at 30 April 2006 Years	Contributions paid by the director £'000	Accrued annual pension at 30 April 2006 £'000	Increase in annual pension during the year: Excluding inflation £'000	Increase in annual pension during the year: Total increase £'000	Transfer value of accrued pension at 30 April 2006 £'000	Transfer value of accrued pension at 30 April 2005 £'000	Increase in transfer value over the year £'000
SS Dhaiwal	37	12	15	32	4	4	155	114	26
SI Robson	47	6	20	49	16	17	579	336	223

Notes

(1) The transfer values represent the amount which would have been paid to another pension scheme had the director elected to take a transfer of his accrued pension entitlement at that date and have been calculated by the schemes' actuaries in accordance with Actuarial Guidance Note GN11 published by the Institute of Actuaries and the Faculty of Actuaries. They are not sums paid or due to the directors concerned.

(2) The increase in transfer value in the year is stated net of the members' contributions.

As noted above, all the assets then held by the Ashtead Group plc Pension Scheme of which Mr Burnett was the sole remaining member were vested in him on 6 April 2006 in full settlement of the Company's pension obligation to him under his employment contract and his employment subsequent to that date is non-pensionable. The value of the assets so vested at 6 April 2006 was £10.3m.

Mr Miller contributed to the US defined contribution plan until February 2006, to which his employer, Sunbelt, contributed £5,087 in the year. In February 2006, Mr Miller joined the Sunbelt deferred compensation plan to which Sunbelt had allocated £2,730 by 30 April 2006 and the amount due to Mr Miller at 30 April 2006 was £5,445.

Directors' remuneration report continued

Directors' interests in shares

The directors of the Company are shown below together with their interests in the share capital of the Company (excluding interests in shares held subject to forfeiture if performance conditions under the Company's Investment Incentive Plan and Performance Share Plan are not achieved – see below):

	30 April 2006 Number of ordinary shares of 10p each		30 April 2005 Number of ordinary shares of 10p each	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
GB Burnett	**12,841,472**	**1,232,223**	12,841,472	1,056,192
PA Lovegrove	**446,250**	**–**	382,500	–
SI Robson	**430,000**	**–**	235,457	–
AWP Stenham	**233,333**	**–**	200,000	–
SS Dhaiwal	**48,393**	**–**	48,307	–
C Miller	**33,000**	**–**	33,000	–
C Cole	**23,333**	**–**	20,000	–
GI Iceton	**23,333**	**–**	20,000	–
G Drabble	**11,666**	**–**	10,000	–
HC Etheridge	**–**	**–**	–	–

Investment Incentive Plan and Performance Share Plan awards

Conditional awards of matching shares under the Investment Incentive Plan ('IIP') and of shares under the Performance Share Plan ('PSP') held by executive directors are shown in the table below:

		IIP Held at 30 April		PSP Held at 30 April	
		2006	2005	**2006**	2005
GB Burnett	– granted in 2004/5	**178,554**	178,554	**304,219**	304,219
	– granted in 2005/6	**n/a**	n/a	**263,965**	n/a
SS Dhaiwal	– granted in 2004/5	**51,015**	51,015	**133,929**	133,929
	– granted in 2005/6	**n/a**	n/a	**111,013**	n/a
C Miller	– granted in 2004/5	**n/a**	n/a	**175,394**	175,394
	– granted in 2005/6	**n/a**	n/a	**143,159**	n/a
SI Robson	– granted in 2002/3	**–**	176,469	**n/a**	n/a
	– granted in 2004/5	**204,066**	204,066	**184,821**	184,821
	– granted in 2005/6	**n/a**	n/a	**160,352**	n/a

The award of 176,469 shares granted to Mr Robson in 2002/3 vested in full on 17 August 2005 as the performance criteria attaching to the award were met.

Awards held by Mr Burnett, Mr Robson and Mr Dhaiwal are reflected in shares which have been conditionally transferred to them by the Company's Employee Share Option Trust on conditions under which the shares are automatically returned to the trust in the event that the performance conditions underlying the awards are not achieved.

Directors' interests in share options

	Options at 1 May 2005	Exercised during year	Options at 30 April 2006	Exercise price	Earliest normal exercise date	Expiry
Discretionary schemes						
GB Burnett	487,494	(487,494)	–	72.535p	Sep 1998	Sep 2005
	200,000	–	200,000	132.250p	Feb 2000	Feb 2007
	350,000	–	350,000	184.200p	Feb 2001	Feb 2008
	166,700	–	166,700	172.500p	Feb 2002	Feb 2009
	300,000	–	300,000	102.500p	Aug 2003	Aug 2010
	90,000	–	90,000	125.000p	Feb 2004	Feb 2011
SS Dhaiwal	40,000	–	40,000	132.250p	Feb 2000	Feb 2007
	32,500	–	32,500	184.200p	Feb 2001	Feb 2008
	50,000	–	50,000	172.500p	Feb 2002	Feb 2009
	35,000	–	35,000	125.000p	Feb 2004	Feb 2011
	100,000	(72,000)	28,000	41.500p	Feb 2005	Feb 2012
	150,000	–	150,000	49.500p	Aug 2005	Aug 2012
C Miller	30,000	–	30,000	132.250p	Feb 2000	Feb 2007
	24,000	–	24,000	184.200p	Feb 2001	Feb 2008
	13,350	–	13,350	172.500p	Feb 2002	Feb 2009
	50,000	–	50,000	102.000p	Feb 2003	Feb 2010
	35,000	–	35,000	102.500p	Aug 2003	Aug 2010
	50,000	–	50,000	125.000p	Feb 2004	Feb 2011
	100,000	–	100,000	41.500p	Feb 2005	Feb 2012
SI Robson	29,500	–	29,500	101.670p	Aug 2003	Aug 2010
	195,500	–	195,500	102.500p	Aug 2003	Aug 2010
	230,000	–	230,000	125.000p	Feb 2004	Feb 2011
	300,000	–	300,000	41.500p	Feb 2005	Feb 2012
SAYE scheme						
GB Burnett	24,029	–	24,029	24.270p	May 2006	Oct 2006
	10,792	–	10,792	30.740p	Oct 2007	Mar 2008
SS Dhaiwal	24,029	–	24,029	24.270p	May 2006	Oct 2006
	10,792	–	10,792	30.740p	Oct 2007	Mar 2008
SI Robson	40,049	–	40,049	24.270p	May 2008	Oct 2008
	10,792	–	10,792	30.740p	Oct 2007	Mar 2008

Directors' remuneration report continued

Details of share options exercised by the executive directors and share awards vesting are as follows:

	Number exercised/ awarded	Option price Pence	Market price at date of exercise Pence	Gain £'000
Executive share options				
GB Burnett	487,494	72.535	140.00	329
SS Dhaiwal	72,000	41.500	110.00	49
Investment Incentive Plan				
SI Robson	176,469	–	114.25	202

Note
On 23 September 2005, Mr Burnett exercised an option originally granted to him in September 1995 under the Company's executive share option plan to acquire 487,494 shares at a price of 72.535p per share and sold all of the acquired shares on the same day at the then market price of 140p per share. On 14 July 2005, Mr Dhaiwal exercised an option originally granted to him in February 2002 under the Company's executive share option plan to acquire 72,000 shares at a price of 41.5p per share and sold all of the acquired shares on the same day at the then market price of 110p per share. On 8 August 2005 following achievement of the relevant performance conditions, the matching award granted to Mr Robson on 8 August 2002 under the Investment Incentive Plan vested in full and accordingly 176,469 shares were transferred to Mr Robson at a time when the market price was 114.25p per share. Mr Robson sold 50,579 shares to partially fund the tax liability resulting from vesting of the matching award and retained 125,890 shares.

Exercise of certain of the above listed discretionary option awards were subject to performance conditions when originally granted, all of which have been met subsequently. The market price of the Company's shares at the end of the financial year was 235p and the highest and lowest prices during the financial year were 238p and 85.5p respectively.

Mr Dhaiwal also holds 50,000 units in the Company's Cash Incentive Scheme which were granted to him on 22 February 2000 when he was not a director. The performance criteria related to this award have been satisfied and accordingly Mr Dhaiwal may exercise the award in whole or in part at any time prior to 22 February 2010. When the award is exercised Mr Dhaiwal will be paid in cash an amount equal to the difference between the mid market price of Ashtead Group plc shares on the day of exercise and 102p multiplied by the number of units exercised. The resultant sum will be paid to Mr Dhaiwal in cash less applicable taxes.

This report was approved by a committee of the Board of Directors on 27 June 2006 and signed on its behalf by:

Chris Cole
Chairman, Remuneration Committee
27 June 2006

Business and financial review

Introduction
This Business and Financial Review discusses our financial results, cash flows and balance sheet fluctuations as well as certain factors affecting our financial performance, our critical accounting policies and certain market risks to which our operations subject us.

Business overview
The Group is one of the largest equipment rental groups in the world with a network of 413 profit centres in the US, the UK, Singapore and Canada at 30 April 2006. Equipment rental companies provide customers with a comprehensive line of equipment, including larger equipment such as aerial work platforms, backhoes, excavators and forklifts, as well as smaller equipment such as power tools and small pumps.

Operations
The Group conducts its equipment rental operations in the US under the brand name 'Sunbelt' and in the UK principally under the brand name 'A-Plant'. Sunbelt is the fourth largest equipment rental company in the US and A-Plant is the third largest equipment rental company in the UK, in each case, measured by rental revenue. The Group offers for rent a wide range of equipment and during 2006 had total revenue of £638m.

In the year ended 30 April 2006, approximately 72% of the Group's revenue was generated in the US by Sunbelt, which operates 209 profit centres in 27 states and the District of Columbia, and approximately 25% of our revenue was generated by A-Plant, which operates 193 profit centres throughout the UK. The Group also has a specialised business that rents mainly electronic survey and testing equipment in the UK, the US, Singapore and Canada under the brand name 'Ashtead Technology Rentals' which accounted for approximately 3% of our revenue in 2006 and operates 11 profit centres.

Sunbelt builds on the advantages of its geographical scale through a 'clustered market' approach of grouping its rental locations into clusters of three to 15 locations in each of its developed markets throughout the US. Sunbelt has developed such 'clustered markets' in 22 major cities including Washington DC, Baltimore, Charlotte, Atlanta, Jacksonville, Orlando and Seattle. This approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets.

In the UK, A-Plant services its customers with a full range of equipment on a nationwide basis. We believe A-Plant is one of only two companies able to provide such a comprehensive range of equipment and dedicated customer service throughout the UK, which allows it to service fully the needs of its national customers.

Markets and competition
The US equipment rental market continues to expand as rental penetration increases. Historically, the majority of construction equipment was owned by the contractors. In the mid-1990s it is estimated that only 5% of construction equipment was rented. The amount of equipment rented has increased steadily since then with industry commentators indicating it is now around 38%. The trend towards increased rental is expected to continue in the foreseeable future. In contrast, the UK is a mature market with rental penetration rates estimated in the 70-80% range.

Reflecting the development of the market, the US equipment rental industry is highly fragmented and Sunbelt's competitors include large companies operating nationally, regional competitors that operate on a multi-state basis, small independent businesses with fewer than 10 rental locations, and equipment vendors and dealers who both sell and rent equipment directly to customers. The more mature UK equipment rental market is highly competitive. In the UK we face competition from large national operations, as well as smaller local and regional operations. In both markets, we believe that the top 10 equipment rental companies accounted for approximately 30% of the total market in the year ended 31 December 2005.

Customers
The Group's diversified customer base includes construction, industrial and homeowner customers, as well as government entities and specialist contractors. The rental equipment fleet comprises an extensive range of general construction equipment, supplemented by more specialised product groups such as pumps, welding equipment, power generation equipment, aerial work platforms, scaffolding, shoring equipment and temporary accommodation units.

As a large portion of our customer base comes from the commercial construction and industrial sectors, the Group is dependent on the level of commercial construction or industrial activity. The factors which influence this activity include:

- the strength of the US and UK economies over the long term, including the level of government spending;
- the level of interest rates; and
- demand within the businesses that drive the need for commercial construction or industrial equipment.

However, the Group's geographical scale and diversified customer base assist in mitigating the adverse impact of these factors on the Group's performance through:

- reducing the impact of localised economic fluctuations on our overall financial performance;
- reducing our dependence on any particular customer or group of customers; and
- enabling us to meet the needs of larger customers who have a wide range of equipment needs.

Business and financial review continued

Suppliers

Like other large participants in the industry, the Group purchases large amounts of equipment, parts and other items from its suppliers. The Group's capital expenditure on rental equipment for 2005/6 was £202m. The Group believes that this level of capital expenditure enables it to negotiate favourable pricing, warranty and other terms with its suppliers which provide it with a competitive advantage over smaller competitors.

Across our rental fleet, we seek to carry equipment from one or two manufacturers in each product range and to limit the number of model types of each product. We believe that having such a standardised fleet results in lower costs because we obtain greater discounts by purchasing spare parts in bulk and reduce maintenance costs through more focused, and therefore reduced, training requirements for our workshop staff. We are also able to share spare parts between profit centres which helps to minimise the risk of overstocking. We purchase equipment from vendors with strong reputations for product quality and reliability and maintain close relationships with these vendors to ensure good after-purchase service and support. However, management believes the Group has sufficient alternative sources of supply for the equipment it purchases in each of its product categories.

Sales and marketing

Each of Sunbelt, A-Plant and Ashtead Technology Rentals has their own sales force focusing on establishing and expanding our national, regional and specialised-equipment customers in various sectors. In both the US and the UK, we also have dedicated large account sales teams who are focused on building and reinforcing relationships with our larger customers, particularly those with a national or multi-regional presence. In May 2005, the A-Plant sales force was restructured as a single national function to ensure the differing requirements of national, regional and local customers were served in a more focused way. The benefits of this restructuring have started to be realised with A-Plant returning to year on year sales growth in the third quarter of this financial year, which continued in the fourth quarter.

In addition to the efforts of our sales forces, we market our business through direct mail campaigns, print advertising, telemarketing and industry trade publications. All three of our businesses also maintain up to date website presences.

Employees

The Group's worldwide workforce consisted of 6,465 employees (full- and part-time) at 30 April 2006, of which 4,323 were located in the US, 2,128 were located in the UK, and the remainder in Canada and Singapore.

Environmental and safety matters

Our operations are subject to 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. Under these laws, we may be liable for, among 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. Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment, dispose of solid and hazardous waste and wastewater from equipment washing, and store and dispense petroleum products from under-ground and above-ground storage tanks located at some of our locations.

Based on the conditions currently known to us, we do not believe that any pending or likely remediation and compliance costs will have a material adverse effect on our business.

Legal proceedings

The Group is party to certain legal proceedings arising in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but we do not believe any of these matters are material to our financial condition or results of operations.

Business strategy

The Group's goal is to establish a premium equipment rental business in all of the markets in which it operates. In order to accomplish this, its business strategy is to continue to provide top-quality customer service and maintain a clear focus on the equipment rental business coupled with controlled growth. In addition, the Group believes it has built a strong platform and achieved critical mass in its core markets, enabling it to maximise returns on investment, generate free cash flow and to maintain leverage at an average 2 to 3 times net debt to EBITDA over the economic cycle.

Top-quality customer service is the cornerstone of the Group's business strategy. We seek to differentiate ourselves from our competitors through efforts to provide the highest level of customer service, which includes employing specialist personnel, motivating and empowering profit centre managers to forge strong relationships with customers in their service area, ensuring that the Group has an extensive, high-quality rental fleet and providing dependable customer support. Customer service initiatives include, in particular, focusing on reliable, on-time delivery of equipment directly to customers' job sites.

The Group focuses almost entirely on the equipment rental business. During 2006 approximately 96% of revenue was derived from equipment rentals and rental-related services with the balance coming from sales of parts and associated goods, such as equipment accessories. We believe that equipment rental offers the opportunity to earn substantially higher returns than those which are earned by equipment dealers whose margins are effectively capped by the equipment manufacturer. The Group believes that this focused and dedicated approach improves the effectiveness of its rental sales force by encouraging them to build and reinforce relationships with customers and to concentrate on strong, whole-life returns from our rental fleet rather than on short-term returns from sales of equipment. In contrast, many of our competitors in the equipment rental industry, especially in the US, follow a mixed business approach, providing rentals, selling new equipment and trading used equipment.

The Group strives to maximise its return on investment through a combination of measures. In addition to our monthly 'profit-share' programme, we also encourage effective management of invested capital by:

- maintaining a concentration of higher-return (often specialised) equipment within the overall rental equipment fleet;
- promoting the transfer of equipment to locations where maximum utilisation rates and returns can be obtained;
- monitoring the amount of invested capital at each of our profit centres; and
- empowering regional and local managers to adapt pricing policies in response to local demand in order to maximise the overall return achieved from our investment in our rental fleet.

We also actively manage the composition and size of our rental fleet by continuing to assess and dispose of older or underperforming equipment and other assets and adapt the level of our capital expenditure to economic activity levels.

The Group's flexible business model allows it to focus on generating free cash flow. When the economy is expanding, we utilise this free cash flow to increase investment in our rental fleet to support revenue, EBITDA and earnings growth and reduce the age of our rental fleet. During a recessionary environment, we reduce the rate at which we invest in new equipment and increase the age of our rental fleet, which consequently increases free cash flow.

Factors affecting our financial performance and results

Seasonality and cyclicality

Our revenue and operating results are significantly dependent on activity in the commercial construction industry in the US and the UK. Commercial construction activity tends to decrease in the winter and during extended periods of inclement weather and increase in the summer and during extended periods of mild 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. This results in changes in demand for our rental equipment. In addition, the commercial construction industries in the US and the UK are cyclical industries with activity levels that tend to increase in line with GDP growth and decline during an economic downturn. The seasonality and cyclicality of the equipment rental industry results in variable demand and therefore, our revenue and operating results will fluctuate from period to period.

Currency translation

Our reporting currency is the pound sterling. However, a majority of our assets, liabilities, revenue and costs are denominated in US dollars. We have arranged our financing such that approximately 80% of our debt is also denominated in US dollars so that we have a natural partial offset between our dollar-denominated net assets and earnings and our dollar-denominated debt and interest expense. Fluctuations in the value of the US dollar with respect to the pound therefore have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds. This impact is greatest on our revenue and operating profits but less significant on our profits before and after tax which are stated after deduction of our dollar-denominated interest expense.

In the year ended 30 April 2006, the appreciation of the US dollar against the pound increased our total revenue by approximately 3.6% and our pre-tax profits by approximately 4.5%, in each case compared to the year ended 30 April 2005.

Accordingly, throughout this Business and Financial Review, we also present the changes in our reported results in one period as compared to the equivalent prior period at constant exchange rates, which assumes that the US dollar amounts for both periods were consolidated and translated at the average exchange rate applied in the financial statements for the year ended 30 April 2006.

Presentation of financial information

Revenue

Our revenue is a function of our prices and utilisation of, and the size and mix of, our equipment rental fleet. In turn, the prices we charge are affected in large measure by utilisation and the relative attractiveness of our rental equipment, while utilisation is determined by market size and our market share, as well as general economic conditions. Utilisation is time based utilisation calculated as the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date. In the US we measure time utilisation on those items

Business and financial review continued

in our fleet with an original cost of $7,500 or more which constituted 90% of our US serialised rental equipment at 30 April 2006. In the UK time utilisation is measured for all our serialised rental equipment. The size, mix and relative attractiveness of our rental equipment fleet is significantly affected by the level of our capital expenditure. The main components of our revenue are:

- revenue from equipment rentals, including related revenues such as the fees we charge for equipment delivery, erection and dismantling services for our scaffolding rentals, fuel provided with the equipment we rent to customers, and loss damage waiver fees; and
- revenue from sales of new merchandise, including sales of parts and revenues from a limited number of sales of new equipment.

Costs

The main components of our total costs are:

- Staff costs – staff costs at our profit centres as well as at our central support offices represent the largest single component of our total costs. Staff costs consist of salaries, profit share and bonuses, social security costs, and other pension costs and comprised 37.4% of our total operating costs in the year ended 30 April 2006. Profit share and bonuses earned in the year rose 42% to £16.2m (2005: £11.4m).
- Other operating costs – comprised 41.5% of total costs in the year ended 30 April 2006. These costs include:
  - spare parts, consumables and outside repairs costs – costs incurred for the purchase of spare parts used by our workshop staff to maintain and repair our rental equipment, and outside repair costs.
  - facilities costs – rental payments on leased facilities as well as utility costs and local property taxes relating to these facilities.
  - vehicle costs – costs incurred for the purchase, maintenance and operation of our vehicle fleet, which consist of our delivery trucks, the light commercial vehicles used by our mobile workshop staff and cars used by our sales force, profit centre managers and other management staff.
  - other costs – all other costs incurred in operating our business, including the costs of new equipment and merchandise sold, advertising costs and bad debt expense.
- Other income – profit on disposal of fixed assets which totalled £9.1m in the year ended 30 April 2006 (2005: £7.1m).
- Depreciation – the depreciation of our tangible fixed assets, including rental equipment, comprised 21.1% of total costs in the year ended 30 April 2006.

Our costs are significantly fixed in the short to medium term, and material adjustments in the size of our cost base typically result only from openings or closures of one or more of our profit centres. Accordingly, our business model is such that small increases or reductions in our revenue can result in little or no change in our costs and often therefore have a disproportionate impact on our profits. We refer to this feature of our business as ‘operational leverage’.

Critical accounting policies

We prepare and present our financial statements in accordance with applicable International Financial Reporting Standards (IFRS). In applying many accounting principles, we need to make assumptions, estimates and judgements. These assumptions, estimates and judgements are often subjective and may be affected by changing circumstances or changes in our analysis. Changes in these assumptions, estimates and judgements have the potential to alter materially our results of operations. We have identified below those of our accounting policies that we believe would most likely produce materially different results were we to change underlying assumptions, estimates and judgements. These policies have been applied consistently. For a summary of these and our other significant accounting policies, see note 1 to our audited consolidated financial statements.

Useful lives of property, plant and equipment

We record expenditures for property, plant and equipment at cost. We depreciate equipment using the straight line method over its estimated useful economic life (which ranges from 3 to 20 years with a weighted average life of 8 years). We give effect to an estimated salvage value of 10% of cost in respect of most types of our rental equipment, zero for scaffolding and similar equipment, 15% for aerial work platforms and 20% for steel site accommodation units. We establish our estimates of useful life and salvage value with the objective of allocating most appropriately the cost of each fixed asset to our profit and loss account over the period we anticipate it will be used in our business.

We may be required to change these estimates if experience shows that the current estimates are not achieving this objective. If these estimates change in the future, we may then be required to recognise increased or decreased depreciation expense. Our total depreciation expense in the year ended 30 April 2006 was £113.6m.

Impairment of assets

Goodwill is not amortised but is tested annually for impairment as at 30 April each year. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset’s carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment. In the case of goodwill, impairment is assessed at the level of the Group’s three reporting units. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Management necessarily applies to its judgement in estimating the timing and value of underlying cash flows within the value in use calculation as well as determining the appropriate discount rate. Subsequent changes to the magnitude and timing of cash flows could impact the carrying value of the respective assets.

Self-insurance

We establish provisions at the end of each financial year to cover our estimate of the discounted liability for uninsured retained risks on unpaid claims arising out of events occurring up to the end of such financial year. The estimate includes events incurred but not reported at the balance sheet date. The provision is established using advice received from external actuaries who help us extrapolate historical trends and estimate the most likely level of future expense which we will incur on outstanding claims. These estimates may, however, change based on varying circumstances, including changes in our experience of the costs we incur in settling claims over time. Accordingly, we may be required to increase or decrease the provision held for self-insured retained risk. At 30 April 2006, the total provision for self-insurance recorded in our consolidated balance sheet was £15.8m (2005: £12.5m).

Pensions

We account for the cost of pension plans for employees by charging the expected cost of providing pensions over the period during which we benefit from the employees' services. In respect of defined benefit plans, actuarial valuations are made regularly and the contributions payable are adjusted in light of these valuations. However, these adjustments may be significant and may result in an increase or decrease in the cost of providing the defined benefit pensions. In the year ended 30 April 2006 the total pension cost was £2.8m of which £1.8m was in respect of defined contribution plans.

Revenue recognition

Revenue represents the total amount receivable for the provision of goods and services to customers net of returns and value added tax. Rental revenue, including loss damage waiver fees, is recognised on a straight line basis over the period of the rental contract. Because the terms and conditions of a rental contract can extend across financial reporting period ends, the Group records unbilled rental revenue and deferred revenue at the end of the reporting periods so rental revenue is appropriately stated in the financial statements.

Revenue from rental equipment delivery and collection is recognised when delivery or collection has occurred.

Revenue from the sale of new equipment, parts and supplies, retail merchandise and fuel is recognised at the time of delivery to, or collection by, the customer and when all obligations under the sales contract have been fulfilled.

Full year 2006 results compared with prior year

	2006			2005		
	Before exceptional items and fair value remeasure-ments £m	**Exceptional items and fair value remeasure-ments £m**	**Total £m**	Before exceptional items and fair value remeasure-ments £m	Exceptional items and fair value remeasure-ments £m	Total £m
Revenue	**638.0**	**–**	**638.0**	523.7	–	523.7
Staff costs	**(200.4)**	**(0.3)**	**(200.7)**	(172.9)	–	(172.9)
Other operating costs	**(222.0)**	**(1.3)**	**(223.3)**	(188.4)	–	(188.4)
Other income	**9.1**	**15.0**	**24.1**	7.1	–	7.1
EBITDA*	**224.7**	**13.4**	**238.1**	169.5	–	169.5
Depreciation	**(113.6)**	**–**	**(113.6)**	(102.4)	–	(102.4)
Operating profit	**111.1**	**13.4**	**124.5**	67.1	–	67.1
Net financing costs	**(43.6)**	**0.8**	**(42.8)**	(44.7)	9.8	(34.9)
Profit before taxation	**67.5**	**14.2**	**81.7**	22.4	9.8	32.2
Taxation:						
– current	**(0.1)**	**(5.4)**	**(5.5)**	(0.7)	–	(0.7)
– deferred	**(21.0)**	**0.4**	**(20.6)**	(13.3)	–	(13.3)
Profit for the period	**46.4**	**9.2**	**55.6**	8.4	9.8	18.2

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

Business and financial review continued

Revenue increased 17.8% at constant 2006 exchange rates to £638.0m and by 21.8% at actual rates. EBITDA before exceptional items grew by 28.0% at constant exchange rates to £224.7m and by 32.5% at actual rates. Total EBITDA increased 40.5% at actual rates to £238.1m.

Operating profit grew to £124.5m from £67.1m. Before exceptional items, operating profit increased to £111.1m, an increase of 58.6% at constant exchange rates and 65.5% at actual rates. Return on investment (defined as operating profit before exceptional items divided by the weighted average capital employed (shareholders' funds plus net debt, minus/plus the pension fund surplus/deficit and less other financial assets – derivatives) computed using a quarterly average) improved to 14.7% from 9.9% in 2005. Return on investment excluding capitalised goodwill improved to 18.0% from 12.2%.

Divisional performance

Divisional results are summarised below and are stated before exceptional items:

	Revenue		EBITDA		Operating profit	
	2006	2005	**2006**	2005	**2006**	2005
Sunbelt Rentals in $m	**818.7**	661.1	**307.9**	224.0	**175.5**	107.9
Sunbelt Rentals in £m	**461.2**	355.0	**173.4**	120.3	**98.9**	57.9
A-Plant	**160.7**	156.3	**48.9**	48.2	**13.9**	11.3
Ashtead Technology	**16.1**	12.4	**8.0**	6.5	**4.0**	3.4
Group central costs	**–**	–	**(5.6)**	(5.5)	**(5.7)**	(5.5)
	638.0	523.7	**224.7**	169.5	**111.1**	67.1

Sunbelt

Revenue increased 23.8% in the year to $818.7m. This was achieved through increased investment in the rental fleet which was on average 11% larger than a year ago and by significant increases in rental rates which were increased approximately 12% in strong market conditions. Average utilisation remained high at 70% compared to 69% in the prior year. Revenue growth was broadly based with all regions and all major product areas trading ahead of last year. Last summer's hurricanes are estimated to have added around 2% to revenues. In a strong trading environment where US non-residential construction rose 10.2% in the year to 30 April 2006, according to figures published by the US Department of Commerce, Sunbelt continued to take market share. Revenues from house builders, where the short term outlook is less certain, accounted for just 6% of Sunbelt's revenues. The shift from ownership to rental continued with the US rental sector again growing faster than its key customer base, non-residential construction, in calendar 2005.

Sunbelt continued to invest to reduce the age of its rental fleet and for growth, spending $257.9m in the year, including the funding of six new greenfield stores. A further 16 new general equipment rental stores were acquired during the year for a consideration, including costs, of approximately $100m. The acquired stores were all immediately transferred onto Sunbelt's point of sale system and staff incentive programmes and began trading as Sunbelt stores from their acquisition closing date. Their financial performance since acquisition has been strongly positive. In August Sunbelt also disposed of 12 specialist scaffold stores on the west coast and in Texas for $24.3m generating an exceptional disposal profit of $5.1m (£2.9m). The new stores continue Sunbelt's strategy of clustering stores in major metropolitan markets. Sunbelt also continues to emphasise organic growth with an increase in same store revenues for the year of 19.3%.

Operating costs (excluding depreciation) rose 16.7% in the period to $509.8m. This reflected increased personnel costs and higher maintenance costs to service current activity levels as well as growth in fuel and insurance costs.

Reflecting these developments, Sunbelt's EBITDA for the year grew 37.4% to $307.9m and its EBITDA margin improved to 37.6% from 33.9% in 2005. Divisional operating profit grew 62.7% to $175.5m representing a margin of 21.4% (2005: 16.3%). Return on investment including capitalised goodwill increased to 17.6% from 12.4% in 2005. Excluding capitalised goodwill, return on investment increased to 23.1% from 16.3% in 2005.

Sunbelt's results in sterling reflected the factors discussed above and the stronger US dollar.

A-Plant

A-Plant's revenue for the year was £160.7m compared to £156.3m last year. The successful restructuring of A-Plant's sales force undertaken in the first half of the year contributed to a significantly improved performance in the second half of the year and a particularly strong fourth quarter with revenues increasing by 8%. Rental rates, average fleet size and utilisation for the year were all at similar levels to those of last year with average utilisation of 65% for the year (2005: 65%).

A-Plant's sales operations are now structured in a single national organisation to serve the differing requirements of national, regional and local customers in a more focused way. Senior sales management resources have been increased as has the size of the sales force to ensure that A-Plant can address the needs of a UK construction market which continues to show solid growth. The emphasis placed by customers on Health & Safety continues to increase and is driving increased outsourcing activity coupled with a need for the rental equipment provider to be able to monitor and measure its performance across a range of key performance indicators. These trends are benefiting A-Plant which, with its national presence and established IT systems, is one of only a few national providers able to meet customers' needs. Revenues from its largest 150 customers continued to grow and represented 39% of the year's total.

Careful management of operating expenses continued. These increased by just 3.4% reflecting principally the full year impact of cost reduction measures taken last year. Consequently, EBITDA for the year increased 1.5% to £48.9m representing an EBITDA margin of 30.4% compared to 30.8% in 2005. Divisional operating profit increased 22.0% to £13.9m representing a margin of 8.6% (2005: 7.3%). Return on investment increased to 7.0% from 5.6% in 2005. Excluding goodwill, return on investment increased to 7.1% from 5.7% in 2005.

Ashtead Technology

Revenue for the year grew 26.0% at constant exchange rates to £16.1m and by 29.5% at actual exchange rates. Divisional operating profit increased by 17.5% at constant exchange rates to £4.0m and by 19.9% at actual exchange rates. This reflects increased investment by the oil majors which is delivering higher offshore exploration and construction activity as well as continued growth in Ashtead Technology's onshore environmental business. Investment for future growth included a significantly enlarged onshore sales force and a new profit centre opened in Chicago last November.

Exceptional items and fair value remeasurements of embedded derivatives

In addition to the trading results discussed above, operating profit as reported in the consolidated income statement includes £13.4m of net exceptional profits. These comprise the £11.3m received when Sunbelt settled its litigation with Head & Engquist last November, a £2.9m profit on disposal of Sunbelt's 12 scaffold stores less £0.8m of post acquisition integration costs. Included within finance costs is the £4.8m net cost of last summer's capital reorganisation, mainly relating to the 12% premium payable on the £42m of sterling senior secured notes redeemed early out of the proceeds of the equity placing and the £5.6m (2005: £9.8m) non-cash fair value remeasurement of embedded derivatives in long term debt.

Net financing costs

Net financing costs for the year increased to £42.8m from £34.9m in 2005, due primarily to the effects of exceptional costs of £4.8m related to the capital re-organisation and fair market remeasurements of embedded derivatives of £5.6m (2005: £9.8m) in long-term debt. Before exceptional costs and fair value remeasurements, net financing costs decreased by 2.5% reflecting slightly lower average debt levels but similar average interest rates. Compared to the previous year, the average interest rate benefited from the repayment of £42.0m of our 12% notes and from a lower margin under our first priority asset based senior secured loan facility, but these benefits have been offset by increases in US dollar interest rates payable under our floating rate senior facility.

Profit before taxation

The profit on ordinary activities before taxation was £81.7m compared with £32.2m in 2005. Underlying profit before tax was £67.5m, more than triple last year's £22.4m (£24.2m at constant exchange rates). After taxation, the profit for the year was £55.6m compared to £18.2m in 2005.

Taxation

Overall for the year the effective accounting tax rate on the underlying profit was 31% whilst the cash tax rate on the same basis remained minimal. The tax charge for the year of £26.1m (2005: £14.0m) comprises £21.1m relating to the profit before tax, exceptional items and fair value remeasurements and £5.0m relating to the exceptional income and fair value remeasurements. The charge for current tax was £5.5m (of which £5.4m related to exceptional items) and the charge for deferred tax was £20.6m. Except in relation to the exceptional gains, substantially no cash tax was again paid reflecting the capital intensive nature of the Group's operations and the level of available prior year tax losses.

The recent increases in Sunbelt's profitability together with the Head & Engquist litigation receipt mean, however, that Sunbelt's US federal tax losses have now been fully utilised and that consequently the Group's cash tax rate will rise into double digits next year.

Business and financial review continued

Earnings per share

Underlying basic earnings per share were 12.2p and basic earnings per share were 14.7p compared to 2.6p and 5.6p respectively a year ago. On a cash tax basis, earnings per share before exceptional items were 17.8p (2005: 6.7p). Cash tax earnings per share comprises earnings before exceptional items, fair value remeasurements and deferred tax, divided by the weighted average number of shares in issue. Cash tax earnings per share is considered to be a relevant measure of earnings per share as the deferred tax liability is not expected to crystallise in the foreseeable future.

Dividends

The directors are proposing to shareholders at the Annual General Meeting that a final dividend of 1.0p per share be paid making a total for the year of 1.5p per share (2005: nil). Under IFRS the financial statements now reflect only dividends paid in the year and therefore show only the £2.0m cost of the interim dividend paid in February. The final dividend, if approved by shareholders, will be paid on 28 September 2006 to shareholders on the register on 28 July 2006.

Balance sheet

Property, plant and equipment

	2006		2005	
	Rental equipment £m	**Total £m**	Rental equipment £m	Total £m
Opening balance	**452.9**	**537.1**	469.7	554.9
Exchange difference	**16.3**	**18.6**	(21.5)	(23.3)
Additions	**201.8**	**220.2**	120.0	138.4
Acquisitions	**32.2**	**35.3**	–	–
Reclassifications	**0.3**	**–**	(0.1)	–
Disposals at net book value	**(47.4)**	**(50.9)**	(28.6)	(30.5)
Depreciation	**(96.2)**	**(113.6)**	(86.6)	(102.4)
Closing balance	**559.9**	**646.7**	452.9	537.1

Capital expenditure increased 59% to £220.2m in 2006 of which £201.8m was on the rental fleet.

	2006			2005
	Growth	**Maintenance**	**Total**	Total
Sunbelt in $m	**81.1**	**176.8**	**257.9**	152.7
Sunbelt in £m	**44.6**	**97.3**	**141.9**	79.9
A-Plant	**14.1**	**38.0**	**52.1**	35.4
Ashtead Technology	**5.8**	**2.0**	**7.8**	4.7
Total rental equipment	**64.5**	**137.3**	**201.8**	120.0
Other fixed assets			**18.4**	18.4
Total additions			**220.2**	138.4

Capital expenditure was increased significantly in the year, mainly to enable Sunbelt to take advantage of the improving economic conditions in the US. £64.5m of the fleet expenditure was for growth with the remainder being spent to replace existing equipment. This 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 in that period. Expenditure on A-Plant's rental fleet was also increased from £35.4m to £52.1m as its performance improved. Disposals amounted to £50.8m (2005: £37.6m) in the year, generating a profit on disposal of £9.1m (2005: £7.1m) at a margin of 22% (2005: 23%) above book value. The markets we use for disposing of used rental equipment continue to be healthy.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2006 was 37 months on a net book value basis (2005: 45 months). At the same date, Sunbelt's fleet had an average age of 38 months (2005: 46 months) comprising 49 months for aerial work platforms which have a longer life and 28 months for the rest of its fleet whilst A-Plant's fleet had an average age of 36 months (2005: 43 months).

In the year ending 30 April 2007 gross capital expenditure is expected to increase to approximately £250m.

Trade and other receivables

Receivable days improved to 49 days (2005: 53 days). The bad debt charge as a percentage of total revenue was 0.7% in 2006 compared with 1.1% in 2005.

Trade and other payables

Group payable days decreased to 57 days at 30 April 2006 from 74 days at 30 April 2005. Capital expenditure related payables at 30 April 2006 totalled £30.0m (2005: £35.9m). Payment periods for purchases other than rental equipment vary between 7 and 60 days and for rental equipment between 30 and 90 days.

Other provisions

Other provisions of £18.3m (2005: £15.0m) relate principally to provision for self insured retained risk under the Group's self insurance policies. The Group's business exposes it to claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide range of potential claims at levels it believes are sufficient to cover existing and future claims. Our liability insurance programmes provide that we can only recover the liability related to any particular claim in excess of an agreed excess amount of typically between $500,000 and $2m depending on the particular liability programme. In certain, but not all, cases this liability excess amount is subject to an annual cap, which limits the Group's maximum liability in respect of these excess amounts to such annual cap. Our insured liability coverage is limited to a maximum of £100m per occurrence.

Pensions

The Group operates a number of pension plans for the benefit of its employees, for which the overall charge included in the financial statements was £2.8m (2005: £3.8m). Amongst these, the Group now has just one defined benefit pension plan which covers approximately 350 employees in the UK and which was closed to new members in 2001. All our other pension plans are defined contribution plans.

In March 2006, the Group contributed £17.1m to fully fund the UK defined benefit pension plan on an ongoing actuarial basis. This has no significant impact on the Group's income statement but will reduce future payments to the plan.

Principally as a result of the foregoing, the Group's defined benefit pension plan deficit which, measured in accordance with IAS 19, Employee Benefits, was £16.2m at the beginning of the year has become a surplus of £1.7m at the end of the year. Excluding the additional £17.1m contribution, asset values increased by £5.3m over and above the expected return on plan assets of £2.2m included in the income statement. However, offsetting this benefit was the impact of changes in the required market linked discount rate which reduced from 5.25% in 2005 to 5.0% in 2006, adding £5.1m to the value of liabilities. Accordingly there was a net gain of £0.2m in the year which was credited direct to the statement of recognised income and expense.

Cash flow and net debt

Free cash flow in the year ended 30 April 2006 (which is defined to exclude exceptional costs and which comprises our net cash inflow from operations excluding exceptional items, less net maintenance capital expenditure, interest and tax) is summarised below:

	Year to 30 April	
	2006 £m	2005 £m
EBITDA before exceptional items	**224.7**	169.5
Cash inflow from operations before exceptional items	**215.2**	164.8
Maintenance rental capital expenditure	**(149.9)**	(95.6)
Non-rental capital expenditure	**(16.8)**	(5.4)
Proceeds from sale of used rental equipment	**50.4**	35.9
Tax paid	**(2.8)**	(0.6)
Free cash flow before interest	**96.1**	99.1
Financing costs paid	**(38.7)**	(30.2)
Free cash flow after interest	**57.4**	68.9
Growth capital expenditure	**(62.6)**	(10.2)
Acquisitions and disposals	**(44.2)**	0.5
Issue of ordinary share capital	**70.9**	0.1
Dividends paid	**(2.0)**	–
Purchase of own shares by ESOT	**(2.8)**	–
Pension plan funding	**(17.1)**	–
Exceptional costs paid	**(2.2)**	(5.7)
(Increase)/reduction in total debt	**(2.6)**	53.6

Cash inflow from operations reflected principally the growth in reported EBITDA. Consequently, cash inflow from operations increased 30.6% to £215.2m and the cash efficiency ratio was 95.8% (2005: 97.2%) as we continued to convert almost all our EBITDA into cash.

Net maintenance rental capital expenditure increased to £99.5m (2005: £59.7m) as we spent ahead of depreciation to reduce the age of the rental fleet. Proceeds from the sale of fixed assets, principally used equipment, rose 40.4% to £50.4m (2005: £35.9m) and represented 34% (2005: 38%) of maintenance capital expenditure. Expenditure on non-rental capital expenditure (principally leasehold improvements, vehicles and computer equipment) was £16.8m with the increase over last year's £5.4m reflecting principally high vehicle replacements. Cash tax payments in the year were just £2.8m but are set to increase next year as the US tax group has now utilised all its federal tax losses due to improved operating performance, the Head & Engquist settlement and the scaffold disposal. Financing costs (excluding exceptional financing costs) paid this year were more in line with the accounting charge. Last year, financing costs were unusually low compared to last year's £44.7m accounting charge and reflected the timing of interest payments.

Business and financial review continued

Reflecting this and the high fleet maintenance capital expenditure, after interest, free cash flow fell 16.7% to £57.4m (2005: £68.9m). This free cash flow, net proceeds of £70.9m from the issue of ordinary shares and a £2.6m draw under our bank facilities were applied:
(i) to pay £62.6m in respect of growth capital expenditure;
(ii) to fund acquisitions net of disposal proceeds of £44.2m;
(iii) to fund the purchase of £2.8m of shares by the ESOT in connection with employee share plans;
(iv) to pay the interim dividend of £2.0m;
(v) to make the one-time contribution of £17.1m to the defined benefit pension plan; and
(vi) to pay net exceptional costs of £2.2m.

On 3 August 2005, the Group completed a capital reorganisation which raised approximately £70m from an equity placing and open offer as well as $250m of new second lien 8.625% senior secured notes due 2015. The proceeds of the placing and the debt issue were applied to redeem early, at an approximate 11% discount, the £134m convertible loan note and to redeem £42m of the 12% second priority senior secured loan notes due 2014. After payment of transaction costs, the remaining £26.5m of funds raised were applied to reduce outstandings under our asset based debt facility.

Based on current projections, the Group expects to be able to fund its cash requirements relating to its operations from existing sources of cash including its committed borrowing facilities for at least the next 12 months. It expects that the principal needs for cash relating to existing operations over the next 12 months will be to:
- fund operating expenses and working capital;
- fund the purchase of rental equipment and other capital expenditures; and
- service outstanding debt.

While emphasising primarily internal growth, the Group also expects to continue to expand through making small acquisitions that it would expect to fund by using cash, share capital, and/or the assumption of debt.

Net debt

	2006 £m	2005 £m
First priority senior secured bank debt and overdraft	**263.2**	216.2
Finance lease obligations	**23.2**	32.0
12% second priority senior secured notes, due 2014	**75.5**	115.8
8.625% second priority senior secured notes, due 2015	**132.7**	–
5.25% unsecured convertible loan note, due 2008	**–**	120.4
	494.6	484.4
Cash at bank and in hand	**(1.0)**	(2.1)
Total net debt	**493.6**	482.3

Net debt at 30 April 2006 was £493.6m (2005: £482.3m). Measured at constant (30 April 2006) exchange rates, the increase in net debt from 30 April 2005 was £2.5m. Although net debt has increased slightly, the significant growth in EBITDA has resulted in the ratio of net debt to EBITDA before exceptional items reducing from 2.85 times a year ago to 2.2 times at 30 April 2006.

Bank loan facility

On 14 November 2005, the Group agreed amended terms with the syndicate of lenders who make available its first priority asset based senior secured loan facility (‘the ABL facility’) to increase the amount, extend the maturity, reduce the number of covenants and lower the cost of the facility. Following this amendment, the ABL facility consists of a $525m revolving credit facility and a $272m term loan and is secured by a first priority interest in substantially all of the Group’s assets. Pricing is based on the ratio of funded debt to EBITDA according to a grid which varies, depending on leverage, from LIBOR plus 250bp to LIBOR plus 175bp for term borrowings and from LIBOR plus 250bp to LIBOR plus 150bp for revolver borrowings. At 30 April 2006 the Group’s borrowing rate was LIBOR plus 175bp on the term loan and LIBOR plus 150bp on the revolver loan.

The ABL facility carries minimal amortisation of 1% per annum ($2.75m) on the term loan and is committed until November 2010.

The ABL facility includes a springing covenant package under which quarterly financial performance covenants are only tested if available liquidity is less than $50 million. These covenants comprise a maximum ratio of total debt to EBITDA and a minimum fixed charge ratio (the ratio of EBITDA less capital expenditure, net of disposal proceeds to the sum of cash interest, taxes, distributions to equity holders and scheduled principal debt repayments). Available liquidity under the ABL facility at 30 April 2006 was £156m ($283m), compared with £82m ($157m) at 30 April 2005. As the ABL facility is asset based, the maximum amount available to be borrowed (which includes drawings in the form of standby letters of credit) depends on asset values (receivables, inventory, rental equipment and real estate) which are subject to periodic independent appraisal. At 30 April 2006 the maximum amount available to be borrowed based on asset values exceeded the facility size by £25m ($46m).

Because liquidity at 30 April 2006 much exceeded the $50m springing level, together with the fact that neither of the Group’s other debt facilities (the senior secured notes due 2014 and 2015) contain regularly measured financial covenants, the Group does not currently have any quarterly monitored financial performance covenants to adhere to.

12% second priority senior secured notes due 2014 having a nominal value of £120m

On 16 April 2004 the Group, through its wholly owned subsidiary Ashtead Holdings plc, issued £120m of 12% second priority senior secured notes due 1 May 2014. The notes are secured by second priority security interests over substantially the same assets as the senior secured credit facility and are also guaranteed by Ashtead Group plc. On 5 September 2005, £42m of the principal was repaid utilising some of the proceeds of last summer's equity issue.

8.625% second priority senior secured notes due 2015 having a nominal value of $250m

On 3 August 2005 the Group, through its wholly owned subsidiary Ashtead Holdings plc, issued $250m of 8.625% second priority senior secured notes due 1 August 2015. The notes are secured by second priority security interests over substantially the same assets as the first priority senior secured credit facility and are also guaranteed by Ashtead Group plc.

Under the terms of the 12% and 8.625% notes, the Group is, subject to important exceptions, restricted in its ability to incur additional debt, pay dividends, make investments, sell assets, enter into sale and leaseback transactions and merge or consolidate with another company. Interest is payable on the 12% notes on 1 May and 1 November of each year and on the 8.625% notes on 1 February and 1 August of each year. Both senior secured notes are listed on the Official List of the UK Listing Authority.

Minimum contracted debt commitments

The table below summarises the maturity of the Group's debt and also shows the minimum annual commitments under off balance sheet operating leases at 30 April 2006 by year of expiry:

	Payments due by year						
	2007 £m	2008 £m	2009 £m	2010 £m	2011 £m	Thereafter £m	Total £m
Bank and other debt[1]	1.5	1.5	1.5	1.5	257.2	–	263.2
Finance leases[2]	9.1	5.5	3.7	3.3	1.5	0.1	23.2
12% senior secured notes[3]	–	–	–	–	–	75.5	75.5
8.625% senior secured notes[4]	–	–	–	–	–	132.7	132.7
	10.6	7.0	5.2	4.8	258.7	208.3	494.6
Cash at bank and in hand	(1.0)	–	–	–	–	–	(1.0)
Net debt	9.6	7.0	5.2	4.8	258.7	208.3	493.6
Operating leases[5]	17.9	16.4	15.1	13.7	12.3	84.1	159.5
Total	27.5	23.4	20.3	18.5	271.0	292.4	653.1

1 Represents the scheduled maturities of our bank and other debt for the periods indicated.
2 Represents the future minimum lease payments under our finance leases.
3 Represents the carrying value of the £78m second priority secured notes.
4 Represents the carrying value of the $250m second priority secured notes.
5 Represents the minimum payments to which we were committed under operating leases.

Operating leases relate principally to properties (most of which are leased) which constituted 98.6% (£157.3m) of our total minimum operating lease commitments. There are also a few remaining operating leases relating to the vehicle fleet which constituted the remaining 1.4% (£2.2m) of such commitments.

Except for the off balance sheet operating leases described above, £15.4m ($27.9m) of standby letters of credit issued at 30 April 2006 under the first priority senior debt facility relating to the Group's self insurance programmes and a $1.9m performance guarantee facility utilised by Sunbelt, we have no material commercial commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet.

Business and financial review continued

Treasury policies

The Group reports in sterling and pays dividends in sterling. It is the role of the Group treasury function to manage and monitor the Group's internal and external funding requirements and financial risks in support of the Group's corporate objectives. Treasury activities are governed by policies and procedures approved by the Board and monitored by the Finance and Administration Committee. In particular, the Board of Directors or, through delegated authority, the Finance and Administration Committee, approves any derivative transactions. Derivative transactions are only undertaken for the purposes of managing interest rate risk and currency risk. The Group does not trade in financial instruments. The Group maintains treasury control systems and procedures to monitor liquidity, currency, credit and financial risks.

Liquidity

The Group generates significant free cash flow (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposal, 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 strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2006, availability under this facility was $283m (£156m) and the Group's objective is to maintain availability in excess of $100m throughout the economic cycle. Furthermore, the Group seeks to maintain leverage at an average of 2 to 3 times net debt to EBITDA over the economic cycle.

Interest rate risk management

The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. At 30 April 2006, the Group had one swap agreement with an aggregate notional amount of $100m whose effect had been to fix the interest rate exposure at 2.5% on $100m of US dollar borrowings. This contract expired on 3 May 2006. 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 175bp for term borrowings and 150bp for revolver borrowings.

At 30 April 2006, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £2m for each one percentage point change in interest rates applicable to the variable rate debt. The amount of the Group's variable rate debt may fluctuate as a result of changes in the amount of debt outstanding under the revolving tranches of the senior secured credit facility.

Currency exchange risk management

The Group's reporting currency is the pound sterling. However, a majority of our assets, liabilities, revenue and costs are denominated in US dollars. The Group has arranged its financing such that approximately 80% 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.

Based upon the level of US operations and of the US dollar-denominated debt balance and US interest rates at 30 April 2006, a 1% change in the US dollar-pound exchange rate would impact our pre-tax profits by 1%. At 30 April 2006, the Group had no outstanding foreign exchange contracts.

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

Credit risk management

The Group's principal 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 no significant concentration of credit risk, with exposure spread over a large number of customers.

Ian Robson
Finance Director
27 June 2006

Independent auditors' report to the members of Ashtead Group plc

We have audited the Group and individual Company financial statements (the 'financial statements') of Ashtead Group plc for the year ended 30 April 2006 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow statements, the Consolidated Statement of Recognised Income and Expense and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the financial statements and the part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulations. We report to you if, in our opinion, the Directors' Report is consistent with the financial statements. We also report to you if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We also report to you if, in our opinion, the Company has not complied with any of the four directors' remuneration disclosure requirements specified for our review by the Listing Rules of the Financial Services Authority. These comprise the amount of each element in the remuneration package and information on share options, details of long-term incentive schemes, and money purchase and defined benefit schemes. We give a statement, to the extent possible, of details of any non-compliance.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and the other information contained in the Annual Report for the above year as described in the contents section including the unaudited part of the Directors' Remuneration Report and we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report described as having been audited.

Independent auditors' report to the members of Ashtead Group plc continued

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted for use in the European Union, of the state of the Group's affairs as at 30 April 2006 and of its profit for the year then ended;
- the individual Company financial statements give a true and fair view, in accordance with IFRS as adopted for use in the European Union as applied in accordance with the requirements of the Companies Act 1985, of the state of the Company's affairs as at 30 April 2006;
- the financial statements and the part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulations; and
- the information given in the Directors' Report is consistent with the financial statements.

Separate opinion in relation to IFRS

As explained in note 1 to the financial statements, the Group, in addition to complying with its legal obligation to comply with IFRS as adopted for use in the European Union, has also complied with the IFRS as issued by the International Accounting Standards Board. Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRS, of the state of the Group's and Company's affairs as at 30 April 2006 and of the Group's profit for the year then ended.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
27 June 2006

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Consolidated income statement
for the year ended 30 April 2006

	Notes	**2006** Before exceptional items and fair value remeasurements† £m	**2006** Exceptional items and fair value remeasurements† £m	**2006** Total £m	2005 Before exceptional items and fair value remeasurements† £m	2005 Exceptional items and fair value remeasurements† £m	2005 Total £m
Revenue	2	**638.0**	**–**	**638.0**	523.7	–	523.7
Staff costs		**(200.4)**	**(0.3)**	**(200.7)**	(172.9)	–	(172.9)
Other operating costs		**(222.0)**	**(1.3)**	**(223.3)**	(188.4)	–	(188.4)
Other income		**9.1**	**15.0**	**24.1**	7.1	–	7.1
EBITDA*		**224.7**	**13.4**	**238.1**	169.5	–	169.5
Depreciation		**(113.6)**	**–**	**(113.6)**	(102.4)	–	(102.4)
Operating profit	2,3	**111.1**	**13.4**	**124.5**	67.1	–	67.1
Investment income		**2.7**	**7.8**	**10.5**	2.9	9.8	12.7
Interest expense		**(46.3)**	**(7.0)**	**(53.3)**	(47.6)	–	(47.6)
Net financing costs	4	**(43.6)**	**0.8**	**(42.8)**	(44.7)	9.8	(34.9)
Profit on ordinary activities before taxation		**67.5**	**14.2**	**81.7**	22.4	9.8	32.2
Taxation:							
– current	6	**(0.1)**	**(5.4)**	**(5.5)**	(0.7)	–	(0.7)
– deferred	6,17	**(21.0)**	**0.4**	**(20.6)**	(13.3)	–	(13.3)
		(21.1)	**(5.0)**	**(26.1)**	(14.0)	–	(14.0)
Profit attributable to equity shareholders	19	**46.4**	**9.2**	**55.6**	8.4	9.8	18.2
Basic earnings per share	8			**14.7p**			5.6p
Diluted earnings per share	8			**14.4p**			5.6p

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.
† Fair value remeasurements relate to embedded derivatives in long term debt.

The Group's results are all derived from continuing operations.

Consolidated statement of recognised income and expense for the year ended 30 April 2006

	2006 £m	2005 £m
Profit for the financial year	**55.6**	18.2
Actuarial gain/(loss) on defined benefit pension schemes	**0.2**	(3.7)
Foreign currency translation differences	**15.4**	(16.0)
Total recognised income and expense for the year	**71.2**	(1.5)

Consolidated movements in equity shareholders' funds for the year ended 30 April 2006

	2006 £m	2005 £m
Total recognised income and expense for the year	**71.2**	(1.5)
Issue of ordinary shares, net of expenses	**70.9**	0.1
Dividends paid	**(2.0)**	–
Credit in respect of share based payments	**1.3**	0.6
Own shares acquired by ESOT	**(2.8)**	–
Net increase/(decrease) in equity shareholders' funds in the year	**138.6**	(0.8)
Equity shareholders' funds at the beginning of the year	**119.7**	120.5
Closing equity shareholders' funds	**258.3**	119.7

Consolidated balance sheet
at 30 April 2006

	Notes	**2006 £m**	2005 £m
Current assets			
Inventories	9	**12.7**	13.8
Trade and other receivables	10	**110.4**	91.9
Cash and cash equivalents	23(c)	**1.0**	2.1
		124.1	107.8
Non-current assets			
Property, plant and equipment			
– rental equipment	11	**559.9**	452.9
– other assets	11	**86.8**	84.2
		646.7	537.1
Intangible assets – goodwill	12	**149.0**	118.2
Deferred tax asset	17	**2.9**	–
Other financial assets – derivatives	15	**15.4**	9.8
Defined benefit pension fund surplus	22	**1.7**	–
		815.7	665.1
Total assets		**939.8**	772.9
Current liabilities			
Trade and other payables	13	**99.1**	94.3
Current tax liabilities		**3.3**	0.7
Debt due within one year	14	**10.6**	12.2
Provisions	16	**7.0**	7.1
		120.0	114.3
Non-current liabilities			
Other payables		**–**	7.9
Debt due after more than one year	14	**484.0**	472.2
Provisions	16	**11.3**	7.9
Defined benefit pension fund deficit	22	**–**	16.2
Deferred tax liabilities	17	**66.2**	34.7
		561.5	538.9
Total liabilities		**681.5**	653.2
Equity shareholders' funds			
Share capital	18	**40.4**	32.6
Share premium	19	**3.2**	100.8
Non-distributable reserve	19	**90.7**	–
Equity element of convertible loan note	19	**–**	24.3
Own shares held in treasury through the ESOT	19	**(4.2)**	(1.6)
Cumulative foreign exchange translation differences	19	**(17.2)**	(32.6)
Distributable reserves	19	**145.4**	(3.8)
Total equity shareholders' funds		**258.3**	119.7
Total liabilities and equity shareholders' funds		**939.8**	772.9

These financial statements were approved by the Board on 27 June 2006.

GB Burnett
Chief Executive

SI Robson
Finance Director

Consolidated cash flow statement
for the year ended 30 April 2006

	Notes	2006 £m	2006 £m	2005 £m	2005 £m
Cash flows from operating activities					
Cash generated from operations before exceptional items	23(a)		**215.2**		164.8
Exceptional items			**11.1**		(5.7)
Pension payment			**(17.1)**		–
Cash generated from operations			**209.2**		159.1
Financing costs paid before exceptional items		**(38.7)**		(30.2)	
Exceptional financing costs paid		**(13.3)**		–	
Financing costs paid			**(52.0)**		(30.2)
Tax paid			**(2.8)**		(0.6)
Net cash from operating activities			**154.4**		128.3
Cash flows from investing activities					
Acquisition of businesses	24(a)		**(57.0)**		–
Disposal of businesses	24(b)		**12.8**		0.5
Payments for property, plant and equipment			**(229.3)**		(111.2)
Proceeds on sale of property, plant and equipment			**50.4**		35.9
Net cash used in investing activities			**(223.1)**		(74.8)
Cash flows from financing activities					
Drawdown of loans			**257.5**		244.6
Redemption of loans			**(244.0)**		(293.3)
Decrease in cash held as collateral			**–**		5.8
Capital element of finance lease payments			**(12.1)**		(12.3)
Purchase of own shares by the ESOT			**(2.8)**		–
Dividends paid			**(2.0)**		–
Proceeds from issue of ordinary shares			**70.9**		0.1
Net cash from/(used in) financing activities			**67.5**		(55.1)
Decrease in cash and cash equivalents			**(1.2)**		(1.6)
Opening cash and cash equivalents			**2.1**		3.9
Effect of exchange rate changes			**0.1**		(0.2)
Closing cash and cash equivalents			**1.0**		2.1

Notes to the consolidated financial statements

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. The disclosures required by IFRS 1, First Time Adoption of International Financial Reporting Standards, for the transition from UK GAAP to IFRS are provided in note 28. Accordingly, the Group complies with all IFRS, including those adopted for use in the European Union. The financial statements have been prepared under the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies. A summary of the more important accounting policies is set out below.

The Group, as a first-time IFRS reporter, has adopted early with effect from 1 May 2004 the following standards and interpretations as at 30 April 2006, the reporting date for the Group's first IFRS financial statements:

- IAS 19 Employee benefits amended.
- IFRIC 4 Determining whether an arrangement contains a lease.

At the date of authorisation of these financial statements, IFRS 7, Financial Instruments: Disclosures and the related amendment to IAS 1, Presentation of Financial Statements, on capital disclosures, were in issue but not yet effective and have not been applied. Adoption will have no material impact on the financial statements of the Group except for additional disclosures on capital and financial instruments when the standards come into effect for periods commencing on or after 1 January 2007.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and all its subsidiaries for the year to 30 April each year. The results of businesses acquired or sold during the year are incorporated for the periods from or to the date on which control passed and acquisitions are accounted for under the acquisition method. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Profit and loss accounts and cash flows of overseas subsidiary undertakings are translated into sterling at average rates of exchange for the year. The exchange rates used in respect of the US dollar are:

	2006	2005
Average for year	**1.7751**	1.8624
Year end	**1.8176**	1.9099

Exchange differences arising from the retranslation of the opening net investment of overseas subsidiaries and the difference between the inclusion of their profits at average rates of exchange in the Group income statement and the closing rate are recognised directly in a separate component of equity. Other exchange differences are dealt with in the income statement.

Notes to the consolidated financial statements continued

1 Accounting policies continued

Revenue

Revenue represents the total amount receivable for the provision of goods and services to customers net of returns and value added tax. Rental revenue, including loss damage waiver fees, is recognised on a straight line basis over the period of the rental contract. Because the terms and conditions of a rental contract can extend across financial reporting period ends, the Group records unbilled rental revenue and deferred revenue at the end of the reporting periods so rental revenue is appropriately stated in the financial statements.

Revenue from rental equipment delivery and collection is recognised when delivery or collection has occurred.

Revenue from the sale of new equipment, parts and supplies, retail merchandise and fuel is recognised at the time of delivery to, or collection by, the customer and when all obligations under the sales contract have been fulfilled.

Current/non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents and assets expected to be realised in, or intended for sale or consumption in, the course of the Group's operating cycle and those assets receivable within one year from the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost (including transportation costs from the manufacturer to the initial rental location) less accumulated depreciation and any provisions for impairment. In respect of aerial work platforms, cost includes rebuild costs when the rebuild extends the asset's useful economic life and it is probable that incremental economic benefits will accrue to the Group. Rebuild costs include the cost of transporting the equipment to and from the rebuild facility. Additionally, depreciation is not charged while the asset is not in use during the rebuild period.

Leased assets

Finance leases are those leases which transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised within property, plant and equipment at the fair value of the leased assets at inception of the lease and depreciated in accordance with the Group's depreciation policy. Outstanding finance lease obligations are included within debt. The finance element of the agreements is charged to the income statement on a systematic basis over the term of the lease.

All other leases are operating leases, the rentals on which are charged to the income statement on a straight line basis over the lease term.

Depreciation

Leasehold properties are depreciated on a straight line basis over the life of each lease. Other fixed assets, including those held under finance leases, are depreciated on a straight line basis applied to the opening cost to write down each asset to its residual value over its useful economic life. The rates in use are as follows:

	Per annum
Freehold property	2%
Rental equipment	5% to 33%
Motor vehicles	16% to 25%
Office and workshop equipment	20%

Residual values are estimated at 10% of cost in respect of most types of rental equipment, zero for scaffolding and similar equipment, 15% for aerial work platforms and high reach forklifts and 20% for steel site accommodation units.

1 Accounting policies continued

Gains and losses from the sale of used equipment are recognised in the income statement as other income on transfer of title in the equipment to the purchaser provided delivery has also taken place except in the case of sales of rental equipment lost when in the possession of the rental customer which are recognised when the loss is notified by the customer. Gains or losses in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment are accounted for at the lower of transaction value or fair value based on independent appraisals. If the trade-in price of a unit of equipment exceeds the fair market value of that unit, the excess is accounted for as a reduction of the cost of the related purchase of new rental equipment.

Repairs and maintenance

Costs incurred in the repair and maintenance of rental and other equipment are charged to the income statement as incurred.

Intangible assets

Business combinations and goodwill

Acquisitions are accounted for using the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired, including any intangible assets other than goodwill. Adjustments to the fair values of assets acquired made within 12 months of acquisition date are accounted for from the date of acquisition.

For business combinations prior to 1 May 2004, but after 30 April 1999, goodwill is included at its deemed cost, which represents the amount recorded under UK GAAP at the time as subsequently amortised up to 30 April 2004. Under UK GAAP goodwill arising on acquisitions prior to 30 April 1999 was eliminated against reserves. The accounting treatment of business combinations occurring up to 30 April 2004, the date of transition to IFRS, has not been reconsidered as permitted under IFRS 1, First Time Adoption of International Financial Reporting Standards.

Goodwill is stated at cost less any accumulated impairment losses and is allocated to the Group's three reporting units: Sunbelt Rentals; A-Plant; and Ashtead Technology.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

Impairment of assets

Goodwill is not amortised but is tested annually for impairment as at 30 April each year. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment. In the case of goodwill, impairment is assessed at the level of the Group's three reporting units.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

Notes to the consolidated financial statements continued

1 Accounting policies continued

Taxation

The tax charge for the period comprises both current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are not recognised for temporary differences arising on investment in subsidiaries where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Inventories

Inventories, which comprise fuel, merchandise and spare parts, are valued at the lower of cost and net realisable value.

Trade receivables

Trade receivables do not carry interest and are stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are not interest bearing and are stated at nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of less than, or equal to, three months.

Employee benefits

Defined contribution pension plans

Obligations under the Group's defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit pension plans

The Group's obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of plan assets is deducted. The discount rate is the yield at the balance sheet date on AA rated corporate bonds. The calculation is performed by a qualified actuary using the projected unit credit method.

In accordance with IFRS 1 the Group chose to recognise the full pension deficit on the balance sheet at 30 April 2004. The Group also took the option of adopting early the amendment to IAS 19 (Employee Benefits) issued on 16 December 2004. As a result, actuarial gains and losses are recognised in full in the period in which they arise through the statement of recognised income and expense. The increase in the present value of plan liabilities arising from employee service during the period is charged to operating profit. The expected return on plan assets and the expected increase during the period in the present value of plan liabilities due to unwind of the discount are included in investment income and interest expense, respectively.

Share based compensation

The fair value of awards made under share based compensation plans is measured at grant date and spread over the vesting period through the income statement with a corresponding increase in equity. The fair value of share options and awards is measured using an appropriate valuation model taking into account the terms and conditions of the individual scheme. The amount recognised as an expense is adjusted to reflect the actual awards vesting except where any change in the awards vesting relates only to market based criteria not being achieved.

1 Accounting policies continued

Insurance

Insurance costs include insurance premiums which are written off to the income statement over the period to which they relate and an estimate of the discounted liability for uninsured retained risks on unpaid claims incurred up to the balance sheet date. The estimate includes events incurred but not reported at the balance sheet date. This estimate is discounted and included in provisions in the balance sheet.

Investment income and interest expense

Investment income comprises interest receivable on funds invested, fair value gains on derivative financial instruments and the expected return on plan assets in respect of defined benefit pension plans.

Interest expense comprises interest payable on borrowings, amortisation of deferred finance costs, fair value losses on derivative financial instruments and the expected increase in plan liabilities in respect of defined benefit pension schemes.

Financial instruments

Details of the Group's treasury policies are set out in the Business and Financial Review on pages 33 to 44.

Derivatives

The Group uses a limited number of derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. These are principally swap agreements used to manage the balance between fixed and floating rate finance on long term debt and forward contracts for known future foreign currency cash flows. The Group does not hold or issue derivative instruments for speculative purposes.

All derivatives are held at fair value in the balance sheet within trade and other receivables or trade and other payables. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss. Changes in the fair value of any derivative instruments that are not hedge accounted are recognised immediately in the income statement.

Secured notes

The Group's secured notes contain early prepayment options, which constitute embedded derivatives in accordance with IAS 39, Financial Instruments: Recognition and Measurement. At the date of issue the liability component of the notes is estimated using prevailing market interest rates for similar debt with no prepayment option and is recorded within borrowings. The difference between the proceeds of the note issue and the fair value assigned to the liability component, representing the embedded option to prepay the notes is included within 'Other financial assets – derivatives'. The interest expense on the liability component is calculated by applying the effective interest rate method. The embedded option to prepay is fair valued using an appropriate valuation model with fair value remeasurement gains and losses being included in 'Investment income' or 'Interest expense'.

Convertible debt

Convertible debt is regarded as a compound instrument, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recorded within borrowings. The difference between the fair value of the convertible debt at issue and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group is included in equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible debt.

Exceptional items

Exceptional items are those items that are material and non-recurring in nature that the Group believes should be disclosed separately to assist in the understanding of the financial performance of the Group.

Notes to the consolidated financial statements continued

1 Accounting policies continued

Earnings per share

Earnings per share is calculated based on the profit for the financial year and the weighted average number of ordinary shares in issue during the year. For this purpose the number of ordinary shares in issue excludes shares held by the ESOT and shares registered in the name of employees but, subject to forfeiture if performance targets are not achieved, in respect of which dividends have been waived. Diluted earnings per share is calculated using the profit for the financial year and the weighted average diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive) during the year.

Underlying earnings per share comprises basic earnings per share adjusted to exclude earnings relating to exceptional items and fair value remeasurements of embedded derivatives in long-term debt. Cash tax earnings per share comprises underlying earnings per share adjusted to exclude deferred taxation.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Employee Share Ownership Trust

Shares in the Company acquired by the Employee Share Ownership Trust in the open market for use in connection with employee share plans are presented as a deduction from shareholders' funds together with shares transferred by the ESOT to employees and registered in the employees' name but subject to mandatory return to the ESOT if performance targets are not achieved. Where these shares are subject to commitments to release them to employees (subject to the attainment of performance targets) in connection with the Group's long term incentive plans, then provision is made by way of a charge against profits to write off the estimated cost of the shares over the performance period which is normally three years. When the shares vest to satisfy share based payments, a transfer is made from shares held in treasury to retained earnings.

Non-current assets held for sale

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. Such assets are not depreciated. Assets are regarded as held for sale only when the sale is highly probable and the asset is available for sale in its present condition. Management must be committed to the sale which must be expected to qualify for recognition as a completed sale within one year from the date of classification.

Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. Finance charges, including direct transaction costs, are charged to the income statement using the effective interest rate method.

Revolving tranches of borrowings and overdrafts which mature on a regular basis are classified as current or non-current liabilities based on the maturity of the relevant facility.

2 Segmental analysis

Business segments

The Group operates one class of business: rental of equipment. Operationally and managerially, the Group is split into three business units, Sunbelt, A-Plant and Ashtead Technology. These business units are the basis on which the Group reports its primary segment information.

Year ended 30 April 2006	Sunbelt £m	A-Plant £m	Ashtead Technology £m	Corporate items £m	Group £m
Revenue	**461.2**	**160.7**	**16.1**	**–**	**638.0**
Operating costs before exceptional items	**(287.8)**	**(111.8)**	**(8.1)**	**(5.6)**	**(413.3)**
EBITDA	**173.4**	**48.9**	**8.0**	**(5.6)**	**224.7**
Depreciation	**(74.5)**	**(35.0)**	**(4.0)**	**(0.1)**	**(113.6)**
Segment result before exceptional items	**98.9**	**13.9**	**4.0**	**(5.7)**	**111.1**
Exceptional items	**13.4**	**–**	**–**	**–**	**13.4**
Segment result	**112.3**	**13.9**	**4.0**	**(5.7)**	**124.5**
Net financing costs					**(42.8)**
Profit before tax					**81.7**
Taxation					**(26.1)**
Profit attributable to equity shareholders					**55.6**
Segment assets	**667.0**	**234.8**	**18.3**	**0.4**	**920.5**
Cash					**1.0**
Deferred tax asset					**2.9**
Other financial assets – derivatives					**15.4**
Total assets					**939.8**
Segment liabilities	**73.9**	**27.7**	**2.3**	**2.4**	**106.3**
Corporate borrowings and accrued interest					**505.7**
Taxation liabilities					**69.5**
Total liabilities					**681.5**
Other non-cash expenditure – share based payments	**0.5**	**0.7**	**0.4**	**0.3**	**1.9**
Capital expenditure	**217.8**	**56.2**	**7.9**	**–**	**281.9**

Capital expenditure represents additions to property, plant and equipment and intangible assets and includes expenditure on acquisition of businesses.

Notes to the consolidated financial statements continued

2 Segmental analysis continued

Year ended 30 April 2005	Sunbelt £m	A-Plant £m	Ashtead Technology £m	Corporate items £m	Group £m
Revenue	355.0	156.3	12.4	–	523.7
Operating costs	(234.7)	(108.1)	(5.9)	(5.5)	(354.2)
EBITDA	120.3	48.2	6.5	(5.5)	169.5
Depreciation	(62.4)	(36.9)	(3.1)	–	(102.4)
Segment result	57.9	11.3	3.4	(5.5)	67.1
Net financing costs					(34.9)
Profit before tax					32.2
Taxation					(14.0)
Profit attributable to equity shareholders					18.2
Segment assets	522.8	223.9	13.5	0.8	761.0
Cash and cash equivalents					2.1
Other financial assets – derivatives					9.8
Total assets					772.9
Segment liabilities	64.9	46.4	2.5	1.3	115.1
Corporate borrowings and accrued interest					502.7
Taxation liabilities					35.4
Total liabilities					653.2
Other non-cash expenditure – share based payments	0.1	0.5	–	0.1	0.7
Capital expenditure	93.5	40.1	4.8	–	138.4

There are no sales between the business segments. Segment assets include property, plant and equipment, goodwill, inventory and receivables. Segment liabilities comprise operating liabilities and exclude taxation balances, corporate borrowings and accrued interest.

Geographical segments

The Group's operations are located in North America, United Kingdom and Singapore.

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure, including acquisitions, by geographical market.

	Revenue		Segment assets		Capital expenditure	
	2006 £m	2005 £m	**2006 £m**	2005 £m	**2006 £m**	2005 £m
North America	**468.6**	360.3	**675.6**	529.4	**220.5**	95.2
United Kingdom	**167.2**	161.8	**242.8**	229.8	**60.6**	42.7
Rest of World	**2.2**	1.6	**2.1**	1.8	**0.8**	0.5
	638.0	523.7	**920.5**	761.0	**281.9**	138.4

3 Operating costs and other income

	2006			2005		
	Before exceptional items £m	**Exceptional items £m**	**Total £m**	Before exceptional items £m	Exceptional items £m	Total £m
Staff costs:						
Salaries	**182.1**	**0.3**	**182.4**	156.2	–	156.2
Social security costs	**15.5**	**–**	**15.5**	13.4	–	13.4
Other pension costs	**2.8**	**–**	**2.8**	3.3	–	3.3
	200.4	**0.3**	**200.7**	172.9	–	172.9
Other operating costs:						
Vehicle costs	**51.7**	**–**	**51.7**	42.0	–	42.0
Spares, consumables and external repairs	**45.3**	**–**	**45.3**	39.7	–	39.7
Facility costs	**31.8**	**0.5**	**32.3**	27.8	–	27.8
Other external charges	**93.2**	**0.8**	**94.0**	78.9	–	78.9
	222.0	**1.3**	**223.3**	188.4	–	188.4
Other income:						
Profit on disposal of fixed assets	**(9.1)**	**(3.7)**	**(12.8)**	(7.1)	–	(7.1)
Other income	**–**	**(11.3)**	**(11.3)**	–	–	–
	(9.1)	**(15.0)**	**(24.1)**	(7.1)	–	(7.1)
Depreciation:						
Owned assets	**105.0**	**–**	**105.0**	93.9	–	93.9
Leased assets	**8.6**	**–**	**8.6**	8.5	–	8.5
	113.6	**–**	**113.6**	102.4	–	102.4
	526.9	**(13.4)**	**513.5**	456.6	–	456.6

Proceeds from the disposal of fixed assets amounted to £50.8m (2005: £37.6m). Other income relates to litigation proceeds from settlement of the Head & Engquist litigation with Head & Engquist paying Sunbelt $20.1m (£11.3m) net of costs.

The costs shown in the above table include:

	2006			2005		
	Before exceptional items £m	**Exceptional items £m**	**Total £m**	Before exceptional items £m	Exceptional items £m	Total £m
Operating lease rentals payable:						
Plant and equipment	**3.6**	**–**	**3.6**	5.2	–	5.2
Property	**17.6**	**0.5**	**18.1**	15.9	–	15.9
Cost of inventories recognised as expense	**68.8**	**–**	**68.8**	57.1	–	57.1
Bad debt expense	**4.3**	**–**	**4.3**	6.0	–	6.0
Net foreign exchange (gains)/losses	**(0.1)**	**–**	**(0.1)**	0.4	–	0.4

The Group's key management comprise the Company's executive and non-executive directors. Details of their remuneration together with their share interests and share option awards are given in the Directors' Remuneration Report and form part of these financial statements.

Notes to the consolidated financial statements continued

3 Operating costs and other income continued

Remuneration payable to the Company's auditors, Deloitte & Touche LLP, in the year is given below:

		2006 £'000	2005 £'000
Audit services	– statutory audit: Company	**20**	20
	– statutory audit: Group	**508**	475
	– other audit related reporting: Group	**130**	187
Other services	– internal audit: UK	**–**	92
	– capital reorganisation: UK	**250**	–
	– other	**36**	37
		944	811

The fees for other audit related reporting in the year ended 30 April 2006 include interim review work and work in connection with the adoption of IFRS. The fees for other services paid to Deloitte & Touche LLP are in respect of work done in connection with the capital reorganisation undertaken in August 2005 and preparing and filing property tax returns.

4 Net financing costs

	2006 £m	2005 £m
Investment income		
Interest and other financial income	**0.5**	0.1
Expected return on assets of defined benefit pension plan	**2.2**	2.1
Fair value gains on derivatives	**–**	0.7
	2.7	2.9
Exceptional income and fair value remeasurements of embedded derivatives	**7.8**	9.8
Total investment income	**10.5**	12.7
Interest expense		
Bank interest payable	**16.3**	13.7
Interest on second priority senior secured notes	**19.7**	14.5
Interest payable on finance leases	**1.8**	1.9
Funding cost on accounts receivable securitisation	**–**	2.1
5.25% unsecured convertible loan note, due 2008:		
– interest payable	**1.9**	7.6
– non-cash unwind of discount	**1.0**	3.7
Non-cash unwind of discount on defined pension plan liabilities	**2.2**	2.5
Non-cash unwind of discount on insurance provisions	**0.4**	0.2
Fair value losses on derivatives not accounted for as hedges	**0.3**	–
Amortisation of deferred costs of debt raising	**2.7**	1.4
	46.3	47.6
Exceptional costs and fair value remeasurements of embedded derivatives	**7.0**	–
Total interest expense	**53.3**	47.6
Net financing costs before exceptional items and fair value remeasurements of embedded derivatives	**43.6**	44.7
Net exceptional income and fair value remeasurements of embedded derivatives	**(0.8)**	(9.8)
Net financing costs	**42.8**	34.9

5 Exceptional items and fair value remeasurements

	2006 £m	2005 £m
Litigation proceeds	**11.3**	–
Capital reorganisation	**(4.8)**	–
Fair value remeasurements of embedded derivatives	**5.6**	9.8
Profit on sale of scaffolding	**2.9**	–
Post acquisition integration costs	**(0.8)**	–
Total pre-tax exceptional items	**14.2**	9.8

Litigation proceeds relate to the Head & Engquist settlement. Capital reorganisation costs include the premium paid to redeem 35% of the second priority senior secured notes due 2014 (£5.0m), the write-off of the portion of deferred debt issue costs related to the notes redeemed (£1.5m), other refinancing costs (£0.5m) offset by a gain on the repayment of the Rentokil convertible loan note (£2.0m) and interest received relating to the redemption of loan notes (£0.2m). Fair value remeasurements relate to the changes in fair value of the embedded prepayment option in the second priority senior secured notes (£5.6m). Profit on sale of scaffolding relates to the net gain on the disposal by Sunbelt of 12 west coast and Texas specialist scaffold locations. Post acquisition integration costs relate to costs incurred in integrating acquisitions during the period.

Exceptional items and fair value remeasurements are presented in the income statement as follows:

	2006 £m	2005 £m
Other income	**15.0**	–
Staff costs	**(0.3)**	–
Other operating costs	**(1.3)**	–
Credited in arriving at operating profit	**13.4**	–
Investment income	**7.8**	9.8
Interest expense	**(7.0)**	–
Credited in arriving at profit before taxation	**14.2**	9.8

6 Taxation

	2006 £m	2005 £m
Analysis of charge in period		
Current tax		
– UK corporation tax at 30% (2005: 30%)	**–**	–
– overseas taxation	**5.5**	0.7
	5.5	0.7
Deferred tax	**20.6**	13.3
Taxation	**26.1**	14.0

The tax charge comprises £21.1m (2005: £14.0m) relating to tax on the profit before tax, exceptional items and fair value remeasurements and £5.0m (2005: £nil) relating to tax on exceptional items and fair value remeasurements.

Notes to the consolidated financial statements continued

6 Taxation continued

The tax for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £m	2005 £m
Profit on ordinary activities before tax	**81.7**	32.2
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 30% (2005: 30%)	**24.5**	9.7
Effects of:		
Adjustment to tax charge in respect of prior period	**0.4**	1.8
Use of foreign tax rates on overseas income	**6.8**	2.9
Deferred tax asset recognised	**(2.9)**	–
Change in unrecognised deferred tax asset	**(2.7)**	0.7
Other	**–**	(1.1)
Total taxation	**26.1**	14.0

7 Dividends

	2006 £m	2005 £m
Interim dividend paid on 28 February 2006 of 0.5p (2005: nil) per 10p ordinary share	**2.0**	–

In addition, the directors are proposing a final dividend in respect of the financial year ended 30 April 2006 of 1.0p per share which will absorb £4.0m of shareholders' funds. Subject to approval by shareholders, it will be paid on 28 September 2006 to shareholders who are on the register of members on 28 July 2006.

8 Earnings per share

	2006			2005		
	Earnings £m	**Weighted average no. of shares million**	**Per share amount pence**	Earnings £m	Weighted average no. of shares million	Per share amount pence
Basic earnings per share	**55.6**	**379.0**	**14.7p**	18.2	323.0	5.6p
Effect of dilutive securities:						
Share options and share plan awards	**–**	**8.4**	**(0.3)p**	–	3.3	–
Diluted earnings per share	**55.6**	**387.4**	**14.4p**	18.2	326.3	5.6p

Underlying and cash tax earnings per share may be reconciled to the basic earnings per share as follows:

	2006 pence	2005 pence
Basic earnings per share	**14.7**	5.6
Exceptional items and fair value remeasurements	**(3.8)**	(3.0)
Tax on exceptional items and fair value remeasurements	**1.3**	–
Underlying earnings per share	**12.2**	2.6
Other deferred tax	**5.6**	4.1
Cash tax earnings per share	**17.8**	6.7

9 Inventories

	2006 £m	2005 £m
Raw materials, consumables and spares	**8.1**	7.9
Goods for resale	**4.6**	5.9
	12.7	13.8

10 Trade and other receivables

	2006 £m	2005 £m
Trade receivables	**104.9**	88.5
Less: provisions for impairment	**(8.4)**	(7.9)
	96.5	80.6
Other receivables	**13.9**	11.3
	110.4	91.9

11 Property, plant and equipment

	Land and buildings £m	Rental equipment		Office and workshop equipment £m	Other leases £m	Motor vehicles		Total £m
		Owned £m	Held under finance leases £m			Owned £m	Held under finance leases £m	
Cost or valuation								
At 1 May 2004	62.1	801.0	12.9	22.6	0.7	4.0	24.8	928.1
Exchange differences	(1.9)	(37.6)	(1.0)	(0.8)	–	(0.3)	–	(41.6)
Reclassifications	–	3.2	(3.6)	0.4	–	–	–	–
Additions	1.7	120.0	–	1.8	–	1.8	13.1	138.4
Disposals	(1.3)	(94.6)	(0.1)	(0.8)	–	(1.5)	(1.0)	(99.3)
At 30 April 2005	60.6	792.0	8.2	23.2	0.7	4.0	36.9	925.6
Exchange differences	1.3	26.5	0.2	0.6	–	0.1	1.2	29.9
Acquisitions	0.4	32.2	–	0.1	–	2.6	–	35.3
Reclassifications	–	6.9	(6.5)	1.2	(0.7)	1.4	(2.3)	–
Additions	4.0	201.8	–	3.9	–	8.5	2.0	220.2
Disposals	(2.3)	(139.4)	–	(1.7)	–	(2.0)	(1.5)	(146.9)
At 30 April 2006	**64.0**	**920.0**	**1.9**	**27.3**	**–**	**14.6**	**36.3**	**1,064.1**

Notes to the consolidated financial statements continued

11 Property, plant and equipment continued

	Land and buildings £m	Rental equipment Owned £m	Rental equipment Held under finance leases £m	Office and workshop equipment £m	Other leases £m	Motor vehicles Owned £m	Motor vehicles Held under finance leases £m	Total £m
Depreciation								
At 1 May 2004	13.0	343.9	0.3	14.2	–	0.2	1.6	373.2
Exchange differences	(0.4)	(16.8)	(0.3)	(0.5)	–	(0.1)	(0.2)	(18.3)
Reclassifications	–	(0.3)	–	0.3	–	–	–	–
Charge for the period	3.5	85.9	0.7	3.4	0.3	1.1	7.5	102.4
Disposals	(0.5)	(66.1)	–	(0.7)	–	(0.8)	(0.7)	(68.8)
At 30 April 2005	15.6	346.6	0.7	16.7	0.3	0.4	8.2	388.5
Exchange differences	0.3	10.4	–	0.5	–	–	0.1	11.3
Reclassifications	–	0.5	(0.4)	0.7	(0.5)	0.9	(1.2)	–
Charge for the period	3.2	95.9	0.3	3.7	0.2	2.2	8.1	113.6
Disposals	(0.7)	(92.0)	–	(1.4)	–	(1.3)	(0.6)	(96.0)
At 30 April 2006	**18.4**	**361.4**	**0.6**	**20.2**	**–**	**2.2**	**14.6**	**417.4**
Net book value								
At 30 April 2006	**45.6**	**558.6**	**1.3**	**7.1**	**–**	**12.4**	**21.7**	**646.7**
At 30 April 2005	45.0	445.4	7.5	6.5	0.4	3.6	28.7	537.1

The amount of rebuild costs capitalised in the year was £4.1m (2005: £3.8m).

12 Intangible assets – goodwill

	£m
At 1 May 2004	126.2
Exchange differences	(8.0)
At 1 May 2005	118.2
Recognised on acquisitions during the year	26.4
Exchange differences	4.4
At 30 April 2006	**149.0**

Goodwill acquired in a business combination was allocated, at acquisition, to the reporting units that benefit from that business combination, as follows:

	2006 £m	2005 £m
Sunbelt	**143.8**	113.1
A-Plant	**3.0**	3.0
Ashtead Technology	**2.2**	2.1
	149.0	118.2

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on approved financial plans covering a three year period. The growth rate assumptions used in the plans were based on past performance and management's expectations of market developments. The annual growth rate used to determine the cash flows beyond the three year period is 2% and does not exceed the average long term growth rates for the relevant markets. The pre-tax rate used to discount the projected cash flows for Sunbelt Rentals is 9%.

13 Trade and other payables

	2006 £m	2005 £m
Trade payables	**36.2**	39.0
Other taxes and social security	**8.5**	6.4
Accruals and deferred income	**54.4**	48.9
	99.1	94.3

Trade and other payables include amounts relating to the purchase of fixed assets of £30.0m (2005: £35.9m).

14 Borrowings

	2006 £m	2005 £m
Current		
First priority senior secured bank debt	**1.5**	1.4
Finance lease obligations	**9.1**	10.8
	10.6	12.2
Non-current		
First priority senior secured bank debt	**261.5**	214.6
Finance lease obligations	**14.1**	21.2
12% second priority senior secured notes, due 2014	**75.5**	115.8
8.625% second priority senior secured notes, due 2015	**132.7**	–
5.25% unsecured convertible loan note, due 2008	**–**	120.4
Loan notes	**0.2**	0.2
	484.0	472.2

Costs incurred during the year relating to the raising of debt amounted to £1.2m (2005: £10.7m) and have been carried forward against the book value of the associated debt in accordance with the Group's accounting policies.

Senior secured bank debt and the senior secured notes are secured by way of, respectively, first and second priority fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables.

First priority senior secured credit facility

On 14 November 2005, the Group agreed amended terms with the syndicate of lenders who make available its first priority asset based senior secured loan facility (the "ABL facility") to increase the amount, extend the maturity, reduce the number of covenants and lower the cost of the facility. Following this amendment, the ABL facility consists of a $525m revolving credit facility and a $272m term loan and is secured by a first priority interest in substantially all of the Group's assets. Pricing is based on the ratio of funded debt to EBITDA according to a grid which varies, depending on leverage from LIBOR plus 250bp to LIBOR plus 175bp for term borrowings and LIBOR plus 150bp for revolver borrowings. At 30 April 2006 the Group's borrowing rate was LIBOR plus 150bp on revolver borrowings and LIBOR plus 175bp on term borrowings.

The ABL facility carries minimal amortisation of 1% per annum ($2.75m) on the term loan and is committed until November 2010. The ABL facility includes a springing covenant package under which quarterly financial performance covenants are only tested if available liquidity is less than $50 million. Available liquidity at 30 April 2006 was £155.9m ($283.4m) reflecting drawings under the facility at that date together with outstanding letters of credit of £15.4m ($27.9m). As the ABL facility is asset-based, the maximum amount available to be borrowed (which includes drawings in the form of standby letters of credit) depends on asset values (receivables, inventory, rental equipment and real estate) which are subject to periodic independent appraisal. The maximum amount which could be drawn at 30 April 2006 was limited to the facility size of $797.3m (£438.7m) because the relevant asset values exceeded the facility size by $46.0m (£25.3m).

Notes to the consolidated financial statements continued

14 Borrowings continued

12% second priority senior secured notes due 2014 having a nominal value of £120 million

On 16 April 2004 the Group, through its wholly owned subsidiary Ashtead Holdings plc, issued £120m of 12% second priority senior secured notes due 1 May 2014. The notes are secured by second priority security interests over substantially the same assets as the first priority senior secured credit facility and are also guaranteed by Ashtead Group plc. On 5 September 2005, £42m of the principal was repaid out of the proceeds of an equity issue. These notes rank equally with the 8.625% notes discussed below.

8.625% second priority senior secured notes due 2015 having a nominal value of $250m

On 3 August 2005 the Group, through its wholly owned subsidiary Ashtead Holdings plc, issued $250m of 8.625% second priority senior secured notes due 1 August 2015. The notes are secured by second priority security interests over substantially the same assets as the first priority senior secured credit facility and are also guaranteed by Ashtead Group plc.

5.25% unsecured convertible loan note due 2008 having a nominal value of £134m

This loan note was redeemed early for £119.5m on 3 August 2005. The proceeds were allocated to the debt element based on the fair value of the debt at the date of redemption resulting in a gain of £2.0m which is included in exceptional investment income.

15 Financial instruments

The effective rates of interest at the balance sheet dates were as follows:

		2006	2005
First priority senior secured bank debt	– revolving advances in dollars	**6.25%**	5.06%
	– term loan advances in dollars	**6.50%**	5.06%
	– revolving advances in sterling	**6.08%**	7.13%
Sterling secured notes		**12.0%**	12.0%
Dollar secured notes		**8.625%**	–
Convertible loan note		**–**	9.0%
Finance leases		**7.0%**	8.0%

A discussion of financial instruments used by the Group and its approach to managing foreign exchange and interest rate risk is included in the Business and Financial Review.

Net fair values of derivative financial instruments

At 30 April 2006, the Group had one interest rate swap with a notional principal of $100m which is designated as a cash flow hedge and which matured on 3 May 2006. The fixed interest rate was 2.5%. The net fair value of this derivative financial instrument at the balance sheet date was £0.3m (2005: £0.6m).

At 30 April 2006, the Group's embedded prepayment options included within its secured loan notes had a combined fair value of £15.4m (2005: £9.8m).

15 Financial instruments continued

Fair value of non-derivative financial assets and liabilities

The table below provides a comparison, by category, of the carrying amounts and the fair values of the Group's non-derivative financial assets and liabilities at 30 April 2006. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and includes accrued interest. Where available, market values have been used to determine fair values of financial assets and liabilities. Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest and exchange rates.

	At 30 April 2006		At 30 April 2005	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Fair value of non-current borrowings:				
Long term borrowings				
– first priority senior secured bank debt	**270.5**	**270.5**	224.0	224.0
– finance lease obligations	**14.1**	**13.7**	21.2	21.3
– 12% senior secured notes	**78.0**	**92.5**	120.0	135.6
– 8.625% senior secured notes	**137.5**	**142.5**	–	–
– 5.25% unsecured convertible loan notes	**–**	**–**	120.4	125.2
– other loan notes	**0.2**	**0.2**	0.2	0.2
	500.3	**519.4**	485.8	506.3
Deferred costs of raising finance	**(16.3)**	**–**	(13.6)	–
	484.0	**519.4**	472.2	506.3
Fair value of other financial instruments held or issued to finance the Group's operations:				
Short-term borrowings	**1.5**	**1.5**	1.4	1.4
Finance lease obligations due within one year	**9.1**	**8.8**	10.8	10.8
Trade and other payables	**99.1**	**99.1**	94.3	94.3
Trade and other receivables	**(110.1)**	**(110.1)**	(91.3)	(91.3)
Cash at bank and in hand	**(1.0)**	**(1.0)**	(2.1)	(2.1)

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's liabilities is as follows:

	30 April 2006			30 April 2005		
	Debt £m	**Finance leases £m**	**Total £m**	Debt £m	Finance leases £m	Total £m
Less than 1 year	**1.5**	**9.1**	**10.6**	1.4	10.8	12.2
1–2 years	**1.5**	**5.5**	**7.0**	1.4	8.3	9.7
2–5 years	**260.2**	**8.5**	**268.7**	333.8	11.8	345.6
More than 5 years	**208.2**	**0.1**	**208.3**	115.8	1.1	116.9
	471.4	**23.2**	**494.6**	452.4	32.0	484.4

Notes to the consolidated financial statements continued

15 Financial instruments continued

The minimum lease payments under finance leases fall due as follows:

	2006 £m	2005 £m
Within one year	**10.3**	12.6
Later than one year but not more than five	**15.7**	23.1
More than five years	**0.1**	1.1
	26.1	36.8
Future finance charges on finance leases	**(2.9)**	(4.8)
Present value of future finance lease payments	**23.2**	32.0

16 Provisions

	Self insurance £m	Other £m	Total £m
At 1 May 2005	12.5	2.5	15.0
Exchange differences	0.5	–	0.5
Utilised	(9.4)	(2.5)	(11.9)
Charged in the year	11.8	2.5	14.3
Amortisation of discount	0.4	–	0.4
At 30 April 2006	**15.8**	**2.5**	**18.3**

	2006 £m	2005 £m
Included in current liabilities	**7.0**	7.1
Included in non-current liabilities	**11.3**	7.9
	18.3	15.0

Self insurance provisions relate to the discounted estimated liability in respect of costs to be incurred under the Group's self insured programmes for events occurring up to the year end and are expected to be utilised over a period of approximately eight years. The provision is established based on advice received from independent actuaries of the estimated total cost of the self insured retained risk based on historical claims experience.

Other provisions relate primarily to vacant property costs which are expected to be utilised over a period of up to five years.

17 Deferred tax

Deferred tax assets

	Tax losses £m	Other temporary differences £m	Total £m
At 1 May 2005	23.8	14.6	38.4
Exchange differences	1.7	0.6	2.3
(Charge)/credit to income statement	(24.1)	3.3	(20.8)
	1.4	18.5	19.9
Less offset against deferred tax liability	(1.4)	(15.6)	(17.0)
At 30 April 2006	**–**	**2.9**	**2.9**

17 Deferred tax continued

Deferred tax liabilities

	Accelerated tax depreciation £m	Other temporary differences £m	Total £m
At 1 May 2005	70.2	2.9	73.1
Exchange differences	3.4	–	3.4
Acquisitions	6.9	–	6.9
Charge/(credit) to income statement	0.1	(0.3)	(0.2)
	80.6	2.6	83.2
Less offset of deferred tax assets			(17.0)
At 30 April 2006			**66.2**

Following the capital re-organisation, the Group has recognised a deferred tax asset in the UK of £2.9m as it is considered probable that sufficient taxable profit will be available to utilise this deferred tax asset. The unrecognised UK deferred tax asset of £34.3m (2005: £40.0m) can be summarised as follows:

	Tax losses £m	Other temporary differences £m	Total £m
At 1 May 2005	1.5	38.5	40.0
Change in year	0.5	(3.3)	(2.8)
Recognised during year	–	(2.9)	(2.9)
At 30 April 2006	**2.0**	**32.3**	**34.3**

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £9.2m (2005: £7.6m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

18 Called up share capital

	2006 Number	2005 Number	**2006 £m**	2005 £m
Ordinary shares of 10p each				
Authorised	**900,000,000**	900,000,000	**90.0**	90.0
Issued and fully paid:				
At 1 May	**326,074,928**	325,656,564	**32.6**	32.6
Allotted under share option schemes	**4,908,786**	418,364	**0.5**	–
Allotted through Placing and Open Offer	**73,350,352**	–	**7.3**	–
At 30 April	**404,334,066**	326,074,928	**40.4**	32.6

On 3 August 2005, the Group issued 73,350,352 ordinary shares of 10p each at 95.5p through a Placing and Open Offer which raised £70.0m before issue expenses of £3.1m.

Notes to the consolidated financial statements continued

19 Reconciliation of changes in shareholders' funds

	Share capital £m	Share premium account £m	Equity element of convertible loan note £m	Non distributable reserve £m	Own shares held in treasury (ESOT) £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m
At 1 May 2004	32.6	100.7	24.3	–	(1.6)	(16.6)	(18.9)	120.5
Total recognised income and expense	–	–	–	–	–	(16.0)	14.5	(1.5)
Shares issued	–	0.1	–	–	–	–	–	0.1
Share based payments	–	–	–	–	–	–	0.6	0.6
At 30 April 2005	32.6	100.8	24.3	–	(1.6)	(32.6)	(3.8)	119.7
Total recognised income and expense	–	–	–	–	–	15.4	55.8	71.2
Shares issued	7.8	66.2	–	(3.1)	–	–	–	70.9
Dividends	–	–	–	–	–	–	(2.0)	(2.0)
Share based payments	–	–	–	–	–	–	1.3	1.3
Capital reduction	–	(163.8)	–	93.8	–	–	70.0	–
Vesting of share awards	–	–	–	–	0.2	–	(0.2)	–
Own shares purchased	–	–	–	–	(2.8)	–	–	(2.8)
Redemption of convertible loan note	–	–	(24.3)	–	–	–	24.3	–
At 30 April 2006	**40.4**	**3.2**	**–**	**90.7**	**(4.2)**	**(17.2)**	**145.4**	**258.3**

At the Extraordinary General Meeting of the Company held on 1 August 2005, shareholders approved a resolution to cancel the amount standing to the credit of the share premium account. Subsequently, the High Court of Justice approved the cancellation on 24 August 2005. Accordingly, of the total amount cancelled of £163.8m, £70.0m has been credited to distributable reserves while the balance of £93.8m has been credited to a non-distributable reserve.

20 Share based payments

The Employee Share Option Trust (ESOT) facilitates the provision of shares under certain of the Group's schemes. It holds a beneficial interest in 4,721,490 ordinary shares of the Company acquired at an average cost of 87.3p per share. The ESOT owned directly 2,286,959 of these shares and a further 2,434,531 shares were registered in the name of Investment Incentive Plan or Performance Share Plan participants on terms which require that the award shares are transferred back to the ESOT to the extent that the performance targets are not met. The shares had a market value of £11.1m at 30 April 2006. The ESOT and the plan participants have waived the right to receive dividends on the shares they hold. The costs of operating the ESOT are borne by the Group but are not material.

The Group has recognised the fair value of share-based payments to employees based on grants of shares since 7 November 2002 (the transitional date for IFRS 2 'Share-based payments').

20 Share based payments continued

Cash Incentive Plan

The Cash Incentive Plan ('CIP') is an award of units which are subject to the same performance conditions as apply to the Company's unapproved share option scheme. Awards were granted under this plan in 2000 and 2001 and are exercisable up to February 2010 and 2011, respectively, as all performance conditions have been satisfied. On exercise by the option holder, the difference between the mid-market price of Ashtead Group plc shares on that day and the grant price of 102p and 125p, for the 2000 and 2001 awards respectively, multiplied by the number of units held will be paid by way of a cash award to the holder, net of applicable taxes.

In 2006 the charge in respect of the CIP was £558,000 (2005: £140,000). The fair value of the awards at 30 April 2006 was based on the share price on that date.

Investment Incentive Plan

Details of the Investment Incentive Plan ('IIP') are given on page 25. The costs of this scheme are charged to the income statement over the vesting period, based upon the fair value of the award at the grant date and the likelihood of allocations vesting under the scheme. In 2006 the charge in respect of the IIP was £160,000 (2005: £106,000). No awards were granted under the IIP in 2006. The fair value of awards granted during 2005 was estimated using a Black-Scholes option pricing model with the following assumptions: share price at grant date of 48.50p, nil exercise price, no dividend yield, volatility of 125.41%, a risk free rate of 4.878% and an expected life of three years.

Expected volatility was determined by calculating the historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan.

Performance Share Plan

Details of the Performance Share Plan ('PSP') are given on pages 25 and 26. The costs of this scheme are charged to the income statement over the vesting period, based on the fair value of the award at the grant date and the likelihood of allocations vesting under the scheme. In 2006, the charge in respect of the PSP was £828,000 (2005: £200,000).

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model with the following assumptions: share price at grant date of 113.5p, nil exercise price, no dividend yield, volatility of 97.90%, a risk free rate of 4.219% and an expected life of three years.

Expected volatility was determined by calculating the historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan.

Discretionary share option schemes

Details of the discretionary share option schemes are given on page 25. In accordance with the transitional provisions of IFRS 2: 'Share-based payments', the Group has not recognised any expense for these schemes as they were all granted prior to 7 November 2002.

Notes to the consolidated financial statements continued

20 Share based payments continued

Save-As-You-Earn (SAYE) schemes

The costs of SAYE schemes are charged to the income statement over the vesting period based upon the fair value of the award at the grant date. In 2006 the charge in respect of SAYE schemes was £400,000 (2005: £290,000).

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model with the following assumptions: share price at grant date of 136.75p, exercise price of 115.43p, no dividend yield, volatility of 110.00%, a risk free rate of 4.182% and an expected life of three years. Expected volatility was determined by calculating historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan.

	Discretionary schemes		SAYE			
	Number	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	IIP Number	PSP Number
2003/4						
Outstanding at 1 May 2003	17,512,892	107.712	4,767,909	34.915	2,723,460	–
Forfeited	(2,214,224)	108.399	(79,763)	37.071	(650,878)	–
Exercised	–	–	(1,400)	24.270	–	–
Expired	–	–	(1,276,470)	46.929	–	–
Outstanding at 30 April 2004	15,298,668	107.613	3,410,276	30.372	2,072,582	–
Exercisable at 30 April 2004	–	–	42,324	104.756	–	–
2004/5						
Outstanding at 1 May 2004	15,298,668	107.613	3,410,276	30.372	2,072,582	–
Granted	–	–	1,960,219	30.740	987,501	1,831,500
Forfeited	(2,576,686)	132.400	(149,112)	32.150	(1,896,113)	–
Exercised	(25,000)	41.500	(393,364)	42.872	–	–
Expired	(887,290)	61.440	(584,512)	36.962	–	–
Outstanding at 30 April 2005	11,809,692	105.797	4,243,507	28.413	1,163,970	1,831,500
Exercisable at 30 April 2005	–	–	120,245	50.748	–	–
2005/6						
Outstanding at 1 May 2005	11,809,692	105.797	4,243,507	28.413	1,163,970	1,831,500
Granted	–	–	398,777	115.430	–	1,899,399
Forfeited	(507,234)	120.544	(124,396)	32.369	–	(88,453)
Exercised	(4,815,598)	80.813	(93,188)	48.774	(176,469)	–
Expired	–	–	(197,774)	37.403	–	–
Outstanding at 30 April 2006	6,486,860	123.191	4,226,926	35.637	987,501	3,642,446
Exercisable at 30 April 2006	6,486,860	123.191	33,674	31.233	–	–

20 Share based payments continued

Options outstanding at 30 April 2006:

	Discretionary schemes			SAYE		
Year of grant	Weighted average exercise price (p)	Number of shares	Latest exercise date	Weighted average exercise price (p)	Number of shares	Latest exercise date
1996/7	132.566	598,700	27 Feb 07	–	–	–
1997/8	184.764	1,288,800	05 Feb 08	–	–	–
1998/9	174.805	746,500	26 Feb 09	–	–	–
1999/2000	101.956	334,000	08 Mar 10	–	–	–
2000/1	118.179	2,224,860	16 Aug 10	94.800	2,492	30 Sep 06
2001/2	41.500	1,144,000	26 Feb 12	41.600	91,495	30 Sep 07
2002/3	49.500	150,000	02 Aug 12	24.270	2,114,116	31 Oct 08
2003/4	–	–	–	–	–	–
2004/5	–	–	–	30.740	1,626,526	31 Mar 08
2005/6	–	–	–	115.430	392,297	30 Apr 09
		6,486,860			4,226,926	

The weighted average share price during the period for options exercised over the year was 80.813p (2005: 41.500p) for discretionary schemes and 48.774p (2005: 42.872p) for SAYE schemes. The total charge for the year relating to employee share based payment plans was £1.9m (2005: £0.7m), £1.4m of which related to equity-settled share based payment transactions and £0.5m related to cash-settled share based payment transactions. After deferred tax, the total charge was £1.7m (2005: £0.8m).

21 Operating leases

Minimum annual commitments under existing operating leases may be analysed by date of expiry of the lease as follows:

	2006 £m	2005 £m
Land and buildings:		
Expiring in one year	**0.9**	0.5
Expiring between two and five years	**5.5**	4.5
Expiring in more than five years	**10.5**	10.5
	16.9	15.5
Other – motor vehicles:		
Expiring in one year	**0.1**	–
Expiring between two and five years	**0.9**	1.1
	1.0	1.1
Total	**17.9**	16.6

Notes to the consolidated financial statements continued

21 Operating leases continued

Total minimum commitments under existing operating leases at 30 April 2006 through to the end of their respective term by year are as follows:

Financial year	Land and buildings £m	Motor vehicles £m	Total £m
2007	16.9	1.0	17.9
2008	15.6	0.8	16.4
2009	14.8	0.3	15.1
2010	13.6	0.1	13.7
2011	12.3	–	12.3
Thereafter	84.1	–	84.1
	157.3	2.2	159.5

22 Pensions

The Group operates pension plans for the benefit of qualifying employees. The major plans for new employees throughout the Group are all defined contribution plans following the introduction of the new stakeholder pension plan for UK employees in May 2002. Pension costs for defined contribution plans were £1.8m (2005: £1.5m).

The Group also has a defined benefit plan for UK employees which was closed to new members in 2001. This plan is a funded defined benefit plan with trustee administered assets held separately from those of the Group. It was valued by the actuaries under IAS 19, Employee Benefits, at 30 April 2006. The principal assumptions made by the actuary were as follows:

	2006	2005
Rate of increase in salaries	**4.00%**	3.75%
Rate of increase in pensions in payment	**3.00%**	2.75%
Discount rate	**5.00%**	5.25%
Inflation assumption	**3.00%**	2.75%
Expected return on plan assets	**7.70%**	7.00%

The amounts recognised in the income statement are as follows:

	2006 £m	2005 £m
Current service cost	**1.0**	1.8
Interest cost	**2.2**	2.5
Expected return on plan assets	**(2.2)**	(2.1)
Total expense	**1.0**	2.2

The amounts recognised in the balance sheet are determined as follows:

	2006 £m	2005 £m
Present value of defined benefit obligation	**50.5**	50.7
Fair value of plan assets	**(52.2)**	(34.5)
Net (asset)/liability recognised in the balance sheet	**(1.7)**	16.2

22 Pensions continued

Movements in the present value of defined benefit obligations were as follows:

	2006 £m	2005 £m
At 1 May	**50.7**	42.1
Current service cost	**1.0**	1.8
Interest cost	**2.2**	2.5
Contributions from members	**0.6**	0.5
Actuarial loss	**5.1**	4.2
Benefits paid	**(0.4)**	(0.4)
Settlements	**(8.7)**	–
	50.5	50.7

The actuarial loss in the year ended 30 April 2006 reflects the reduction in the required discount rate (that for AA rated corporate bonds) in the year from 5.25% to 5.0% which increased the discounted amount of accrued defined benefit obligations.

Movements in the fair value of plan assets were as follows:

	2006	2005
At 1 May	**34.5**	29.4
Expected return on plan assets	**2.2**	2.1
Actual return on plan assets in excess of expected return	**5.3**	0.5
Contributions from the sponsoring companies	**18.7**	2.4
Contributions from members	**0.6**	0.5
Benefits paid	**(0.4)**	(0.4)
Settlements	**(8.7)**	–
	52.2	34.5

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

	Expected return		Fair value	
	2006 %	2005 %	**2006 £m**	2005 £m
Equity instruments	**8.0**	8.0	**39.6**	20.6
Bonds	**5.1**	4.9	**7.3**	11.0
Property	**8.0**	8.0	**5.2**	2.9
Cash	**–**	–	**0.1**	–
			52.2	34.5

Notes to the consolidated financial statements continued

22 Pensions continued

The history of experience adjustments is as follows:

	2006 £m	2005 £m
Present value of defined benefit obligations	**50.5**	50.7
Fair value of scheme assets	**(52.2)**	(34.5)
(Surplus)/deficit in the scheme	**(1.7)**	16.2
Experience adjustments on scheme liabilities		
Amount (£m)	**5.1**	4.2
Percentage of scheme liabilities	**10%**	8%
Experience adjustments on scheme assets		
Amount (£m)	**5.3**	0.5
Percentage of the present value of the scheme assets	**10%**	1%

The estimated amount of contributions expected to be paid by the Company to the plan during the current financial year is £0.8 million.

23 Notes to the cash flow statement

a) Cash flow from operating activities

	2006 £m	2005 £m
Operating profit	**124.5**	67.1
Depreciation	**113.6**	102.4
Exceptional items	**(13.4)**	–
EBITDA	**224.7**	169.5
Profit on disposal of property, plant and equipment	**(9.1)**	(7.1)
Decrease in inventories	**2.2**	0.4
Increase in trade and other receivables	**(11.2)**	(0.3)
Increase in trade and other payables	**7.5**	1.5
Exchange differences	**(0.3)**	0.4
Other non-cash movements	**1.4**	0.4
Cash generated from operations before exceptional items	**215.2**	164.8

b) Reconciliation to net debt

	2006 £m	2005 £m
Decrease in cash in the period	**1.2**	1.6
Increase/(decrease) in debt through cash flow	**1.4**	(55.2)
Change in net debt from cash flows	**2.6**	(53.6)
Exchange differences	**3.7**	(15.1)
Non cash movements:		
– deferred costs of debt raising	**4.0**	1.2
– convertible loan note	**(1.0)**	3.8
– capital element of new finance leases	**2.0**	13.8
Movement in net debt in the period	**11.3**	(49.9)
Net debt at 1 May	**482.3**	532.2
Net debt at 30 April	**493.6**	482.3

23 Notes to the cash flow statement continued

c) Analysis of net debt

	1 May 2005 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	30 April 2006 £m
Cash and cash equivalents	(2.1)	(0.1)	1.2	–	(1.0)
Debt due within 1 year	12.2	0.5	(12.1)	10.0	10.6
Debt due after 1 year	472.2	3.3	13.5	(5.0)	484.0
Total net debt	482.3	3.7	2.6	5.0	493.6

Non-cash movements relate to accrued interest on and gain on redemption of the convertible loan note, the amortisation of prepaid fees relating to senior secured debt facilities and the addition of new finance leases in the year.

d) Exceptional financing costs paid

Exceptional financing costs paid comprise £5.3m related principally to the premium payable on the redemption of the second priority senior secured loan notes due 2014 and £8.0m of accrued interest paid to Rentokil on redemption of the convertible loan note. Payment of this interest had been deferred in 2003 by agreement with Rentokil.

24 Acquisitions and disposals

a) On 17 October 2005, Sunbelt acquired 100% of the issued share capital of Northridge Equipment Rentals, Inc for cash consideration of £39.1m. Northridge Equipment Rentals traded through five stores located in central and southern California. In addition Sunbelt acquired the business and assets of 11 further stores in Florida, California, Nevada and Tennessee and A-Plant acquired one store in Bournemouth for a total cash consideration of £17.5m.

The acquired businesses have been integrated into Sunbelt and A-Plant and the acquired rental fleets reorganised through additions, disposals and transfers of equipment. Accordingly, it is not practicable to disclose separately the revenue and profit of the acquired assets.

The goodwill arising on these acquisitions which relates to the excess of the consideration necessary to acquire these businesses over the fair market value of the net assets acquired is summarised in the table below:

	Acquiree's book value £m	Fair value £m
Net assets acquired:		
Property, plant and equipment	25.1	35.3
Inventories	0.6	0.5
Trade and other receivables	4.2	4.2
Trade and other payables	(1.7)	(2.5)
Deferred tax liabilities	(3.3)	(6.9)
	24.9	30.6
Goodwill		26.4
Total consideration		57.0
Satisfied by:		
Cash		56.6
Directly attributable costs		0.4
		57.0

Notes to the consolidated financial statements continued

24 Acquisitions and disposals continued

b) On 15 August 2005 Sunbelt sold 12 specialist scaffold locations on the US west coast and in Texas for cash consideration of £13.8m. The profit on disposal is as follows:

	£m
Disposal proceeds:	
– cash received	13.8
– disposal related costs paid	(1.0)
	12.8
– further disposal related costs payable	(0.3)
Net consideration receivable	12.5
Net assets sold:	
– property, plant and equipment	(9.5)
– inventory	(0.1)
Exceptional profit on disposal	2.9

25 Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business. However, the claims outstanding at 30 April 2006, net of provisions held, are not expected to have a significant impact on the Group's financial position.

The Company has guaranteed the borrowings of its subsidiary undertakings under the Group's senior secured credit and overdraft facilities. At 30 April 2006 the amount borrowed under these facilities was £272.0m (30 April 2005: £225.4m). Additionally, subsidiary undertakings are able to obtain letters of credit under these facilities which are also guaranteed by the Company and, at 30 April 2006, letters of credit issued under these arrangements totalled £15.4m (US$27.9m). Additionally, the Company has guaranteed the remaining outstanding 12% second priority senior secured notes with a par value of £78m and 8.625% second priority senior secured notes with a par value of $250m (£137.5m), both issued by Ashtead Holdings plc.

The Company has guaranteed operating and finance lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2006 totalled £77.1m (2005 – £63.1m) in respect of land and buildings and £19.0m (2005: £21.4m) in respect of other lease rentals of which £5.6m and £6.1m respectively is payable by subsidiary undertakings in the year ending 30 April 2007.

The Company has guaranteed the performance by subsidiaries of certain other obligations up to £1.1m (2005: £1.6m).

26 Capital commitments

At 30 April 2006 capital commitments in respect of purchases of rental and other equipment totalled £119.0m (2005: £39.8m), all of which had been ordered. There were no other material capital commitments at the year-end.

27 Employees

The average number of employees, including directors, during the year was as follows:

	2006	2005
North America	**4,122**	3,884
United Kingdom	**2,068**	2,059
Rest of World	**11**	11
	6,201	5,954

28 Explanation of transition to IFRS

This is the first year that the Company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 30 April 2005 and the date of transition to IFRS was therefore 1 May 2004.

Reconciliation of equity at 1 May 2004 (date of transition to IFRS)

	Note	UK GAAP £m	Effect of transition to IFRS £m	IFRS £m
Inventories		15.1	–	15.1
Trade and other receivables	(a)	41.9	52.2	94.1
Cash and cash equivalents		9.9	–	9.9
Total current assets		66.9	52.2	119.1
Property, plant and equipment	(b)	535.5	19.4	554.9
Goodwill	(c)	142.9	(16.7)	126.2
Total non-current assets		678.4	2.7	681.1
Total assets		745.3	54.9	800.2
Trade and other payables		86.1	–	86.1
Current tax liabilities		0.6	–	0.6
Debt	(a),(b),(d)	484.4	57.7	542.1
Provisions		14.7	–	14.7
Deferred tax liabilities	(g)	27.7	(4.2)	23.5
Defined benefit pension fund deficit	(h)	–	12.7	12.7
Total liabilities		613.5	66.2	679.7
Share capital		32.6	–	32.6
Share premium		100.7	–	100.7
Equity element of convertible loan note	(d)	–	24.3	24.3
Own shares held in treasury through the ESOT		(1.6)	–	(1.6)
Cumulative foreign exchange translation differences	(i)	0.1	(16.7)	(16.6)
Distributable reserves		–	(18.9)	(18.9)
Total equity		131.8	(11.3)	120.5

Notes to the consolidated financial statements continued

28 Explanation of transition to IFRS continued

Reconciliation of equity at 30 April 2005

	Note	UK GAAP £m	Effect of transition to IFRS £m	IFRS £m
Inventories		13.8	–	13.8
Trade and other receivables	(e),(h)	91.8	0.1	91.9
Cash and cash equivalents		2.1	–	2.1
Total current assets		107.7	0.1	107.8
Property, plant and equipment		537.1	–	537.1
Goodwill	(c)	134.0	(15.8)	118.2
Other financial assets – derivatives	(f)	–	9.8	9.8
Total non-current assets		671.1	(6.0)	665.1
Total assets		778.8	(5.9)	772.9
Trade and other payables	(h)	102.3	(0.1)	102.2
Current tax liabilities		0.7	–	0.7
Debt	(d)	495.3	(10.9)	484.4
Provisions		15.0	–	15.0
Deferred tax liabilities	(g)	38.6	(3.9)	34.7
Defined benefit pension fund deficit	(h)	–	16.2	16.2
Total liabilities		651.9	1.3	653.2
Share capital		32.6	–	32.6
Share premium		100.8	–	100.8
Equity element of convertible loan note	(d)	–	24.3	24.3
Own shares held in treasury through the ESOT		(1.6)	–	(1.6)
Cumulative foreign exchange translation differences	(i)	(7.6)	(25.0)	(32.6)
Distributable reserves		2.7	(6.5)	(3.8)
Total equity		126.9	(7.2)	119.7

Reconciliation of profit for the year ended 30 April 2005

	Note	UK GAAP £m	Effect of transition to IFRS £m	IFRS £m
Revenue		523.7	–	523.7
Staff costs	(h),(j)	(172.7)	(0.2)	(172.9)
Other operating costs		(188.4)	–	(188.4)
Other income		7.1	–	7.1
EBITDA		169.7	(0.2)	169.5
Depreciation	(c)	(111.3)	8.9	(102.4)
Operating profit		58.4	8.7	67.1
Net financing costs	(d),(f),(h)	(42.0)	7.1	(34.9)
Profit before tax		16.4	15.8	32.2
Taxation		(14.0)	–	(14.0)
Profit attributable to equity shareholders		2.4	15.8	18.2

28 Explanation of transition to IFRS continued

Explanation of reconciling items from UK GAAP to IFRS

(a) The Group's revolving accounts receivable securitisation programme was disclosed under a linked presentation under UK GAAP. The application of IAS 39 has removed the linked presentation and the funding received has been reclassified as debt. This affects the opening balance sheet at 30 April 2004 by increasing trade receivables and debt by £52.2m. The accounts receivable securitisation was refinanced through the Group's new first priority senior secured credit facility in November 2004.

(b) The Group reclassified certain leases (mainly related to our delivery fleet) previously accounted for as operating leases as capital leases under UK GAAP in the second half of 2004/5. Under IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the prior period element of this adjustment has been recorded at the date of transition.

(c) The Group has taken the exemption from applying IFRS 3 (Business Combinations) to acquisitions occurring before 1 May 2004. The goodwill arising from acquisitions occurring before that date remains at the amount shown under UK GAAP at 1 May 2004 except that the Group has elected to translate foreign currency denominated goodwill at exchange rates ruling at the balance sheet date rather than the historical rate ruling at the time of the acquisition. This reduces the amount of goodwill by £16.7m in the opening IFRS balance sheet and £24.7m at 30 April 2005 from that reported previously under UK GAAP. The goodwill amortisation under UK GAAP of £8.9m was reversed at 30 April 2005 resulting in an overall reduction in goodwill at 30 April 2005 of £15.8m.

(d) The Group has elected to adopt IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) from 1 May 2004.

IAS 32 requires the debt and equity components of a compound financial instrument to be recognised separately in the financial statements. The 5.25% unsecured convertible loan note is a compound financial instrument. Under UK GAAP the loan note was recorded as debt at a fair value of £121.3m when issued in June 2000 and was being accreted to the face value of the loan note (£134.0m) over the life of the instrument.

IFRS requires the fair value of the debt component of the instrument alone (£97.0m) to be recognised as debt when issued and accreted to the face value of the loan (£134.0m) over the life of the instrument and the balance (£24.3m) to be recognised as equity at the date the loan note was issued. Consequently, the interest charge is increased under IFRS to make the interest expense (the 5.25% coupon plus debt amortisation) equivalent to that for a similar instrument, issued at the same time and with the same maturity, but without equity conversion rights.

Accordingly, the opening IFRS balance sheet at 30 April 2004 includes:

- the equity component of the instrument, £24.3m; and
- debt at amortised cost of £116.8m (being the £97.0m recognised on issue plus the accumulated discount amortisation to 30 April 2004).

As a result, debt at 30 April 2005 is £10.9m lower than reported previously under UK GAAP. In addition, due to the amortisation of the discount, interest expense for the year ended 30 April 2005 is £3.0m higher than reported previously under UK GAAP.

(e) The Group has a $100m fixed/floating interest rate swap to mitigate its exposure to increasing interest rates. Under UK GAAP the swap was accounted for using hedge accounting principles. Under IFRS, the Group is required to fair value such instruments and reflect their fair value in its financial records. The fair value gain or loss is taken through the income statement unless the instruments are designated as hedges at inception and satisfy the hedge effectiveness criteria, when it is taken directly to equity. The Group has complied with the necessary documentation requirements set out in the standard with effect from 29 April 2005 and, accordingly, the effective portion of any unrealised gains or losses on the swap is taken directly to equity. Prior to 29 April 2005 the necessary documentation was not in place and, for this period, hedge accounting was not therefore available under IFRS. Consequently, the change in fair value has been reflected in the income statement in the year ending 30 April 2005.

Notes to the consolidated financial statements continued

28 Explanation of transition to IFRS continued

(f) The Group has secured notes due in 2014 and 2015 which contain early prepayment options. Under UK GAAP, the prepayment option was not separately identified and the notes were included within borrowings at amortised cost. Under IFRS, the early prepayment options constitute embedded derivatives which must be accounted for separately. At the date of issue the liability component of the notes is estimated using prevailing market interest rates for similar debt with no prepayment option and is recorded within borrowings. The difference between the proceeds of the note issue and the fair value assigned to the liability component, representing the embedded option to prepay the notes, is included within 'Other financial assets – derivatives'. The interest expense on the liability component is calculated by applying the effective interest rate method. The embedded option to prepay is fair valued using an appropriate valuation model with fair value remeasurement gains and losses being included in 'Investment income' or 'Interest expense'.

As a result, 'Other financial assets – derivatives' of £9.8m increase total assets at 30 April 2005 and investment income for the year ended 30 April 2005 is £9.8m higher than under UK GAAP.

(g) IAS 12 (Income Taxes) requires deferred tax to be provided on all temporary differences rather than timing differences under UK GAAP. Deferred tax also needs to be provided, where relevant, on the other IFRS differences.

The total impact on the balance sheet is the net deferred tax liability reduces by £3.9m at 30 April 2005 compared with that reported previously under UK GAAP due to the recognition of a deferred tax asset for tax deductible goodwill arising in the US. There is no impact on the income statement.

(h) IAS 19 (Employee Benefits) requires defined benefit pension schemes accounting to be based on fair values at the balance sheet date. Separate charges for operating and net financing costs based on actuarial assumptions in place at the start of the year are required through the income statement while recognition through the balance sheet is dependent upon the policy adopted for the recognition of actuarial gains and losses. The Group has elected to recognise all cumulative actuarial gains and losses in respect of employee benefit schemes at the date of transition to IFRS. Additionally the Group has chosen to adopt early the amendment to IAS 19 (issued on 16 December 2004) and recognise actuarial gains and losses arising from the full year actuarial valuation in full through the statement of recognised income and expense in the period in which they arise.

The balance sheet shows a total IAS 19 pensions deficit of £16.2m at 30 April 2005 which compares with a prepayment of £0.5m and accrual of £0.2m reported previously under UK GAAP. In addition, the operating charge through the income statement reduces by £0.2m while the net financing cost, for which there was no equivalent under UK GAAP (SSAP 24), is £0.4m.

(i) IAS 21 (The Effects of Changes in Foreign Exchange Rates) requires cumulative translation differences to be reported as a separate component of equity and, on disposal of a foreign operation, the cumulative translation difference related to that operation forms part of the gain or loss on disposal. The Group has not used the exemption in IFRS 1 to set cumulative translation differences to zero at 30 April 2004 and will report cumulative translation differences from the date of acquisition of a foreign operation as a separate component of equity. The aggregate amount at 30 April 2005 was £32.6m.

(j) Under IFRS 2 (Share-based Payments), where an entity receives goods or services in exchange for equity instruments (such as shares, share options and cash-settled share transactions), the charge through the income statement is based on a fair value of share options and awards granted. The fair value of the equity instrument is measured at grant date and spread over the vesting period through the income statement with a corresponding increase in equity. The fair value of the share options and awards is measured using the Black-Scholes model taking into account the terms and conditions of the scheme. The amount recognised as an expense is adjusted to reflect changes to the expected level of awards vesting, except where the changes relate to the expected achievement of market based criteria.

IFRS 2 requires a charge for all such grants including awards, options and SAYE schemes unlike UK GAAP which based the charge on the intrinsic market value of the underlying shares at the date of grant and so, for the Group, the charge arose on awards under the SAYE schemes, Investment Incentive Plan and Performance Share Plan.

28 Explanation of transition to IFRS continued

The transitional provisions of IFRS 2 permit a company to apply IFRS 2 just to share based awards after 7 November 2002 which had not vested at 1 January 2005. The Group has followed this option and accordingly earlier awards continue to be accounted for on the basis adopted under UK GAAP. The transitional arrangements of IFRS 2 do not, however, apply to cash-settled transactions and accordingly cash-settled phantom option awards (granted in 2000 and 2001) have been accounted for in accordance with IFRS 2.

The charge under IFRS is £0.4m higher for the year ended 30 April 2005 than under UK GAAP. There is no impact on the assets of the Group as the charge to the income statement is matched by an equal credit through equity.

(k) The Group's cash flows under IFRS are unchanged from those under UK GAAP. The IFRS cash flow format is similar to UK GAAP but presents various cash flows in different categories and in a different order from the UK GAAP cash flow statement. All of the IFRS accounting adjustments net out within cash generated from operations except for the reclassification of the debtors' securitisation as debt under IFRS.

29 Parent company information

a) Balance sheet of the Company, Ashtead Group plc

	Note	**2006 £m**	2005 £m
Current assets			
Prepayments and accrued income		**0.5**	0.8
Non-current assets			
Investments in Group companies	(e)	**277.6**	277.6
Total assets		**278.1**	278.4
Current liabilities			
Other taxes and social security		**0.1**	0.1
Amounts due to subsidiary undertakings		**62.2**	1.2
Accruals and deferred income		**2.2**	1.8
		64.5	3.1
Non-current liabilities			
Other payables		**–**	7.9
5.25% unsecured convertible loan note, due 2008		**–**	120.4
Loan notes		**0.2**	0.2
		0.2	128.5
Total liabilities		**64.7**	131.6
Equity shareholders' funds			
Share capital	(g)	**40.4**	32.6
Share premium account	(g)	**3.2**	100.8
Non distributable reserve	(g)	**90.7**	–
Equity element of convertible loan note	(g)	**–**	24.3
Own shares held in treasury through the ESOT	(g)	**(4.2)**	(1.6)
Distributable reserves	(g)	**83.3**	(9.3)
Total equity shareholders' funds		**213.4**	146.8
Total liabilities and equity shareholders' funds		**278.1**	278.4

These financial statements were approved by the Board on 27 June 2006.

GB Burnett
Chief Executive

SI Robson
Finance Director

Notes to the consolidated financial statements continued

29 Parent company information continued

b) Cash flow statement of the Company, Ashtead Group plc

	Note	2006 £m	2006 £m	2005 £m	2005 £m
Cash flows from operating activities					
Cash generated from operations before exceptional items	(h)		**63.6**		5.1
Exceptional items			**–**		4.3
Cash generated from operations			**63.6**		9.4
Financing costs paid before exceptional items		**(10.2)**		(7.6)	
Exceptional financing costs paid		**–**		(2.0)	
Financing costs paid			**(10.2)**		(9.6)
Net cash from operating activities			**53.4**		(0.2)
Cash flows from financing activities					
Redemption of loans			**(119.5)**		–
Purchase of own shares by the ESOT			**(2.8)**		–
Proceeds from issue of ordinary shares			**70.9**		0.2
Dividends paid			**(2.0)**		–
Net cash used in financing activities			**(53.4)**		0.2
Decrease in cash and cash equivalents			**–**		–

c) Accounting policies

The Company financial statements have been prepared on the basis of the accounting policies set out in note 1 above, supplemented by the policy on investments set out below.

Investments in subsidiary undertakings are stated at cost less any necessary provision for impairment in the parent company balance sheet. Where an investment in a subsidiary is transferred to another subsidiary, any uplift in the value at which it is transferred over its carrying value is treated as a revaluation of the investment prior to the transfer and is credited to the revaluation reserve.

d) Income statement

Ashtead Group plc has not presented its own profit and loss account as permitted by Section 230 (3) of the Companies Act 1985. The amount of the loss for the financial year dealt with in the accounts of Ashtead Group plc is £0.8m (2005: loss of £2.4m).

e) Investments

	Shares in Group companies £m
At 30 April 2005 and 2006	277.6

The Company's principal subsidiaries are:

Name	Country of incorporation	Principal country in which subsidiary undertaking operates
Ashtead Holdings plc	England	United Kingdom
Sunbelt Rentals, Inc.	USA	USA
Ashtead Plant Hire Company Limited	England	United Kingdom
Ashtead Technology Limited	Scotland	United Kingdom
Ashtead Technology (South East Asia) pte Limited	Singapore	Singapore
Ashtead Technology, Inc.	USA	USA

29 Parent company information continued

The issued share capital (all of which comprises ordinary shares) of subsidiaries is 100% owned by the Company or by subsidiary undertakings and all subsidiaries are consolidated. The principal activity of Ashtead Holdings plc is an investment holding company. The principal activity of each other subsidiary undertaking listed above is equipment rental. Ashtead Group plc owns all the issued share capital of Ashtead Holdings plc which in turn holds all of the other subsidiaries listed above except for Sunbelt Rentals Inc. and Ashtead Technology Inc. which Ashtead Holdings plc owns indirectly through another subsidiary undertaking.

f) Financial instruments

The book value and fair value of the Company's financial instruments are equal with the exception of long term borrowings which had a book value of £0.2m (2005: £120.6m) and a fair value of £0.2m (2005: £125.4m).

The Company's financial liabilities mature between 2-5 years.

g) Reconciliation of changes in shareholders' funds

	Share capital £m	Share premium account £m	Equity element of convertible loan note £m	Non distributable reserve £m	Own shares held in treasury (ESOT) £m	Distributable reserves £m	Total £m
At 1 May 2004	32.6	100.7	24.3	–	(1.6)	(7.5)	148.5
Total recognised income and expense	–	–	–	–	–	(2.4)	(2.4)
Shares issued	–	0.1	–	–	–	–	0.1
Share based payments	–	–	–	–	–	0.6	0.6
At 30 April 2005	32.6	100.8	24.3	–	(1.6)	(9.3)	146.8
Total recognised income and expense	–	–	–	–	–	(0.8)	(0.8)
Shares issued	7.8	66.2	–	(3.1)	–	–	70.9
Share based payments	–	–	–	–	–	1.3	1.3
Capital reduction	–	(163.8)	–	93.8	–	70.0	–
Vesting of share awards	–	–	–	–	0.2	(0.2)	–
Own shares purchased	–	–	–	–	(2.8)	–	(2.8)
Dividends	–	–	–	–	–	(2.0)	(2.0)
Redemption of convertible loan note	–	–	(24.3)	–	–	24.3	–
At 30 April 2006	**40.4**	**3.2**	**–**	**90.7**	**(4.2)**	**83.3**	**213.4**

h) Notes to the Company cash flow statement
Cash flow from operating activities

	2006 £m	2005 £m
Operating (loss)/profit	**(0.2)**	4.6
Depreciation	**0.1**	0.1
EBITDA	**(0.1)**	4.7
Decrease in receivables	**0.3**	–
Increase in payables	**1.0**	1.2
Increase/(decrease) in intercompany payable	**61.0**	(1.2)
Other non-cash movement	**1.4**	0.4
Net cash inflow from operations before exceptional items	**63.6**	5.1

Notes to the consolidated financial statements continued

29 Parent company information continued

Reconciliation to net debt

	2006 £m	2005 £m
Net debt at 1 May	**120.6**	119.9
Non cash movement – 5.25% unsecured convertible loan note, due 2008	**(0.9)**	0.7
Decrease in debt through cash flow	**(119.5)**	–
Net debt at 30 April	**0.2**	120.6

i) Explanation of Company transition to IFRS

Reconciliation of equity at 1 May 2004 (date of transition to IFRS)

	Note	UK GAAP £m	Effect of transition to IFRS £m	IFRS £m
Prepayments and accrued income		0.2	–	0.2
Investments in Group companies		277.6	–	277.6
Total assets		277.8	–	277.8
Other taxes and social security		0.1	–	0.1
Amounts due to subsidiary undertakings		1.9	–	1.9
Accruals and deferred income	(i)	0.9	0.1	1.0
Total current liabilities		2.9	0.1	3.0
Other payables		9.4	–	9.4
5.25% unsecured convertible loan note, due 2008	(ii)	130.6	(13.9)	116.7
Loan notes		0.2	–	0.2
Non-current liabilities		140.2	(13.9)	126.3
Total liabilities		143.1	(13.8)	129.3
Share capital		32.6	–	32.6
Share premium account		100.7	–	100.7
Equity element of convertible loan note	(ii)	–	24.3	24.3
Own shares held in treasury through the ESOT		(1.6)	–	(1.6)
Distributable reserves	(i),(ii)	3.0	(10.5)	(7.5)
Total equity		134.7	13.8	148.5
Total liabilities and equity		277.8	–	277.8

29 Parent company information continued

Reconciliation of equity at 30 April 2005

	Note	UK GAAP £m	Effect of transition to IFRS £m	IFRS £m
Prepayments and accrued income	(i)	0.2	0.6	0.8
Investments in Group companies		277.6	–	277.6
Total assets		277.8	0.6	278.4
Other taxes and social security		0.1	–	0.1
Amounts due to subsidiary undertakings		0.8	0.4	1.2
Accruals and deferred income		1.9	(0.1)	1.8
Total current liabilities		2.8	0.3	3.1
Other payables		7.9	–	7.9
5.25% unsecured convertible loan note, due 2008	(ii)	131.3	(10.9)	120.4
Loan notes		0.2	–	0.2
Non-current liabilities		139.4	(10.9)	128.5
Total liabilities		142.2	(10.6)	131.6
Share capital		32.6	–	32.6
Share premium account		100.8	–	100.8
Equity element of convertible loan note	(ii)	–	24.3	24.3
Own shares held in treasury through the ESOT		(1.6)	–	(1.6)
Distributable reserves	(i),(ii)	3.8	(13.1)	(9.3)
Total equity		135.6	11.2	146.8
Total liabilities and equity		277.8	0.6	278.4

Notes to the consolidated financial statements continued

29 Parent company information continued

Explanation of reconciling items from UK GAAP to IFRS

(i) In 2003 the Company executed a $100m fixed/floating interest rate swap to mitigate the Group's exposure to increasing interest rates. Under UK GAAP the swap was accounted for using hedge accounting principles. Under IFRS, the Company is required to fair value such instruments and reflect their fair value in its financial records. The fair value gain or loss is taken through the income statement unless the instruments are designated as hedges at inception and satisfy the hedge effectiveness criteria, when it is taken directly to equity. The change in fair value has been reflected in the income statement in the year ending 30 April 2005.

(ii) The Group has elected to adopt IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) from 1 May 2004.

IAS 32 requires the debt and equity components of a compound financial instrument to be recognised separately in the financial statements. The 5.25% unsecured convertible loan note is a compound financial instrument. Under UK GAAP the loan note was recorded as debt at a fair value of £121.3m when issued in June 2000 and was being accreted to the face value of the loan note (£134m) over the life of the instrument.

IFRS requires the fair value of the debt component of the instrument alone (£97m) to be recognised as debt when issued and accreted to the face value of the loan (£134m) over the life of the instrument and the balance (£24.3m) to be recognised as equity at the date the loan note was issued. Consequently, the interest charge is increased under IFRS to make the interest expense (the 5.25% coupon plus debt amortisation) equivalent to that for a similar instrument, issued at the same time and with the same maturity, but without equity conversion rights.

Accordingly, the opening IFRS balance sheet at 30 April 2004 includes:

- the equity component of the instrument, £24.3m; and
- debt at amortised cost of £116.7m (being the £97m recognised on issue plus the accumulated discount amortisation to 30 April 2004).

As a result, debt at 30 April 2005 is £10.9m lower than reported previously under UK GAAP. In addition, due to the amortisation of the discount, interest expense for the year ended 30 April 2005 is £3.0m higher than reported previously under UK GAAP.

(iii) The Company's cash flows under IFRS are unchanged from those under UK GAAP. The IFRS cash flow format is similar to UK GAAP but presents various cash flows in different categories and in a different order from the UK GAAP cash flow statement. All of the IFRS accounting adjustment net out within cash generated from operations.

Ten year history

	IFRS		UK GAAP							
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
In £m										
Revenue+	**638.0**	523.7	500.3	539.5	583.7	552.0	302.4	256.0	202.5	147.6
Operating costs+•	**413.3**	354.2	353.3	389.4	398.6	345.3	181.4	146.4	113.3	85.2
EBITDA+•	**224.7**	169.5	147.0	150.1	185.1	206.7	121.0	109.6	89.2	62.4
Depreciation+•	**113.6**	102.4	102.8	111.0	117.8	117.6	66.8	63.3	48.5	33.2
Operating profit+•	**111.1**	67.1	44.2	39.1	67.3	89.1	54.2	46.3	40.7	29.2
Interest+•	**43.6**	44.7	36.6	40.9	49.1	50.7	10.9	7.7	5.0	1.8
Pre-tax profit/(loss)+•	**67.5**	22.4	7.6	(1.8)	18.2	38.4	43.3	38.6	35.7	27.4
Operating profit•	**124.5**	67.1	16.2	0.6	72.5	68.2	57.1	46.3	40.7	29.2
Pre-tax profit/(loss)•	**81.7**	22.4	(33.1)	(42.2)	(15.5)	11.1	46.2	38.6	35.7	27.4
Net cash flow from operating activities	**154.4**	128.3	126.7	210.3	202.0	173.0	111.4	93.3	77.6	56.5
Capital expenditure•	**220.2**	138.4	72.3	85.5	113.8	237.7	158.2	150.5	153.4	98.9
Book cost of rental equipment•	**921.9**	800.2	813.9	945.8	971.9	962.8	629.5	527.9	394.1	245.6
Shareholders' funds•*	**258.3**	109.9	131.8	159.4	192.9	202.1	236.8	207.5	151.3	119.9
In pence										
Dividend per share	**0.50p**	Nil	Nil	Nil	3.50p	3.50p	3.16p	2.70p	2.30p	1.83p
In percent										
EBITDA margin+•	**35.2%**	32.4%	29.4%	27.8%	31.7%	37.4%	40.0%	42.8%	44.0%	42.3%
Operating profit margin+•	**17.4%**	12.9%	8.8%	7.2%	11.5%	16.1%	17.9%	18.1%	20.1%	19.8%
Pre-tax profit/(loss) margin+•	**10.6%**	4.8%	1.5%	(0.3%)	3.1%	7.0%	14.3%	16.7%	17.6%	18.6%
People										
Employees at year end	**6,465**	5,935	5,833	6,078	6,545	6,043	3,930	3,735	3,174	2,268
Locations										
Profit Centres at year end	**413**	412	428	449	463	443	352	341	275	181

The figures for 2005 and 2006 are reported in accordance with IFRS. Figures for 2004 and prior are reported under UK GAAP and have not been restated in accordance with IFRS.

\+ Before exceptional items and goodwill amortisation. EBITDA, operating profit and pre-tax profit/(loss) are stated before exceptional items but have been adjusted to allocate the impact of the US accounting issues and the change in self insurance estimation method reported in 2003 to the years to which they relate and to reflect the BET USA lease adjustment reported in 2002 in 2001. The directors believe these adjustments improve comparability between periods.

• The results for the years up to 30 April 2000 were restated in 2000/1 to reflect the adoption of new accounting policies and estimation techniques under FRS 18 in that year.

* Shareholders' funds for the years up to 30 April 2003 were restated in 2003/4 to reflect shares held by the Employee Share Ownership Trust as a deduction from shareholders' funds in accordance with UITF 38.

Senior management and advisers

Sunbelt
Cliff Miller
Doug Bertz
Russ Brown
Mark Ellis
Brendan Horgan
Lon Jenkins
Kurt Kenkel
Charles Miller
Greg Schamel
Jake Stout
Brian Tate
Suzanne Wood

A-Plant
Sat Dhaiwal
Tony Durant
Paul Fereday
Stephen Shaughnessy
Gary Thompson
Richard Winfield

Ashtead Technology Rentals
Rob Phillips
Andrew Doggett
Iain Guthrie
Andrew Holroyd
Peter Simpson

Corporate
George Burnett
Ian Robson
Michael Pratt
Eric Watkins

Auditors
Deloitte & Touche LLP
Hill House
1 Little New Street
London
EC4A 3TR

Registrars & Transfer Office
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

Financial PR Advisers
Maitland
Orion House
5 Upper St Martin's Lane
London
WC2H 9EA

Solicitors
Slaughter and May
One Bunhill Row
London
E1Y 8YY

Skadden, Arps, Slate, Meagher & Flom LLP
333 West Wacker Drive
Chicago
IL 60606

Parker, Poe, Adams & Bernstein LLP
Three First Union Center
401 South Tryon Street
Charlotte
NC 28202

Where we are
Sunbelt

Alabama
Alabama Pump & Power
Birmingham
Birmingham Scaffolding
Mobile Pump & Power
Mobile Industrial Resources
Ocean Springs
Pelham

Allegheny
Ashland
Charleston
Roanoke

Capital
Frederick
Fredericksburg
Gaithersburg
Manassas
McLean
Northern Pile Driving
Springfield
Sterling
Winchester

Central
Charlotte
Charlotte Pump & Power
Charlotte Scaffolding
Concord
Gastonia
Hickory
Indian Trail
Mooresville
Pineville
Rock Hill

Central Florida
East Orlando
Lake Fairview
Mid City Orlando
Orlando
Orlando AWP
Orlando Pump & Power
Orlando Scaffolding
Orlando Traffic Safety
Sanford
Titusville
Winter Garden

Coastal Atlantic
Charleston
Charleston Scaffolding
Coastal Pump & Power
Hilton Head
Little River
Myrtle Beach
Savannah
Summerville
Wilmington
Wilmington Industrial Resources
Wilmington Scaffolding

Delaware Valley
Pennsauken
Philadelphia
Southampton
South Jersey Pump & Power
Swedesboro

Florida Gulf
Ft Myers
Ft Myers Mast Climbers
Ft Myers Scaffolding
Oldsmar
Pinellas Park
Tampa
Tampa AWP
Tampa Pump & Power
Tampa Scaffolding
Venice

Inland Mountain
Boise
Pasco
West Valley

Mid Altantic
Durham
Fayetteville
Greensboro
Raleigh
Raleigh AWP
Raleigh Pump & Power
Wake Forest
Winston Salem
Winterville

Mid Central
Chicago
Chicago Industrial Resource
Chicago Pump & Power
Countryside
Fishers
Indianapolis
Joliet
Kokomo
Lansing
Lafayette

North Florida
Brunswick
Jacksonville
Jacksonville AWP
Jacksonville Pump & Power
Jacksonville Scaffolding
Orange Park
West Jacksonville

North Georgia
Atlanta AWP
Atlanta Pump & Power
Atlanta Scaffolding
Covington
Douglasville
Duluth
Kennesaw
Lake Lanier
Macon
Mid Town Atlanta
Riverdale

Where we are Sunbelt continued

North Texas
Arlington
Austin
Dallas
San Antonio

Northern
Baltimore
Finksburg
Hunt Valley
Laurel
Maryland Pump & Power
Parkville
Upper Marlboro
Waldorf
Washington
Washington Access

Northern California
Bakersfield
Belmont
Fowler
Sacramento

Ohio Valley
Cincinnati
Clarksville
Columbus
Florence, KY
Lexington
Louisville
Louisville Scaffolding
Reynoldsburg
Toledo

Oregon
Albany
Eugene
Gresham
Hillsboro
Portland
Salem
Vancouver

South Florida
Boca Raton
Downtown Miami
Ft. Lauderdale
Miami
Miami North
Pembroke Pines
Plantation
South Florida AWP
South Florida Scaffolding
West Palm Beach
West Palm Beach Pump & Power

Southern VA
Chesapeake
Chesapeake Scaffolding
East Richmond
Hampton Rds Scaffolding
Newport News
Richmond
Richmond AWP
Richmond Scaffolding
Virginia Beach
VA Beach Pump & Power
West Creek

South Texas
Beaumont
Houston AWP
Houston General Tool
West Houston

Southern California
Fontana
Lompoc
Los Angeles
La Mirada
Northridge
Orange
Palmdale
San Diego

Southwest
Deer Valley
Henderson
Las Vegas
South Las Vegas
Tempe

Tennessee
Clarksville
Decatur
Knoxville
La Vergne
Nashville
Nashville Pump & Power
Nashville Scaffolding
Rivergate

Upstate South Carolina
Augusta
Cayce
Columbia
Florence
Greenville
Spartanburg

Washington
Fife
Fife Industrial Resources
Kent AWP
Lakewood
Lynwood
Redmond
Seattle Pump & Power
Woodinville

Western Central
Bloomington
Decatur
Des Moines
East Peoria
Evansville
Granite City
Moline
St Louis

Where we are
A-Plant

Specialist

Access
Avonmouth
Birmingham
Brentwood
Bridgend
Kendal
Manchester
Northampton
Nottingham
Southampton
Stockton

Accommodation
Basildon
Bedford
Bridgend
Coventry
Exeter
Kilmarnock
Leeds
Lincoln
Link Modular
Maidstone
Manchester
Nottingham
Penrith
Southampton

Acrow
Aberdeen
Cardiff
Chesterfield
Colnbrook
Edinburgh
Gateshead
Glasgow
Leeds
Liverpool
Manchester
Norwich
Romford
Tavistock
Walsall

Rail
Derby
Manchester
Norwich
Perth
Romford
West London

Power Generation and Rentarc
Barton on Humber
Birkenhead
Carlisle
East London
Glasgow
Lowestoft
Manchester
Newport
North London
Stockton
Walsall

Traffic
East London
East Midlands
Home Counties
North East
North West
Scotland Central
Scotland East
South East
South West
West London
West Midlands
West Yorkshire

Plant and tools

East Midlands
Boston
Chesterfield
Chesterfield North
Derby North
Derby South
Grantham
Heanor
Lincoln MP
Lincoln TH
Loughborough
Newark
Nottingham Central
Nottingham West
Sleaford

Where we are
A-Plant continued

Home Counties
Aylesbury
Cambridge
Colchester
Hemel Hempstead
Ipswich
Long Stratton
Lowestoft
Luton
Milton Keynes
Norwich
Oxford
Waltham Abbey
Watford

London/South East
Barking
Battersea MP
Battersea TH
Bow
Canterbury
Croydon
Fareham
Ford
Gatwick
Harlow
Heathrow
Leatherhead
Maidstone
Medway
Romford
Salford
Southwark
Staines
Staples Corner

Midlands/South West
Birmingham
Burton
Coventry MP
Coventry TH
Erdington
Leicester
Northampton
Nuneaton
Oldbury
Redditch
Stoke MP
Stoke TH
Telford
Walsall Wood
Wolverhampton

Scotland
Aberdeen
Ayr
Baillieston
Dundee
Earlston
Edinburgh
Falkirk
Glasgow MP
Glasgow TH
Inverness
Irvine
Kilmarnock

South West
Abergavenny
Barnstaple
Bodmin
Bournemouth
Bridgwater
Bristol
Bristol St Philips
Cardiff
Exeter
Milford Haven
Newport
Plymouth
Swansea
Swindon
Thatcham
Weymouth

Yorkshire/North East
Bradford
Doncaster
Gateshead
Hull East
Hull MP
Hull TH
Immingham
Leeds MP
Leeds TH
Leeds Central
Leeds City
Middlesbrough
Newcastle
Rotherham
Scunthorpe
Sheffield TH
Stockton
Sunderland
Wetherby
York

North West
Astley
Blackpool
Carlisle
Deeside
Egremont
Ellesmere Port
Kendal
Liverpool
Liverpool City
Liverpool North
Manchester
Oldham
Preston
Reddish
Salford
Warrington
Whitehaven

Where we are
Ashtead Technology Rentals

UK
Aberdeen
Hitchin

USA
Atlanta, Georgia
Chicago, Illinois
Hayward, California
Houston, Texas
Irvine, California
Pasadena, Texas
Rochester, New York

Canada
Mississauga, Ontario

Singapore
Singapore

Future dates

Quarter 1 results	5 September 2006
2006 Annual General Meeting	26 September 2006
Quarter 2 results	12 December 2006
Quarter 3 results	6 March 2007
Quarter 4 and year-end results	26 June 2007

Registered Number
1807982

Registered Office
King's Court
41-51 Kingston Road
Leatherhead
Surrey KT22 7AP

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Telephone **020 7729 9090** **www.emperordesign.co.uk**

Ashtead Group plc King's Court, 41-51 Kingston Road, Leatherhead, Surrey KT22 7AP Tel: +44 (0) 1372 362300

www.ashtead-group.com