managing the cycle

Ashtead group

2009
Annual Report & Accounts

Making more things possible

At Ashtead we make more things possible for individuals and businesses.

We are a global leader in the provision of hire equipment, from hand held tools to aerial platforms to complete on-site contractor villages. We provide solutions and systems that support our customers and pride ourselves in delivering excellent levels of service and care.

Above all, it is our people that really make the difference.

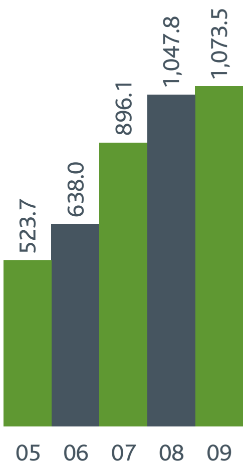
Contents

2009 in summary

- **Robust performance despite difficult market conditions**
- **Cost reduction programme announced in December now fully implemented delivering operating cost savings of at least £100m**
- **£246m net cash inflow generated in the year (2008: £1m outflow) of which £157m was from operations. A minimum inflow of £100m is targeted for 2009/10**
- **£217m of the net inflow applied to pay down debt with £29m returned to equity holders**
- **Debt package remains committed for the long term and structured to remain covenant free throughout the cycle**
- **Final dividend of 1.675p per share proposed (2008: 1.675p), making 2.575p for the year (2008: 2.5p)**

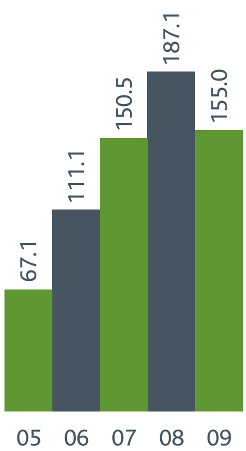
Underlying revenue

£1,073.5m



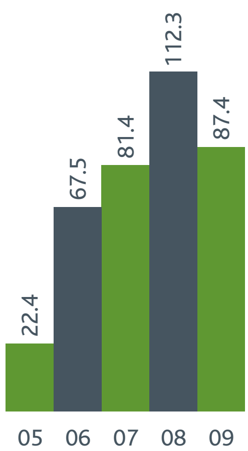
Underlying operating profit

£155.0m



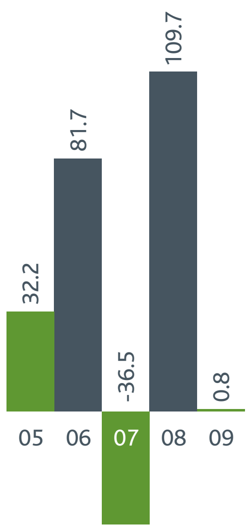
Underlying profit before taxation

£87.4m



Profit/(loss) before taxation

£0.8m



The figures for 2008 and 2009 include as revenue the proceeds generated from the sale of used rental equipment following the adoption of the amendment to IAS 16 – Property, plant and equipment (and consequent amendment to IAS 7 – Statement of cash flows) included within the 2008 'Improvements to IFRSs'. Prior years have not been restated.

Underlying revenue, profit and earnings per share are stated before exceptional items, amortisation of acquired intangibles and non-cash fair value remeasurements of embedded derivatives in long term debt. The definition of exceptional items is set out in note 1. The reconciliation of underlying earnings per share and underlying cash tax earnings per share to basic earnings per share is shown in note 9 to the financial statements.

our group
at a glance

Ashtead Group provides solutions for customers who need a quick, efficient and cost effective service. We provide equipment that lifts, powers, generates, moves, digs, supports, scrubs, pumps, directs, ventilates – whatever the job needs.

PLANT

UK:
A-Plant

The second largest equipment rental company with 122 depots throughout England, Scotland and Wales

122
No. of stores

2,100
Employees

£208m
Revenues

£16m
Profits

5.1%
Return on Investment*

what we do

We rent equipment on flexible terms so that our customers can focus on what they do best rather than maintaining and servicing equipment they may use only periodically. We make sure the equipment is there when it needs to be and is ready to work immediately and efficiently. Our profit centres are located where they are most required and we guarantee our service. Whether customers need a small hand held tool or the largest aerial work platform, our staff are there, able and willing, to help our customers ensure the job gets done.

US: Sunbelt

The third largest equipment rental business in the US market with 398 stores in 35 states

398
No. of stores

6,100
Employees

$1,450m
Revenues

$242m
Profits

10.8%
Return on Investment*

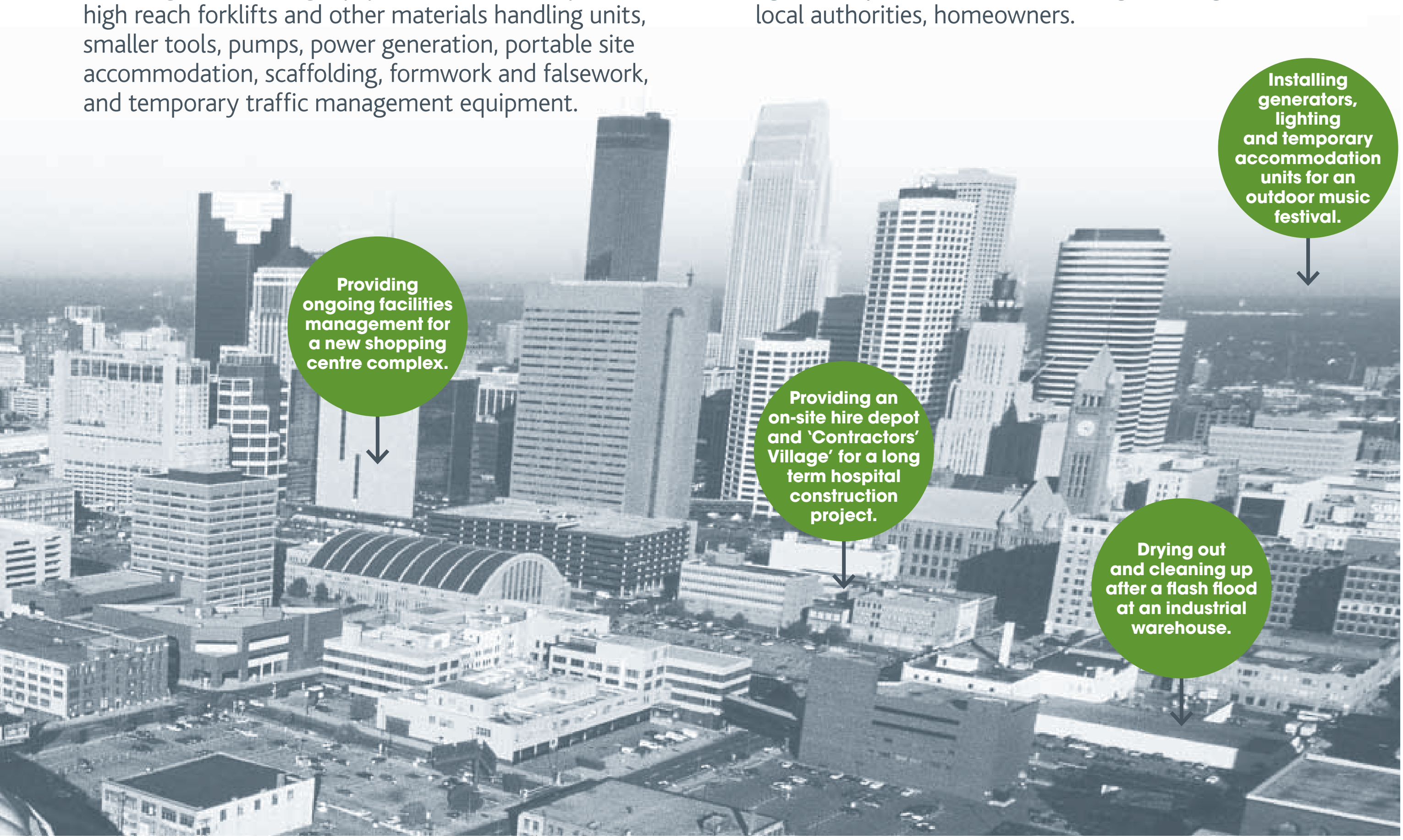
* Return on Investment is defined as underlying operating profit divided by the weighted average cost of capital employed (shareholders' funds plus net debt and net tax liabilities, minus/plus the pension fund surplus/deficit).

Equipment types

A broad range of construction and industrial equipment including earthmoving equipment, aerial work platforms, high reach forklifts and other materials handling units, smaller tools, pumps, power generation, portable site accommodation, scaffolding, formwork and falsework, and temporary traffic management equipment.

Customer base

Construction industry, facilities management, disaster relief agencies, sport and music event organisers, governments, local authorities, homeowners.



chairman's statement

Chris Cole,
Chairman

I am pleased to report that Ashtead has continued to perform well over the past year, despite increasingly difficult economic conditions.

As announced with our interim results last December, we took an early decision to implement a significant cost reduction programme across the Group. Combined with our strong operating culture, this has enabled us to deliver good profits in the past year against a background of slowing economies. The programme has also helped us prepare the business for the market conditions ahead, as well as generating a positive contribution to our cash flow.

In addition, the cost reduction programme has been carefully structured to ensure that we have retained intact the ability to service all our core markets. This, I believe, means that Ashtead will prove to be well positioned to benefit quickly from the economic upturn when it comes. Your management team describes in detail in this report the strategies we have in place to maximise performance throughout the downturn and return to growth once the cycle moves on to the next phase.

Financial results and dividends

We achieved good first half profits and earnings growth in slowing markets which deteriorated further in the second half but this still led to a robust underlying pre-tax profit for the year of £87m (2008: £112m). Underlying revenue was £1.07bn (2008: £1.05bn) whilst, after exceptionals and amortisation, the profit before tax was £1m (2008: £110m).

Our cost reduction programme, announced in December 2008, has lowered the annual cost base by more than £100m and was substantially complete by year end. Including the proceeds generated from the sale of surplus equipment, the programme generated a net cash inflow of around £40m. The accounts include a one-time exceptional charge of £54m after tax incurred in delivering the cost savings, whilst last June's sale of our Ashtead Technology division generated a net exceptional profit after tax of £59m. Underlying earnings per share for the year were 11.9p (2008: 14.8p) whilst, after exceptionals, basic earnings per share were 12.5p (2008: 14.2p).

The Board is recommending a final dividend of 1.675p per share (2008: 1.675p) making 2.575p for the year (2008: 2.5p). Reflecting the benefit of the reduced share count following the share buy-backs earlier in the year, payment of the 2008/9 dividend will cost £12.8m and is covered 4.5 times by underlying earnings from continuing operations. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 11 September 2009 to shareholders on the register on 21 August 2009.

In addition, the Group returned £16m to shareholders during the year through share buy-backs. In total, from December 2007 when the buy-back commenced until January 2009, the Group acquired 10% of its issued capital or 59m shares at a cost of £39m. The buy-back programme was sufficient to eliminate any earnings dilution resulting from the Technology disposal at a cost equivalent to around 40% of the £89m Technology net disposal proceeds, with the other 60% or £50m used to reduce outstanding debt.

The Board intends to continue to renew its shareholders' authority for share buy-backs at the forthcoming 2009 Annual General Meeting, but will be discerning in its use given the current economic uncertainty.

Balance sheet strength

As part of the Board's ongoing strategic review processes, in recent years we have devoted considerable effort to ensuring that our financial structure, as well as our business model, is suited to our cyclical business. This emphasis has ensured that our debt package is structured to cope with the challenges of the current market conditions. We retain substantial headroom on our debt facilities which are committed for the long term. Availability at 30 April 2009 was $550m, substantially in excess of the $125m level above which all our facilities are covenant free. Net debt to underlying EBITDA at constant exchange rates was 2.6 times at 30 April 2009, only marginally above last year's 2.5 times and still close to the mid-point of our two to three times target range.

Moving forward, the Group retains substantial long term commitments from its lenders with the first maturity being the syndicated bank loan which only becomes due in more than two years' time in August 2011. The Board keeps the Group's debt maturities under regular review and, in the coming fiscal year, will continue to assess the appropriate timing for refinancing this debt well ahead of its maturity.

> " **Conditions have clearly become more difficult; however, we continue to believe that the fundamentals of our market remain attractive."** Chris Cole

Corporate governance

The Board continues to be committed to maintaining high standards of corporate governance. In the current climate the Board's rigorous scrutiny of the business becomes ever more important and throughout the year we have conducted a thorough review of the Company's strategy and risk management to help the business withstand the economic downturn. Despite operating in difficult and uncertain markets we are confident that we have the necessary structures in place to minimise trading risk. In addition, we have continued to make good progress this year on our environmental, health and safety initiatives and management has established a Group Risk Committee to pull together all the work we are doing at subsidiary level and provide further impetus in this important area.

Board composition

A lot of time was spent by the Nomination Committee in the year considering the effectiveness of the executive directors and in particular the future management and direction of the Group's principal subsidiary, Sunbelt. As a result, it was decided to recruit a new chief executive for Sunbelt and the Nomination Committee was delighted to identify and recruit Joseph (Joe) Phelan who joined Sunbelt and the Board in April.

Joe, an American citizen, joined Ashtead from Deutsche Post DHL where he was chief executive of DHL Global Mail and a member of Deutsche Post's executive committee. Before joining DHL in 2004, Joe held a number of senior executive positions with American Airlines. Joe's broad operational management experience has been welcomed by the Sunbelt management team and together they are looking forward to addressing the challenges of current market conditions and to further developing Sunbelt in the next phase of the cycle.

Consequent to Joe's appointment, Cliff Miller ceased being a director of Ashtead and his employment with Sunbelt terminated. In his period as chief executive of Sunbelt and throughout his 13 year career with Ashtead, Cliff helped Ashtead develop Sunbelt from the small regional business it was when he joined it in 1996 to the large national rental company it is today. It is therefore appropriate that I place on record the Board's thanks to Cliff and our appreciation for all his efforts.

Our people

As always the Board and management of Ashtead owe a huge debt of thanks to our employees. This year has been a difficult one and we expect next year to be equally challenging. We are very grateful for the continuing dedication and loyalty of our workforce who make Ashtead a great place to work and provide a superior resource for our customers.

Current trading and outlook

May and early June have seen rental volumes in line with our expectations whilst rental yields have shown some tentative signs of flattening month on month. As a result, the Board confirms that its current expectations regarding 2009/10 performance are unchanged from those described in the trading update issued on 11 May.

We continue to believe that the fundamentals of our markets remain attractive and that, with our continuing focus on meeting the challenges of current market conditions and on cash generation, we are well positioned for the next phase of the cycle.

Chris Cole
17 June 2009

project lifecycle

The phases of a typical project can be described through these five basic stages. Although each job differs from the last, the general needs are similar.

1 Site preparation

Preparing the temporary site area, accommodation units, traffic management, power and lighting, steel storage units and security fencing.

2 Site clearance, excavation and groundwork

Providing diggers, dumpers, piling and acrow to support main structures, trench shoring, on-site depot, refuelling.

3 Construction

Providing formwork and falsework to support concrete structures, powered access platforms, booms, telehandlers, survey equipment, dumpers, forklifts, concrete mixers.

4 Fit-out

Smaller tools to finalise site for end user, towers, scissor lifts, temporary heating, air conditioning and power, forklifts and telehandlers etc.

5 Ongoing maintenance

Various equipment for any facility, aerial work platforms and smaller tools and equipment for facility management and ongoing maintenance.

business and financial review
introduction

Right:
Geoff Drabble,
Chief executive
Far right:
Ian Robson,
Finance director

In the past year the Group has delivered good performance against the background of a significant downturn in our markets. This year we have focused on getting the business in the best possible shape to withstand the recession and also to benefit quickly when the prevailing economic situation improves. Ashtead serves cyclical markets and, consequently, managing cycles is inherent to our business. We aim to ensure our business model is as flexible as possible to enable us to adapt to constant changes in the economic environment in which we operate. While the current cycle is likely to involve a deeper downturn than most others, our usual management principles still apply.

A major component of our strategy to create a flexible business model is the breadth of markets, geographies and industries we serve. While the largest end market for our services is new-build, non-residential construction, we also serve a wide range of other markets such as facilities management, repair and renewal, disaster relief, event management and traffic control. This diversification broadens the markets we serve beyond the new-build construction market where economic cycles tend to be particularly pronounced.

Also we often play a significant part in the background at many high profile projects such as the US presidential inauguration and the construction of the London Olympic infrastructure. Over the next few pages we demonstrate the breadth of the work that we have been involved with over the last year, as well as showing how we typically work on major projects.

our projects

UK Keeping Tower Bridge operational

Tower Bridge in London, one of the world's most famous landmarks, is being refurbished over a four year period. The project is part of the City of London Corporation's plans to refurbish historic structures and key gateways to the City. During that time the bridge will remain fully open due to the traffic management support of A-Plant Lux.

A-Plant Lux is A-Plant's specialist traffic control and management business. We will be supporting the contractor managing the refurbishment for the duration of the project. The 244 metre long structure, which was originally built in 1894, will be repainted in stages with up to 25% of the bridge completely encapsulated by scaffolding at each stage of the work. Throughout the work, A-Plant Lux's traffic management equipment will be on-site all day every day, keeping the bridge open to traffic until it returns to its former glory.

US

Keeping the equipment moving through hurricane season

Hurricane season 2008 saw Sunbelt making the most of our national network of depots as Dolly, Fay, Gustav, Hanna and Ike all wrought havoc across the southern states of the US. When the first hurricane, Dolly, hit San Padre Island in south Texas, we were on-site within 24 hours despite the adverse weather conditions, helping to rebuild, clean and power the affected hotels.

When Hurricane Fay zigzagged through the state of Florida, becoming the first storm in recorded history to make landfall in Florida four times, we were quickly on hand to provide generators to get things moving again and the pumps required to clear flood water. We already had fleet moving across the country from Texas and the North East into Florida and Los Angeles while hurricanes Hanna and Gustav were making their presence felt there. Our logistical focus then quickly had to change back to Texas, when Hurricane Ike struck and we mobilised yet more fleet from our national network, from Baltimore through Chicago to Los Angeles and Seattle.

US

Assisting the inauguration of the 44th president

Sunbelt has played a role in the US presidential inaugurations since 1993. This year was no different and Sunbelt was asked to help in a variety of areas on the day itself and at other connected events. For example, we supplied over 2,000 pieces of traffic control equipment to help direct the estimated 1.8m people hoping to get a glimpse of the new president. Sunbelt was also the primary rental company involved in erecting stages and viewing stands throughout the mall between the Capitol and the Lincoln Memorial, including the presidential viewing stand. Some 50 or so aerial work platforms and forklifts were the main tools for this task and we also installed 39 light towers in and around the inauguration site.

We provided equipment for several private parties held in tents and nightclubs all over Washington DC. We supplied large numbers of heaters to combat the extreme cold and also the generators to power those heaters. In addition, we provided equipment to several city blocks on the parade route to enable vendors to serve the general public. We were able to provide a full service solution on one of the most exciting days in recent US history.

US Cleaning up after the Cedar Rapids flood

In June 2008, a 30 foot surge of water rushed through downtown Cedar Rapids, Iowa, saturating the basements, first floors and even second floors of some buildings. Sunbelt's Pump & Power division had support on the ground within 24 hours, working at first to retain a yard to which equipment could be delivered and from where it could be dispersed and serviced. Because of Sunbelt's multi-year experience in managing emergency situations, staff knew exactly how to stage the supply of equipment to ensure that the right kit was in place at each stage of the clean-up process.

First we delivered pumps and dewatering equipment to eliminate the remaining water infiltration. Once the buildings were free of standing water, our customers began the remediation and restoration processes, including demolition in some instances. The buildings that were salvageable were cleaned, dehumidified and restored. Dehumidifiers coupled with generators then became the required equipment and Sunbelt was prepared with the truckloads already delivered and several more on the way.

from: keeping industry going

UK Decommissioning Sellafield

Sellafield was one of the first nuclear power station sites in the UK and its earlier reactors are now being decommissioned as they are no longer operational. A-Plant is assisting with this massive project from its Whitehaven depot which is just 15 minutes away from the Sellafield site. As with any major engineering project, there are a number of large contractors working on the project at any one time, several of whom are national account customers.

Our proximity to the site means we are able to provide a wide range of equipment to all the contractors in a timely and efficient fashion, as well as providing maintenance and health and safety instruction, and support for the equipment we supply. This equipment includes accommodation units for contractors who are based on the site long term, concrete formwork, telehandlers, booms and scissor lifts as well as traffic management kit for the road widening project outside the site.

US Helping keep the Red Bulls flying

Another exciting project this past year for Sunbelt staff was their work in support of the Red Bull Air Race. This innovative sporting event combines flying with the best of motor racing and first took place in 2001. Using the fastest, most agile and lightweight racing planes, pilots navigate a low-level aerial racetrack made up of air-filled pylons, reaching speeds of 370 kilometres per hour while withstanding forces of up to 12G.

Last year the race touched down in eight cities worldwide and the organisers turned to Sunbelt to provide the necessary equipment in San Diego and Detroit. As usual, we supplied a wide range of equipment along the race tracks, such as temporary power and air conditioning units, forklifts and light towers.

what we do

> " The way we have responded reflects the flexibility inherent in our business model and our experience of previous downturns." Geoff Drabble

Ashtead is the second largest equipment rental group in the world. We operate in the US as Sunbelt Rentals or Sunbelt and in the UK as A-Plant. Sunbelt is the third largest equipment rental company in the US, whilst A-Plant is the second largest equipment rental company in the UK, in each case, measured by rental revenues.

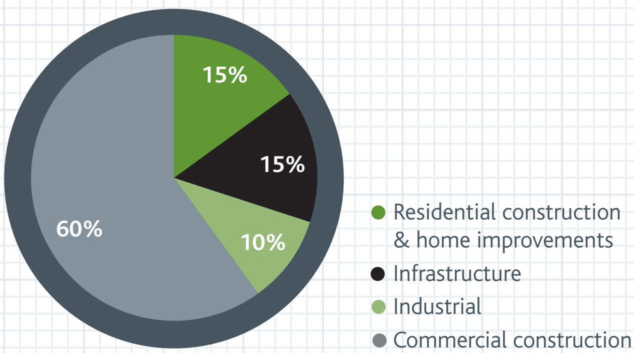
We offer short term rental of a wide range of construction and industrial equipment, ranging from everyday earthmoving and materials handling equipment through to extensive pump and power systems used in major disaster situations. We are a service business and it is our network, people and systems that set us apart in our markets. At Group level, we are focused on the management of asset intensive businesses with the aim of delivering superior financial returns over the long term.

We provide solutions in all manner of situations including the following:

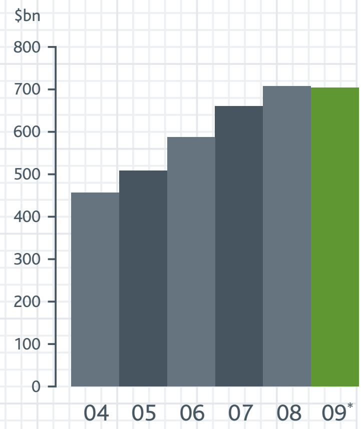
- Non-residential construction markets – providing all types of construction equipment
- Facilities management – again providing all types of equipment for maintenance and repair
- Disaster relief – providing pumps and power generation equipment in all types of application, ranging from assistance at times of flooding due to weather (e.g. hurricanes) or a burst water supply
- Major event management – providing power generation, lighting and other equipment for events such as major sporting events, music concerts and festivals
- Traffic management – providing portable traffic systems to facilitate major engineering projects or clean-up after an accident

business and financial review continued
our markets

Diversified end markets



US non-residential construction



*12 months ended 30 April 2009

The US

Sunbelt, our US construction and industrial equipment rental division, trades exclusively in the United States and operates 398 stores (or profit centres as we refer to them) grouped into 47 Districts and three Territories.

Sunbelt's business is broadly based and it dealt with over 650,000 customers in the past year and conducted 2.0m rentals. We have a highly diversified customer base and as such, we are only able to estimate the ultimate sources of our revenues as we only rarely deal direct with the property occupier/owner. However, we believe our main end markets to be as shown in the chart above.

This year we have, as expected, begun to see the impact of the global economic downturn affecting our business, particularly in the second half. The turnaround in our principal end market, commercial construction, is shown in the above construction data produced by the US Department of Commerce.

The US Department of Commerce divides non-residential construction into the following categories:

Lodging	Transportation
Office	Communication
Commercial	Power
Healthcare	Highway and street
Educational	Sewage and waste disposal
Religious	Water supply
Public safety	Conservation and development
Amusement and recreation	Manufacturing

Sunbelt serves all of these end market categories. According to the US Department of Commerce, healthcare, education, public safety, sewage and waste disposal, power and conservation and development continue to grow with total non-residential construction increasing slightly by 2.5% in the year ended April 2009.

Moving forward, the public sector or institutional element of the market, which through the economic cycle tends to represent around 50% of the total and includes categories such as schools, hospitals and transportation, is expected to perform more strongly aided by the recently enacted US infrastructure package. This will be driven in large part by the need for increased infrastructure investment in the US following the significant population growth in the US in recent years (up from 280m in 2000 to 307m currently according to the US Census Bureau). The US population also has one of the fastest annual growth rates amongst developed economies at 0.98% per annum (compared to 0.28% in the UK and 0.48% on average in Western Europe) which we expect to continue to be a favourable structural driver of construction demand and hence growth for Sunbelt's services in the future.

By contrast, private non-residential construction is expected to decline significantly in 2009 as projects financed prior to the credit crunch complete and little new commercially funded work is begun. Overall we currently expect commercial construction markets to decline by 15% to 20% in the coming year.

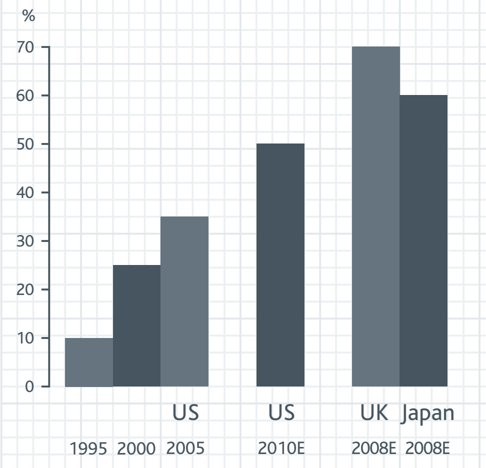
We anticipate that our other end markets will likely perform better than this but with residential construction still in decline after four years and the other areas we serve inevitably impacted by the decline in US GDP, we expect the rental industry to suffer significant reductions in demand during, at least, calendar 2009.

Beyond calendar 2009, a number of independent forecasters are predicting that residential and homeowner related demand will begin to improve and that the stimulus package will also provide additional public sector support.

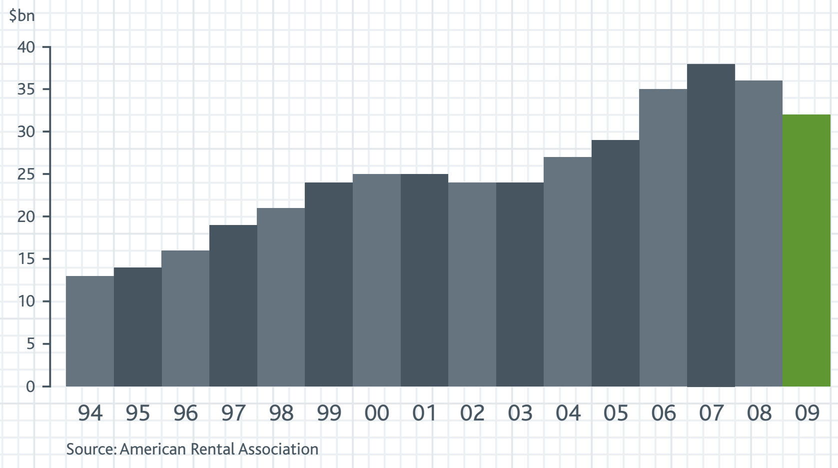
Sunbelt's revenues are impacted not only by the volume of activity in its end markets but also by two other factors: rental penetration and market share. Both of these factors are positive and are therefore helping moderate some of the volume decline in our end markets.

business and financial review continued
our markets

Increasing rental penetration



US rental market



Rental penetration

Rental penetration continues to increase as shown by the chart above.

Increasingly, building contractors in the US are coming to appreciate the advantages of outsourcing their equipment needs in terms of:

- Having available exactly the right equipment required for the task at hand;
- Removing the need to manage and service a non-core activity;
- Removing the balance sheet financing requirement that comes with ownership.

We anticipate that the current recession and the period of recovery that will inevitably follow, will drive additional outsourcing as more and more US contractors come to fully appreciate the benefit of not needing to own and service their own equipment.

The American Rental Association commissions an annual survey into the size of the US rental market which is summarised above.

This chart shows how the rental market has exhibited an average annual growth rate of 7.5%, well ahead of the growth in the US economy overall as measured by GDP, driven in particular by increased outsourcing of equipment needs driving higher rental penetration.

Competitors and market share

There are four large national equipment rental companies in the US as shown in the table below:

	No. of stores	US revenue ($bn)	Approx. market share
United Rentals	618	2.7	7%
RSC	347	1.6	4%
Sunbelt Rentals	**398**	**1.5**	**4%**
Hertz Equipment Rental Co	244	1.2	4%

Like us, United Rentals, RSC and Hertz are publicly listed businesses. Beyond the top four, the market in which Sunbelt operates is characterised by a large number of small competitors. We expect the recession to result in further consolidation of the industry and growth in market share for the larger companies, each of which have stable financial structures and are therefore well positioned for the cycle relative to smaller, less well funded competitors.

Specifically, we therefore anticipate that, as has been the case throughout almost all its development since Ashtead first acquired it in 1990, Sunbelt will continue to develop its market share.

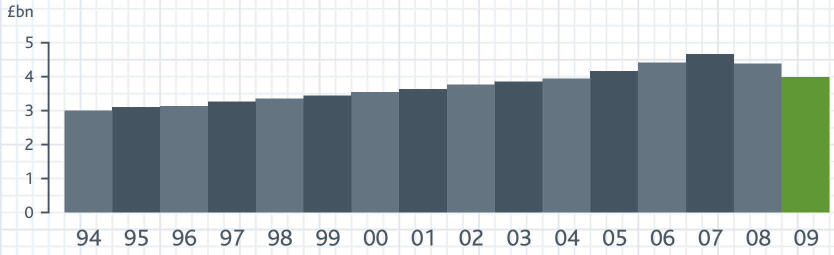
Future market trends

We do not expect end construction markets in the US to improve materially until late 2010 or 2011, which is why we have made appropriate adjustments to our cost base and business model, discussed further below, to deal with this recessionary part of the cycle.

However, in the medium to long term we remain confident in our end markets. We also expect increased demand through greater outsourcing. This will be driven by increased concerns over health and safety issues, as well as the fact that use of an outsourced specialist provides the contractor with the ability to rent exactly the right piece of equipment for the task at hand while being confident that the equipment will be of recent manufacture and maintained by an experienced, specialist workforce.

Finally, as discussed in greater detail in the strategy section below we see opportunities to take advantage of the cycle to gain market share, principally from our smaller and less well financed competitors, many of whom may not survive the recession.

UK rental market



Source: AMA Research Limited

The UK

A-Plant, our UK business, rents a similar range of equipment to Sunbelt, to a similar profile of general industrial and construction oriented customers. A-Plant operates 122 profit centres and dealt with 34,000 customers in the past year. A-Plant serves a more mature market than in the US and one where rental penetration is estimated to be fairly stable at around 70%.

The recession this past year has seen increased pressure on our UK business and we expect this to continue in the short term as construction volumes decline. We believe that A-Plant is relatively well positioned in the market at this time, given its emphasis on both the utility and infrastructure markets (power, water, sewerage and roads) and major projects such as nuclear decommissioning and the Olympics, as these areas remain strong. In the medium term, a return to growth will come with an improving economy which will bring with it an improved private commercial sector and housing market. Public sector work will remain important with key projects in power, education and transport. However, we remain realistic in our expectations regarding the level of public expenditure in the medium term due to concerns around the likely pressures on the government budget.

The UK plant and tool market is not well researched but AMA Research Limited recently published the results of an updated market survey which is shown above.

This chart shows that whilst the rental market has exhibited good long term growth with a 14 year average annual growth rate of 2.8%, it is inevitably slower growth than the immature rental market in the US.

Competitors

A-Plant is one of the top three equipment rental businesses in the UK with its key peers being shown in the table below:

	No. of stores	Revenue (£m)	Approx. market share
Speedy Hire	399	476	11%
A-Plant	**122**	**209**	**5%**
Hewdens	100	183	4%
HSS	230	173	4%

Future market trends

We do not expect to see a significant upturn in the UK market until late 2010 or 2011. Housing and consumer-facing construction will continue to decline in 2009 and most commercial sectors will also be weak. Infrastructure renewal and major projects such as the Olympics and Crossrail will become a larger part of the market as public sector rather than private investment becomes the main driver of demand.

Once conditions improve, we expect that A-Plant will be seen to have gained market share through the recession, as we anticipate that a number of its less well financed competitors will either exit the market or downsize their operations.

Understanding our business

We understand the cyclical nature of our business and we have structured our business to maximise the opportunities available at different stages of the cycle.

managing the cycle

Recovery

- Rate recovery
- Improving utilisation
- Capex investment high
- Fleet lead time management
- Declining leverage
- Organic growth
- Take advantage of those who have just survived

Top of the market

- High utilisation
- High rate
- High margins
- Moderate capex
- Minimum leverage
- Optimise opportunity
- Prepare balance sheet for downturn

Downturn

- Low utilisation
- Inevitable pressure on rate
- Market share decisions
- Low capex
- High cash generation
- Cost reduction vs recovery preparation

business and financial review continued
our strategy

"The stability of our debt structure has been demonstrated during these difficult times and reflects our long term cyclical planning." Geoff Drabble

Ashtead aims to be a leader in the global equipment rental business delivering good returns for our investors through building strong relationships with our customers and delivering the services they require efficiently. In good market conditions we achieve these objectives by generating strong organic growth combined with growth through acquisition, as well as delivering high levels of customer satisfaction. In weaker markets, we cease growth investment and utilise our cash flow to manage debt levels and thereby keep our capital structure solid through all parts of the cycle.

A further element of the Group's strategy is its focus on managing and incentivising its human capital to deliver strong returns on investment from a capital asset base comprising large numbers of individual assets, as well as the computer systems it has developed to facilitate this. These skills were first applied successfully in the UK through A-Plant and then in the US, where Sunbelt has now grown to be four times larger than A-Plant in a substantially larger market.

We describe ourselves as being a late cycle business in that our main end market, non-residential construction, is usually one of the last parts of the economy to be affected by adverse economic conditions. This means that we have a high degree of visibility of when we are likely to be adversely affected, as the warning signs will have been visible in other parts of the economy for some time. We are therefore able to plan accordingly and we outline below the moves we have made this year to prepare the business for recession.

We are confident that these actions make us amongst the best positioned of our peer group to survive the coming months. Key to execution of our strategy at the moment is the planning we are undertaking to capitalise on the opportunities presented by the cycle for both organic growth from winning market share from less well positioned competitors and possibly also acquisitive growth as and when suitably priced, distressed opportunities arise. Our ability to do this is enhanced by the conservative balance sheet structure we have maintained whilst the cycle was strong, judging our pace of investment in the good years to hold leverage within our two to three times leverage range. This balance sheet strength was reinforced further by the manner in which we rapidly lowered investment levels to ensure we generated significant free cash flow in the year to April 2009 and throughout the recession.

Response to the current recession

In performance terms, the past year was characterised by good rental volumes and profits in our first half followed by a rapid decline into recessionary conditions and weak profitability in the second half. Although the pace of decline from still good market volumes last summer into recessionary conditions was significantly more rapid than has been seen in previous cycles, the market conditions we face and the way our markets are moving through the cycle are not without precedent. Consequently, the way we have responded reflects the flexibility inherent in our business model and our experience of previous downturns.

Private non-residential construction was the first of our major markets to see a slowdown, particularly amongst the smaller builders. Sectors which are most exposed to consumer spending, such as retail, were affected first but the impact is now widespread across all sectors. The speed of the decline in the current cycle is evidenced by the number of private sector projects where the decision was taken to stop work mid-project, but many more have been postponed or cancelled without work ever having begun. As usual it will take a return to GDP growth before growth returns but a consequence of the rapid slowdown is the large number of projects that are ready to recommence as soon as developers and financiers gain the necessary confidence to resume development.

our strategy

> “We have configured our business to be as efficient as possible… we have ensured that we remain positioned to service all our main geographies and markets.” **Geoff Drabble**

Infrastructure work, most of which is publicly financed, will as usual remain stronger through the cycle with particular areas of strength being utilities, prisons, schooling and transportation. Future strength, however, depends on central funding and hence it is helpful that both US and UK administrations are committed to delivering public sector investment to improve ageing infrastructure and support employment. On the ground, however, the fact that this spending is largely delivered by local and not central government brings uncertainty over which projects will be supported and generates some delay in projects proceeding.

We believe that a combination of financial constraint and uncertain order books will result in contractors, particularly in the US, increasingly choosing the rental option. We therefore expect the established trend towards increased outsourcing of equipment supply in the US will accelerate through the cycle. At the same time our industry remains fragmented with a number of smaller rental companies surviving on leasing finance often with low or zero cost interest rates which historically was provided by the equipment manufacturers. As this source of finance has become increasingly scarce and substantially more expensive, we expect the rental market to consolidate further during the downturn, benefitting the larger, better financed players such as ourselves.

As a result, with strong market positions in both the UK and US, supported by young fleets and sound long term debt facilities, we continue to expect that we will emerge from the current downturn with greater market share and, in the US, in a market with enhanced rental penetration.

Cash generative in tough markets

The flexibility inherent in our business model allows us 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. In a less favourable economic 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. This reduces our economic risk.

Our ability to flex our cash flow through the business cycle is also crucial for the efficient management of our debt and allows us to manage our business model according to our position in the economic cycle. This year, with the economy slowing and demand lower than normal, we have reduced our capital expenditure and generated cash which we applied to pay down debt. Over the year to 30 April 2009, we generated total cash of £246m and applied 88% to debt pay down with the balance being returned to shareholders through dividends and share buy-backs.

All our debt is committed for the long term and structured to remain covenant free, enabling us to get on with running the business unimpeded by debt obligations. More detail on the specific structure of our debt can be found on page 31.

Cost reduction programmes

This year we also focused early on preparing the business for a sustained downward economic cycle. To this end, last autumn, we instigated a cost reduction programme to prepare the business for the lower levels of demand we expect in the coming year. Combined with our ongoing focus on operational efficiency, a key element of this programme has been to reduce the size of our rental fleets by about 10% in both the UK and US. We also merged or shut 100 profit centres across the Group and reduced our workforce by around 14%. Overall these actions resulted in savings of around £100m compared to last summer in our annualised local currency cost base.

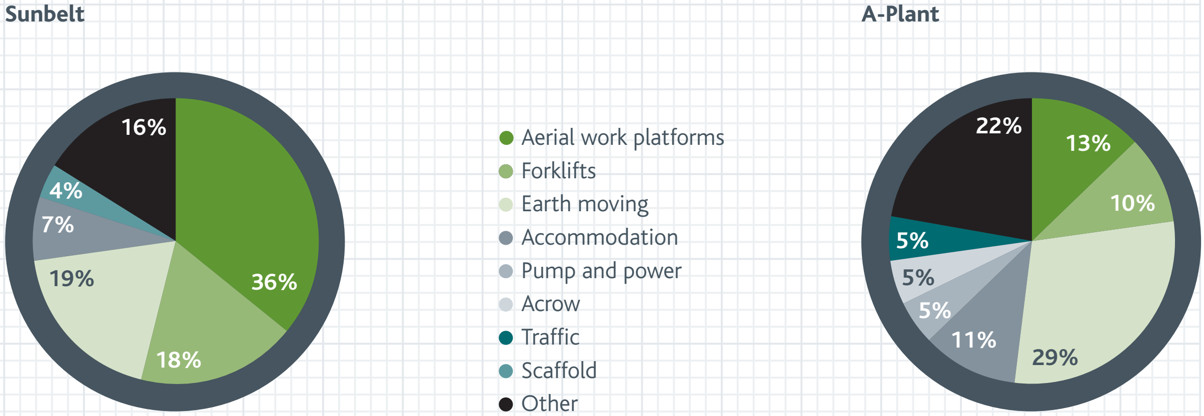
Critically, in taking rationalisation action, we have ensured that we remain positioned to service all our main geographies and markets when the upturn comes. The one-time exceptional charge incurred in delivering the savings, much of which is non-cash relating to asset impairments and future costs on closed properties, was £83m. Including the proceeds realised from the sale of the surplus equipment, the programme generated a net cash inflow in the year of around £40m.

Seasonality

In addition to economic cycles, our business is also subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US and the UK, there are more billing days in the first half of our financial year than the second half leading to our revenue normally being higher in the first half. On a quarterly basis, the second quarter is typically our strongest quarter, followed by the first and then the third and fourth quarters. We manage the business to accommodate these natural annual cycles.

business and financial review continued
our business model

Broad range of fleet



The Group focuses on equipment rental. During 2008/9 approximately 91% of our revenue was derived from equipment rental and rental-related services, with the balance coming from sales of new and used equipment, parts and associated goods, such as equipment accessories. The Group believes that this focused and dedicated approach improves the effectiveness of our 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.

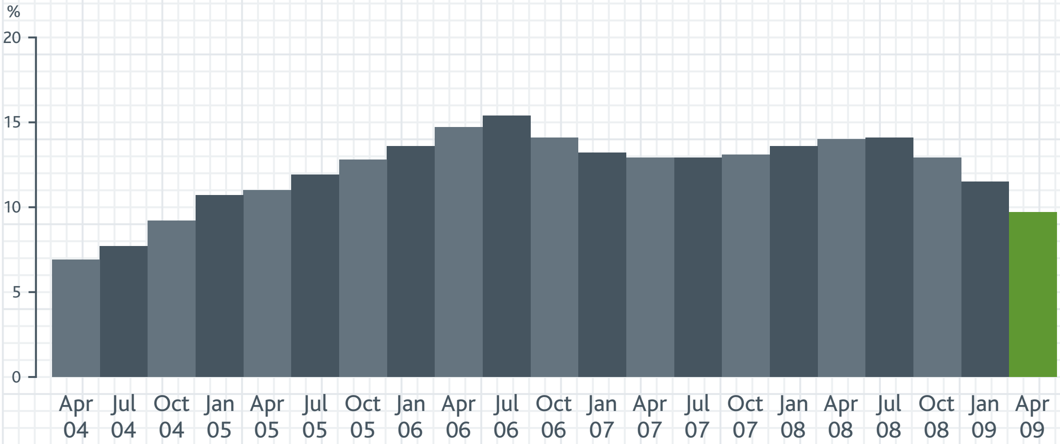
Our operating model is key to the way we deliver returns and encompasses the following elements:

- our local management teams are strong and highly incentivised, producing superior financial returns and high quality standards. Many of our most senior people started their careers by working in the front line at a profit centre;
- in the US we achieve scale through a 'clustered market' approach of grouping our rental locations into clusters of three to 15 locations in each of our developed markets throughout the US. Sunbelt has developed such 'clustered markets' in 34 major cities including Washington DC, Dallas, Houston, Charlotte, Atlanta, 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 smaller geography of the UK, our strategy is focused on having sufficient profit centres to allow us to offer a full range of equipment on a nationwide basis. We continue to invest in migrating our network towards larger locations which are able to address all the needs of our customers in the major markets;
- we provide a wide range of equipment within our rental fleets to maximise the extent to which we can fulfil our customers' needs;
- we also aim to offer a full service solution for our customers. Our product range includes specialist equipment types such as pump and power, scaffolding and traffic management systems, which involve providing service expertise as well as equipment;
- we invest heavily in our computerised point of sale and service systems. We use these systems not only to help us manage our business to deliver strong financial returns, but also to meet the needs of our customers. We deployed some of the first extranets in the industry in both the US and UK to provide qualifying customers with complete information on the equipment they have on rent and the status of their account. We use PDAs to capture and record the time of delivery and the customer's signature electronically, allowing us to systematically monitor and report on on-time deliveries. We also use electronic tracking systems to monitor and secure the location and usage of large equipment.

In the US we have recently concluded a project to develop price modelling software suitable for use in our high transaction volume, low value industry. This software, which is being deployed to our sales force through use of smartphone-based technology, will we believe represent the first consistent application of these techniques in our industry. We anticipate that this investment will mean that our sales force will have immediately to hand in a usable format the data they require to reach appropriate and consistent pricing decisions throughout our business.

our business model

Return on Investment ahead of cost of capital across the cycle



Our rental fleets

Our fleet mix is broadly similar to that of our large peers. However, we differentiate our business both by emphasising smaller equipment types which we believe offer the potential for higher returns and in the manner in which we incentivise our staff. It is the needs of our customers and overall demand that drive the composition of our equipment fleet, with the size, age and mix of our equipment rental fleet driven by our diversified customer base. The equipment we provide to each customer is equally diverse and we are often involved in supplying various types of different equipment over a number of years at each distinct stage of a project's development.

The breadth of our fleet mix supports our ability to service not only the rental opportunities that exist in new-build construction, but also in a wide range of other applications including industrial, events and facilities management. We believe in ensuring a balanced mix of business throughout the cycle which allows us to mitigate the extremes of particular sectors. We will, however, continue to develop our portfolio of larger national and regional accounts utilising the scale and geographical footprint the NationsRent acquisition provided. The larger accounts will cover a range of both construction and industrial markets.

Over the coming year we anticipate that investment in our fleet will be for replacement rather than growth.

Return on Investment

One of the key performance indicators we use to monitor our businesses at all levels is return on investment (RoI). For the Group as a whole our objective is always to ensure that, averaged across the economic cycle, we deliver RoI well ahead of our cost of capital. This continues to be the case as shown by the chart above.

The Group maximises its return on investment through encouraging 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 the investment in our rental fleet.

Diversified customer base

Sunbelt **A-Plant**

Our customers

Our business is highly diverse. Our customers range in size and scale from multinational businesses, through strong local contractors to individual do-it-yourselfers. In the year to April 2009, Sunbelt dealt with over 650,000 customers, wrote 2.0m rental contracts with an average value of $540 per contract and issued over 2.5m invoices. A-Plant, though smaller, is almost as diverse. In 2008/9 it dealt with over 34,000 customers, wrote 0.4m rental contracts with an average value of £380 per contract and issued 0.9m invoices.

In the UK, we have focused in recent years, on building deeper relationships with our larger customers with the top 150 accounting for 50% of A-Plant's 2008/9 revenues.

The Group's diversified customer base includes construction, industrial and homeowner customers, as well as government entities and specialist contractors and is analysed by Standard Industry Classification in the tables above.

We have worked with a lot of our customers for many years. Our experience is that we gain a large amount of repeat business. Our operating methods and focus on customer service aim to support and enhance this. We guarantee our service standards in both our businesses and voluntarily accept financial penalties if we fail to meet our commitments to our customers. We believe that our focus on customer service and these guarantees help distinguish our businesses from competitors and assist us in delivering superior financial returns.

As a large portion of the Group's customer base comes from the commercial construction and industrial sectors, the Group is dependent on levels 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 availability of finance and the level of interest rates; and
- demand within business that drives 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.

Our suppliers

Like other large participants in the industry and in favourable market conditions, the Group purchases large amounts of equipment, parts and other items from its suppliers. This year, however, our capital expenditure on rental equipment was limited to replacement rather than expansion of our fleet as both the US and UK economies slowed.

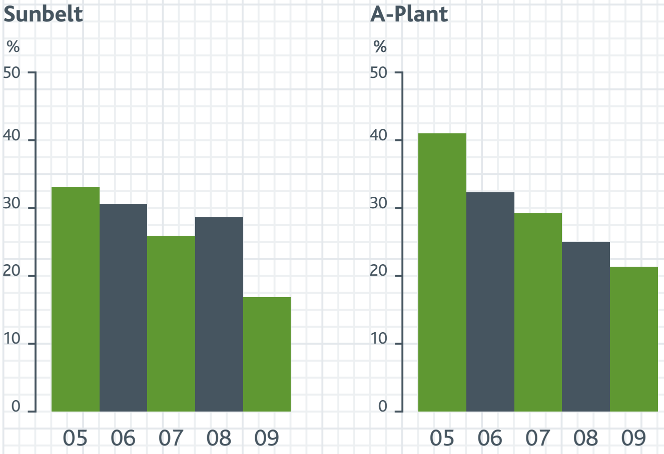
Across our rental fleet, we generally seek to carry equipment from one or two manufacturers in each product range and to limit the number of model types of each product. We believe that having a standardised fleet results in lower costs because we obtain greater discounts by purchasing spare parts in 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 over-stocking.

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, we believe the Group has sufficient alternative sources of supply for the equipment it purchases in each of its product categories.

business and financial review continued

our business model

Improved staff retention



Our people

We are a service business and we differentiate ourselves by the strength of our service offering. Central to our service offering is our people. We have a strong team which numbered almost 8,200 people at 30 April 2009.

This year, as part of our cost reduction programme, it has been necessary to reduce the overall size of our workforce. The nature of our business is such that we require skilled individuals working within a highly devolved structure and we have tried hard to ensure that, despite the need to lower costs, we have preserved these cultural strengths.

The rental industry generally suffers from high staff turnover, particularly within certain job categories such as outside sales and delivery truck drivers, with turnover being particularly high within the first year of employment. We have made generally good progress in improving our staff retention in recent years as shown in the chart above.

Both Sunbelt and A-Plant have extensive programmes in place to ensure the:

- recruitment of appropriate personnel to fulfil any vacancies caused by promotion or turnover;
- ongoing training and development of employees at all levels throughout the organisation;
- alignment of our employees with the Company's objectives, particularly in relation to customer service; and
- appraisal, review and reward of our employees.

These processes are subject to periodic review and development especially in response to changing business needs and market conditions.

We motivate and reward our people through our profit share programmes which ensure that driving our return on investment is an important part of our reward programmes. Our sales force is also incentivised based on sales volume and a broad measure of return on investment determined by reference to equipment type and discount level.

We invest heavily in training and last year Sunbelt staff attended over 9,700 classroom training sessions with a further 18,700 web-based sessions undertaken, whilst A-Plant staff attended over 2,400 sessions.

business and financial review continued
key performance indicators

" We measure the effectiveness of our business model through a number of key performance indicators." Ian Robson

We constantly review our strategy and our business performance to ensure we are delivering against our stated objectives. At Group level, we measure the performance of the business using a number of key performance indicators (KPIs) which are shown in the table on the right.

Certain KPIs are more appropriately measured for each of our two operating businesses, whereas other KPIs are best measured for the Group as a whole and this is shown in the adjacent table.

Whilst we have prepared the table to summarise in one place in this report the KPIs we use in the business, each KPI is repeated and discussed in context throughout this report.

	Sunbelt	A-Plant	Group
Change in rental revenue due to:			
– fleet size	–	+6%	–
– utilisation	-2%	-6%	–
– rate and yield	-5%	-8%	–
– total	-8%	-8%	–
Dollar utilisation (rental revenue as a percentage of fleet at cost)	57%	52%	–
Physical utilisation (fleet on rent relative to total fleet measured at cost)	66%	67%	–
Underlying EBITDA margin	34.5%	30.2%	33.2%
Underlying operating profit margin	16.7%	7.7%	14.4%
Underlying EPS	–	–	11.9p
Return on Investment	10.8%	5.1%	9.7%
Average fleet age in months	38	27	35
Staff turnover (ignoring redundancies)	15.6%	21.3%	–
Net free cash flow generated (before growth investment and M&A)	–	–	£157m
Net debt to EBITDA leverage	–	–	2.6 times
Availability on our senior bank debt	–	–	$550m
Debtor days	42	62	47

principal risks and uncertainties

" The Group faces a number of risks and uncertainties and it is management's role to manage those risks." Ian Robson

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

Economic conditions

The construction industry in which we earn the majority of our revenues is cyclical with construction industry cycles typically lagging the general economic cycle by between six and 18 months. We recognise that we operate in a cyclical industry and expect that demand for our products and services will decline during the down phase of the cycle. As a result we seek to manage our operations prudently through the different phases of the cycle to our competitive advantage. We have also arranged our capital structure and our debt facilities in recognition of the cyclical nature of our industry.

Competition

The Group operates in a highly competitive market. While there are a small number of large companies, such as ourselves, operating on a national basis in each of our markets, there are also a large number of much smaller competitors at a local level. Considerable barriers to entry make it unlikely that additional national competitors will emerge in the short to medium term due to the significant effort and resources needed to develop the suitable IT systems, personnel, locations and equipment fleets required to operate on a national scale. However, on a local basis there is considerable churn amongst our smaller competitors.

The competitive trading environment in which we operate helps maintain our business focus on creating commercial advantage by providing our customers with a high level of service, consistently, and at a price they consider good value. We regularly estimate and monitor our market share and track the performance of our competitors to ensure that we are performing effectively.

People

Our ability to attract and retain good people is key to delivering superior performance and customer service. We believe we provide attractive remuneration packages that reward and incentivise our staff, many of whom remain with us for much of their careers, thus preserving our skills base. If we were to suffer excessive staff turnover then it is likely that there would be an impact on our ability to maintain the appropriate quality of service to our customers which would ultimately adversely impact our financial performance.

Health and safety

The Board is determined to ensure that our businesses provide a safe working environment for all our employees. We also have substantial processes in place to help support our customers exercise their responsibility to their own workforces when using our equipment. We maintain appropriate health and safety policies and procedures to reasonably guard our employees against risk and reinforce these procedures through appropriate training and induction programmes. Failures in our health and safety practices could have an adverse impact on individuals, attract financial penalties or harm our reputation.

Acquisitions
It is part of the Group's strategy at the appropriate time in the construction cycle to acquire businesses in our core markets which add value. We recognise the risks associated in acquiring businesses and mitigate the risk of failure of an acquisition through a rigorous acquisition process, which is overseen by the Board. We undertake detailed operational and financial due diligence to ensure particularly that operational risks are identified and appropriately factored into our valuation of the target. Risks associated with the post-acquisition integration of an acquired business are mitigated through the development of a rigorous integration plan with close management and monitoring to ensure synergies are realised fully.

Information technology
Our businesses involve us in tracking and recording a high volume of relatively low value transactions. For example we own over 280,000 units of rental equipment and in the past year entered into 2.4m rental contracts which are tracked and controlled using fully integrated computer systems in the US and UK. We are therefore heavily dependent on the robustness of the application software and network infrastructure which delivers these systems.

Both Sunbelt and A-Plant have invested in sophisticated and well protected data centres with multiple data links to protect against the risk of failure and consequently ensure these systems are on-line to all our locations every working day. A serious uncured failure in this area would have an immediate effect so each business also maintains separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at the primary site. Both businesses have also prepared detailed business recovery plans which are tested periodically.

Compliance with laws and regulations
The regulatory environment changes frequently imposing a continuing need on the Group to ensure that it has appropriate processes in place to achieve compliance with relevant legislation. The Group's policies and practices therefore evolve as we update them to take account of changes in legal obligations. Our training and induction programmes are designed to ensure that our staff receive appropriate training and briefing on the policies relevant to their position and function in the organisation. This is underpinned by a Group-wide ethics policy and 'whistle-blowing' arrangements, by which employees may, in confidence, raise concerns about any alleged improprieties. Failures in these processes could result in reputational damage or financial penalty.

Accounting and treasury
There is a risk that fraud or accounting discrepancies may occur if our financial and operational control framework is inadequate. This could result in a misstatement of the Group's financial performance. The Group believes that it has established a robust internal financial control framework to mitigate this risk.

The Group's trading and financial activities expose it to various financial risks which, if left unmanaged, could adversely affect current or future earnings. Principal amongst these are the risks that either the Group's existing debt facilities become unavailable by virtue of non-compliance with the terms of those agreements or that the Group fails to replace existing facilities prior to their maturity and consequently has inadequate debt facilities available to it to meet its borrowing requirements.

The risk that the Group's existing facilities become unavailable for any reason is substantially mitigated by the form of facilities chosen by the Group as discussed under 'net debt' on page 31 which results in there being effectively no quarterly monitored financial covenants to adhere to and also in the Group maintaining substantial availability on its asset-based senior bank debt. The Group maintains close contacts with the providers of all its debt facilities to ensure they have timely access to all the information about the Group that they require.

The liquidity risk, relating to the continued availability to the Group of sufficient debt facilities is managed firstly by the long maturity profile in the Group's existing facilities which have an average remaining term of 4.6 years at 30 April 2009. Within this the earliest maturity is of the asset-based senior bank debt facility where the existing commitment expires on 31 August 2011. The finance director reports regularly to the Board on the management of our debt liquidity profile.

Suppliers
The inability to obtain the right equipment and parts at the right time for a reasonable cost could have an adverse impact on the Group's financial performance. We have established close relationships with suppliers that have a strong reputation for product quality and reliability and good after-sales service and support. We believe the Group also has sufficient alternative sources of supply for the equipment it purchases in each of its product categories. The size and scale of our business and of our rental fleets also enables us to negotiate favourable delivery, pricing, warranty and other terms with our suppliers.

Environmental
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 potentially 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 underground and above-ground storage tanks located at some of our locations. We take our environmental and health and safety responsibilities seriously and have very stringent policies and procedures in place at all our depots to help minimise undue impact on the environment and keep our employees safe. More on this can be found in the Corporate Responsibility Report.

our financials

Results

	Revenue 2009	Revenue 2008	EBITDA 2009	EBITDA 2008	Operating profit 2009	Operating profit 2008
Sunbelt in $m	**1,450.0**	1,626.0	**500.4**	598.9	**241.8**	330.9
Sunbelt in £m	**865.5**	810.0	**298.7**	298.4	**144.4**	164.9
A-Plant	**208.0**	237.8	**62.8**	73.2	**16.1**	30.2
Group central costs	**–**	–	**(5.4)**	(7.9)	**(5.5)**	(8.0)
Continuing operations	**1,073.5**	1,047.8	**356.1**	363.7	**155.0**	187.1
Net financing costs					**(67.6)**	(74.8)
Profit before tax, exceptionals and amortisation from continuing operations					**87.4**	112.3
Ashtead Technology					**2.8**	10.6
Exceptional items (net)					**(17.1)**	–
Amortisation					**(3.4)**	(2.6)
Total Group profit before taxation					**69.7**	120.3
Taxation					**(6.7)**	(42.7)
Profit attributable to equity holders of the Company					**63.0**	77.6
Margins						
Sunbelt			**34.5%**	36.8%	**16.7%**	20.4%
A-Plant			**30.2%**	30.8%	**7.7%**	12.7%
Group			**33.2%**	34.7%	**14.4%**	17.9%

The year's results reflect markedly different performances in the first and second half of the year. In the first half we saw revenue and profit growth whereas the second half saw more significant local currency revenue and profit declines. During the second half operating results also benefited from the stronger dollar. As a result, reported Group revenues grew to £1.07bn[1] (2008: £1.05bn), whilst the underlying pre-tax profit was £87.4m (2008: £112.3m). Measured at constant exchange rates, to eliminate currency translation effects, underlying revenue declined 11% and underlying pre-tax profit declined 29%.

Sunbelt

For the year, Sunbelt's rental revenue declined 8% to $1,311m reflecting a rental fleet which was on average broadly flat, physical utilisation of 66% (2008: 68%) and a decline in yield which averaged 5% for the year as a whole. Rental revenue grew 2% in the first half followed by a 19% decline in the second half as markets slowed. In the fourth quarter, measured against strong comparatives, rental revenue declined 24% reflecting an 8% reduction in fleet size, physical utilisation of 61% (2008: 64%) and a 14% reduction in yield.

Since the acquisition of NationsRent in August 2006, Sunbelt reconfigured and reshaped its enlarged business to deliver improved services to its customer base cost effectively. The ongoing benefit of these steps was underpinned by the cost reduction actions taken in the second half resulting in an 8% reduction in Sunbelt's full year operating cost base (excluding depreciation). The fourth quarter cost reduction was greater, with pre-depreciation costs down 20% as the additional cost reduction measures took hold.

As a result, Sunbelt's EBITDA for the year declined 16% to $500m. Depreciation reflected broadly the movement in Sunbelt's average fleet size and declined 4% in the year to give an underlying operating profit for the year of $242m (2008: $331m).

A-Plant

For the year, A-Plant's rental revenue declined 8% to £191m reflecting a 6% increase in average fleet size, physical utilisation of 67% (2008: 71%) and an 8% reduction in average yield. As with Sunbelt, this reflected first half growth followed by a rapid reduction in the second half. For the fourth quarter, again measured against a strong comparative, A-Plant's rental revenue decline was 22% reflecting a fleet size 5% smaller than in the prior year, physical utilisation at 68% (2008: 74%) and a yield reduction of 11%.

Action taken to reduce A-Plant's costs resulted in a 12% reduction in underlying full year operating costs (excluding depreciation) to £145m and a much larger 23% reduction in the fourth quarter to £31m.

Reflecting these factors, A-Plant's full year EBITDA declined 14% to £63m whilst the depreciation charge rose 9% to £47m reflecting the growth in its fleet size in the second half of the previous year. Consequently A-Plant's full year underlying operating profit was £16m down from £30m in the previous year.

Group results

On a continuing basis, excluding Ashtead Technology throughout, Group EBITDA before exceptional items declined 2% to £356m whilst underlying operating profit reduced 17% to £155m. This reflected the trading results discussed above together with the translation benefit from the stronger dollar which averaged $1.68 in the year to April 2009, 16% stronger than 2007/8's average of $2.01.

Lower average interest rates and significantly lower underlying average debt levels resulted in a lower financing cost despite an adverse translation effect from the stronger dollar in which 99% of our debt is denominated.

1 Following adoption in the year end accounts of the provisions of the 2008 'Improvements to IFRSs', underlying revenue now includes as revenue £43.9m of proceeds generated from the sale of used rental equipment whilst underlying costs include as a cost of revenue, the £37.3m net book value of the equipment sold. This aligns our treatment of used sale proceeds under IFRS with that followed by Sunbelt's peers under US GAAP. Previously under IFRS, Ashtead would have shown the £6.6m net gain as other income. Consequently this presentational change has had no impact on reported operating profit or earnings.

Exceptional items

Exceptional items comprised the £83m discussed above in relation to the cost reduction programmes together with a £66m pre-tax gain from the sale of Ashtead Technology in June 2008. Technology also contributed a £2m profit in the period prior to disposal. After amortisation of acquired intangibles of £3m, the reported profit before tax for the year was £1m (2008: £110m) whilst the underlying pre-tax profit from continuing operations before exceptionals was £87m (2008: £112m).

Taxation

The effective tax rate for the year was stable at 34% (2008: 35%) with, again, virtually no cash tax being due. Accordingly the tax charge comprised almost entirely deferred tax. Moving forward, with more difficult markets ahead, the Group does not anticipate making significant cash tax payments until economies in the UK and US recover from the current recession.

Earnings per share

Underlying earnings per share for the year decreased 20% to 11.9p (2008: 14.8p) whilst basic earnings per share for the year were 12.5p (2008: 14.2p).

Dividends

The Board is proposing a final dividend of 1.675p (2008: 1.675p) making 2.575p for the year (2008: 2.5p) and costing £12.8m (2008: £12.8m). The proposed full year dividend is covered 4.5 times by underlying profits after tax from continuing operations. If approved by shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on 11 September 2009 to shareholders on record at 21 August 2009.

Current trading and outlook

Most of our markets remain weak with limited visibility. However, May and early June have seen rental volumes in line with our expectations whilst rental yields have shown some tentative signs of flattening month on month. As a result, the Board confirms that its current expectations regarding 2009/10 performance are unchanged from those described in the trading update issued on 11 May.

We continue to believe that the fundamentals of our markets remain attractive and that, with our continuing focus on meeting the challenges of current market conditions and on cash generation, we are well positioned for the next phase of the cycle.

Balance sheet

Fixed assets

Capital expenditure in the year was £238m (2008: £331m) of which £208m was invested in the rental fleet (2008: £295m in total). Disposal proceeds totalled £100m (2008: £78m) giving net expenditure at £138m (2008: £253m).

Expenditure on rental equipment was 87% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and to computer equipment. Capital expenditure by division was as follows:

	2009	2008
Sunbelt in $m	**221.0**	352.2
Sunbelt in £m	**149.1**	177.8
A-Plant	**58.4**	108.3
Continuing operations	**207.5**	286.1
Ashtead Technology	**–**	8.7
Total rental equipment	**207.5**	294.8
Delivery vehicles, property improvements & computers	**30.8**	36.2
Total additions	**238.3**	331.0

Reflecting the fleet downsizing undertaken in the second half, both Sunbelt's and A-Plant's rental fleets are smaller at 30 April 2009 than at 30 April 2008. Accordingly, this year's capital expenditure was entirely for replacement. In 2008, £126m was spent on growth and £169m on replacement.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2009 was 35 months (2008: 31 months) on a net book value basis. Sunbelt's fleet had an average age of 38 months (2008: 34 months) comprising 39 months for aerial work platforms which have a longer life and 36 months for the remainder of its fleet whilst A-Plant's fleet had an average age of 27 months (2008: 23 months).

Next year's capital expenditure is again expected to be entirely for replacement rather than growth. We currently anticipate spending around 70% of depreciation or around £100m net of disposal proceeds but, with short lead times and no forward commitments, we have the flexibility to adjust this as required to reflect market conditions.

The original cost of the Group's rental fleet and the dollar utilisation for the year ended 30 April 2009 are shown below:

	Rental fleet at original cost			LTM rental and rental related revenues	LTM dollar utilisation	LTM physical utilisation
	30 April 2009	30 April 2008	LTM average			
Sunbelt in $m	**2,136**	2,314	2,284	1,311	57%	66%
Sunbelt in £m	**1,442**	1,168	1,541	783	57%	66%
A-Plant	**321**	360	365	191	52%	67%
	1,763	1,528	1,906	974		

Dollar utilisation is defined as rental revenues divided by average fleet at original (or 'first') cost. Dollar utilisation at Sunbelt was 57% in the year ended 30 April 2009 (2008: 62%). Dollar utilisation of 52% (2008: 60%) at A-Plant reflects the lower pricing (relative to equipment cost) in the competitive UK market. Physical utilisation is time-based utilisation, which is calculated at the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date.

Trade receivables
Receivable days at 30 April were 47 days (2008: 52 days). The bad debt charge for the year ended 30 April 2009 as a percentage of total turnover was 1.6% (2008: 0.8%). Trade receivables at 30 April 2009 of £124m (2008: £137m) are stated net of provisions for bad debts and credit notes of £18m (2008: £13m) with the provision representing 12.4% (2008: 8.4%) of gross receivables.

Trade and other payables
Group payable days were 53 days in 2009 (2008: 70 days). The reduction is due, primarily, to lower capital expenditure related payables at 30 April 2009 of £9m (2008: £24m) which have longer payment terms. Payment periods for purchases other than rental equipment vary between seven and 45 days and for rental equipment between 30 and 120 days.

Provisions
Provisions of £54m (2008: £28m) relate to the provision for self-insured retained risk under the Group's self-insurance policies, as well as to the vacant property provisions.

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 $650,000 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. A higher excess of up to $2m existed on our general liability policies until September 2008. Our insured liability coverage is limited in total to a maximum of £150m per occurrence.

Pensions
The Group operates a number of pension plans for the benefit of employees, for which the overall charge included in the financial statements was £5.8m (2008: £4.8m). Amongst these, the Group now has just one defined benefit pension plan which covers approximately 180 employees in the UK and which was closed to new members in 2001. All our other pension plans are defined contribution plans.

The Group's defined benefit pension plan, measured in accordance with IAS 19 – Employee Benefits, was £0.3m in surplus at 30 April 2009. During the year, asset values decreased by £16.7m against the expected return on plan assets of £4.1m included in the income statement. However, offsetting this impact was the benefit of changes in the required market linked discount rate which increased from 6.25% in 2008 to 7.0% in 2009, reducing the value of liabilities by £9.3m. Accordingly there was a net actuarial loss of £7.4m in the year, which was taken to the statement of recognised income and expense.

Contingent liabilities
Sunbelt is subject to a class action lawsuit in Florida alleging, inter alia, that NationsRent (prior to its acquisition by Sunbelt in 2006) improperly charged its customers an environmental fee. In February 2009 the court certified a class of all persons charged an environmental fee by NationsRent in the period between June 2003 and August 2006. The plaintiffs are asking that the environmental fee be returned to class members (an estimated $20m), plus interest and legal costs. The plaintiff's claim is based on the theory that because NationsRent did not place the environmental fee revenue into an escrow account, it spent no money on 'environmental related' expenses and the fee was 'pure profit'. Sunbelt's legal advisers believe that the merits of the lawsuit are weak because there is no legal obligation to place the environmental fee into a segregated account. Moreover, NationsRent never indicated to its customers the environmental fee was hypothecated to any particular expenditure and, regardless, NationsRent incurred substantial 'environmental related' costs. On 28 May 2009, a similar case was filed in the North Carolina Court against Sunbelt by a plaintiff represented by the same plaintiff attorneys acting in the Florida case.

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

Cash flow

	Year to 30 April	
	2009 £m	2008 £m
EBITDA before exceptional items	**358.9**	380.0
Cash inflow from operations before exceptional costs and changes in rental equipment	**373.6**	356.4
Cash efficiency ratio*	**104.1%**	93.8%
Maintenance rental capital expenditure	**(208.5)**	(195.3)
Non-rental capital expenditure	**(27.1)**	(35.8)
Rental equipment disposal proceeds	**85.3**	87.1
Other property, plant and equipment disposal proceeds	**6.6**	5.6
Tax received/(paid)	**0.8**	(6.4)
Financing costs paid	**(64.7)**	(76.4)
Cash flow before growth capex and exceptionals	**166.0**	135.2
Growth capital expenditure	**–**	(120.4)
Exceptional costs	**(9.4)**	(9.5)
Free cash flow	**156.6**	5.3
Business disposals/(acquisitions)	**89.0**	(5.9)
Total cash generated/(absorbed)	**245.6**	(0.6)
Dividends paid	**(12.9)**	(10.5)
Share buy-backs & other equity transactions (net)	**(15.9)**	(24.0)
Decrease/(increase) in net debt	**216.8**	(35.1)

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

Cash inflow from operations before exceptional costs and changes in rental equipment increased 4.8% to £374m and the cash efficiency ratio was 104.1% (2008: 93.8%) as we converted over 100% of our pre-exceptional EBITDA into cash.

This year payments for capital expenditure were broadly in line with capital expenditure delivered into the fleet with a net £144m spent in the year (2008: £259m).

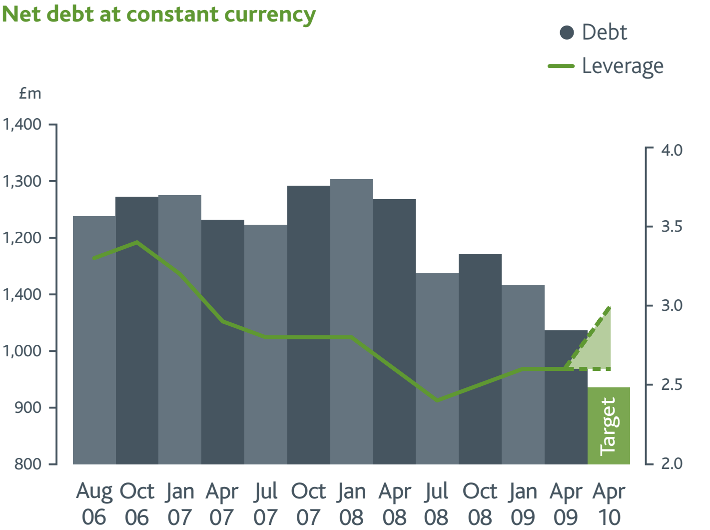
There was a small tax recovery reflecting the fact that tax payments remain low as a result of tax depreciation in excess of book and utilisation of tax losses. Financing costs paid differ slightly from the accounting charge in the income statement due to the timing of interest payments in the year and non-cash interest charges. They reduced significantly due to the impact of both lower average interest rates and lower average debt levels.

After exceptional costs paid of £9m, representing mostly staff severance and vacant property costs, the Group generated £246m of net cash inflow in the year. This reflected net cash generation of £157m from operations and a further £89m generated from the sale of Ashtead Technology. £29m of this net inflow was returned to equity shareholders by way of dividends (£13m) and share buy-backs (£16m) with the balance of £217m applied to reduce outstanding debt.

Net debt

The chart below shows how we held debt flat in 2006 and 2007 whilst investing significantly in fleet reconfiguration and de-ageing following the NationsRent acquisition. Through 2008 and into the new fiscal year, we have significantly lowered our capital expenditure, taking advantage of our young average fleet age, and consequently have achieved and expect to continue to deliver significant reductions in outstanding debt.

Net debt at constant currency



In greater detail, closing net debt at 30 April 2009 comprised:

	2009 £m	2008 £m
First priority senior secured bank debt	**501.1**	556.2
Finance lease obligations	**7.9**	15.2
8.625% second priority senior secured notes, due 2015	**165.1**	122.2
9% second priority senior secured notes, due 2016	**363.5**	271.4
	1,037.6	965.0
Cash and cash equivalents	**(1.7)**	(1.8)
Total net debt	**1,035.9**	963.2

Net debt at 30 April 2009 was significantly lower than last year on a comparable basis at £1,036m (2008 net debt at constant exchange rates: £1,268m). Closing net debt was also $20m below the $1,555m target we originally announced a year ago. Closing net debt, however, includes an adverse translation increase of £285m since last year end reflecting sterling's 25% decline against the dollar in the past year and the fact that 99% of our debt is drawn in dollars to provide a natural hedge against Sunbelt's dollar based assets on which there was an equivalent £355m translation gain.

The ratio of net debt to underlying EBITDA at constant rates was 2.6 times at 30 April 2009, almost unchanged from last year's 2.5 times and well within our 2–3 times target range. This calculation uses the Group's £395m EBITDA before exceptionals from continuing operations (excluding Ashtead Technology) for the 2008/9 year calculated at constant 30 April 2009 exchange rates.

Our debt package remains well structured for the challenges of current market conditions. We retain substantial headroom on facilities which are committed for the long term, an average of 4.6 years at 30 April 2009, with the first maturity on our asset-based senior bank facility not being due until August 2011. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 6%, most of which is tax deductible in the US where the tax rate is 39%.

Financial performance covenants under the two senior secured notes issues are only measured at the time new debt is raised. There are two financial performance covenants under the asset-based first priority senior bank facility:

- funded debt to EBITDA before exceptional items not to exceed 4.0 times; and
- a fixed charge ratio comparing EBITDA before exceptional items less net capital expenditure paid in cash to the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid which is required to be equal or greater to 1.1 times.

These covenants are not, however, required to be adhered to when availability (the difference between the borrowing base and facility utilisation) exceeds $125m. At 30 April 2009 availability under the bank facility was $550m ($602m at 30 April 2008). Consequently the Group's entire debt package is effectively covenant free.

Although the covenants were not required to be measured at 30 April 2009, the Group was in compliance with both of them at that date as it had been throughout the fiscal year.

Debt facilities

The Group's principal debt facilities are as follows:

Asset-based first priority, secured bank debt

The $1.75bn first priority asset-based senior secured loan facility ('ABL facility') consists of a $1.5bn revolving credit facility and a $250m term loan and is secured by a first priority interest in substantially all of the Group's assets. Pricing for the revolving credit facility is based on the ratio of funded debt to EBITDA according to a grid which varies, depending on leverage, from LIBOR plus 225bp to LIBOR plus 150bp. The term loan is priced at LIBOR plus 175bp. At 30 April 2009, the Group's borrowing rate was LIBOR plus 175bp on both the term loan and the revolver.

The ABL facility carries minimal amortisation of 1% per annum ($2.5m) on the term loan and is otherwise fully committed until August 2011. 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.

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.

9% second priority senior secured notes due 2016 having a nominal value of $550m

On 15 August 2006, the Group, through its wholly owned subsidiary Ashtead Capital, Inc., issued $550m of 9% second priority senior secured notes due 15 August 2016. 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. The two note issues rank pari passu on a second lien basis.

Under the terms of both the 8.625% and 9% 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 8.625% notes on 1 February and 1 August of each year and on the 9% notes on 15 February and 15 August. 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 2009 by year of expiry:

	Payments due by year ended 30 April						
	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m	Thereafter £m	Total £m
Bank and other debt	1.7	1.7	502.3	–	–	–	505.7
Finance leases	5.2	2.4	0.3	–	–	–	7.9
8.625% senior secured notes	–	–	–	–	–	168.7	168.7
9% senior secured notes	–	–	–	–	–	371.2	371.2
	6.9	4.1	502.6	–	–	539.9	1,053.5
Deferred costs of raising finance	–	–	(4.6)	–	–	(11.3)	(15.9)
Cash at bank and in hand	(1.7)	–	–	–	–	–	(1.7)
Net debt	5.2	4.1	498.0	–	–	528.6	1,035.9
Operating leases[1]	42.9	33.0	29.1	26.1	22.3	96.0	249.4
Total	48.1	37.1	527.1	26.1	22.3	624.6	1,285.3

1 Represents the minimum payments to which we were committed under operating leases.

Operating leases relate principally to properties which constituted 99% (£247m) 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% (£2m) of such commitments.

Except for the off balance sheet operating leases described above, £21m ($32m) of standby letters of credit issued at 30 April 2009 under the first priority senior debt facility relating to the Group's self-insurance programmes and $1.4m of performance bonds granted 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.

Presentation of financial information

Currency translation and interest rate exposure

Our reporting currency is the pound sterling. However, a majority of our assets, liabilities, revenue and costs are denominated in US dollars. Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars.

We have arranged our financing so that approximately 99% of our debt was denominated in US dollars at 30 April 2009. At that date, dollar denominated debt represented approximately 81% of the value of dollar denominated net assets (other than debt) providing a partial, but substantial, hedge against the translation effects of changes in the dollar exchange rate.

The dollar interest payable on this debt also limits the impact of changes in the dollar exchange rate on our pre-tax profits and earnings. Based on the currency mix of our profits currently prevailing and on current dollar debt levels and interest rates, every 1% change in the US dollar exchange rate would impact pre-tax profit by 1.5%.

Revenue

Our revenue is a function of our prices and the size, utilisation and mix of our equipment rental fleet. 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 which is 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 in our fleet with an original cost of $7,500 or more which constituted 84% of our US serialised rental equipment at 30 April 2009. 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 affected significantly 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 and environmental fees;
- revenue from sales of new merchandise, including sales of parts and revenues from a limited number of sales of new equipment; and
- revenues from the sale of used rental 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 30% of our total operating costs in the year ended 30 April 2009;
- used rental equipment sold which comprises the net book value of the used equipment sold in the year as it was stated in our accounts immediately prior to the time at which it was sold and any direct costs of disposal, comprised 8% of our operating costs in the year ended 30 April 2009;
- other operating costs – comprised 39% of total costs in the year ended 30 April 2009. These costs include:
  - spare parts, consumables and outside repair costs – costs incurred for the purchase of spare parts used by our workshop staff to maintain and repair our rental equipment as well as 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 consists 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;
- depreciation – the depreciation of our property, plant and equipment, including rental equipment, comprised 23% of total costs in the year ended 30 April 2009.

A large proportion of our costs are 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 materially affect our results. 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.

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 three to 20 years with a weighted average life of eight years). We use an estimated residual value of 10% of cost in respect of most types of our rental equipment, although the range of residual values used varies between zero and 30%. We establish our estimates of useful life and residual value with the objective of allocating most appropriately the cost of property, plant and equipment to our profit and loss account, over the period we anticipate it will be used in our business.

We may need 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 need to recognise increased or decreased depreciation expense. Our total depreciation expense in the year ended 30 April 2009 was £245m.

Impairment of assets

Goodwill is not amortised but is tested annually for impairment at 30 April. 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 level 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 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 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 the 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 2009, the total provision for self-insurance recorded in our consolidated balance sheet was £27m (2008: £22m).

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 and environmental 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 periods, the Group records unbilled rental revenue and deferred revenue at the beginning and 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 and is recorded as rental revenue.

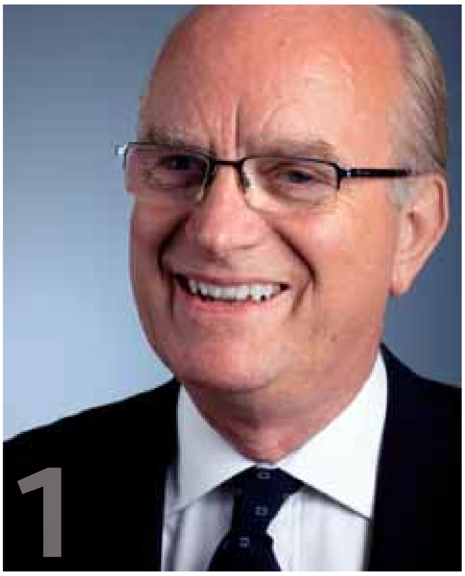
Revenue from the sale of rental equipment, new equipment, parts and supplies, retail merchandise and fuel is recognised at the time of delivery to, or collection by, the customer and when all obligations under the sales contract have been fulfilled.

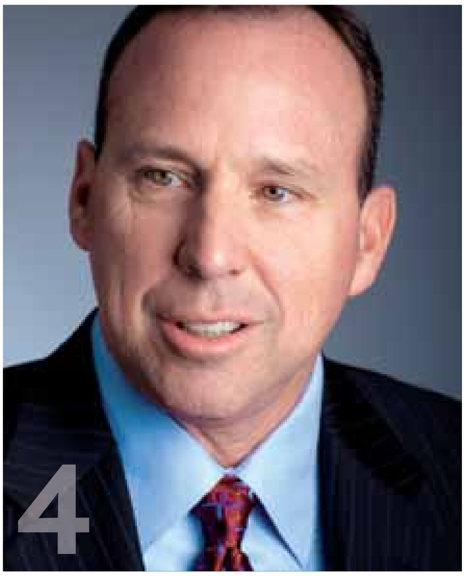
Revenue from sales of rental equipment in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment are accounted for at the lower of transaction value or fair value based on independent appraisals. If the trade-in price of a unit of equipment exceeds 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.

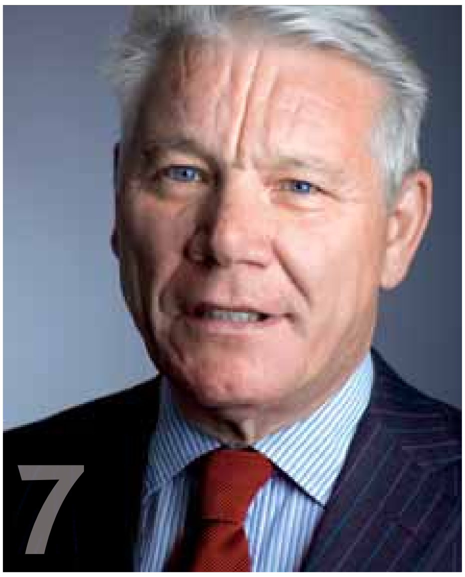
Geoff Drabble
Chief executive
17 June 2009

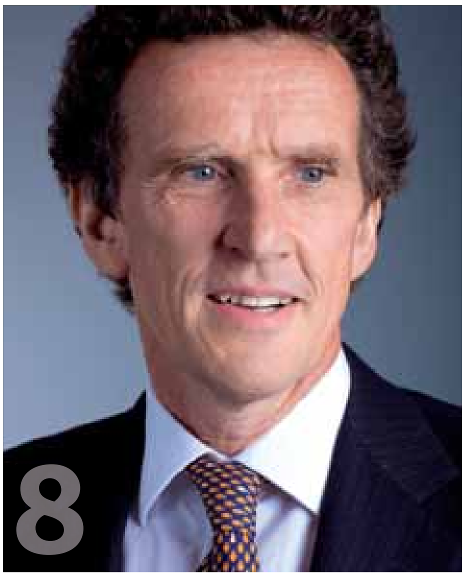
Ian Robson
Finance director

our directors









1. Chris Cole
Non-executive chairman
Aged 62, Chris Cole has been a director since January 2002 and was appointed as non-executive chairman from 1 March 2007. Chris is chairman of the Nomination Committee and a member of the Finance and Administration Committee. He is chief executive of WSP Group plc.

Executive directors

2. Geoff Drabble
Chief executive
Aged 49, Geoff Drabble was appointed as chief executive on 1 January 2007, having served as chief executive designate from 2 October 2006 and as a non-executive director since April 2005. Geoff was previously an executive director of The Laird Group PLC where he was responsible for its Building Products division. Prior to joining The Laird Group, he held a number of senior management positions at Black & Decker. Geoff is chairman of the Finance and Administration Committee and a member of the Nomination Committee.

3. Ian Robson
Finance director
Aged 50, Ian Robson has been finance director since June 2000. Prior to June 2000, Ian held a series of senior financial positions at Reuters Group plc for four years. Before joining Reuters Group plc, he was a partner at Price Waterhouse (now PricewaterhouseCoopers LLP). Ian is a member of the Finance and Administration Committee.

4. Joe Phelan
President and chief executive officer, Sunbelt
Aged 52, Joe Phelan was appointed a director on 23 April 2009. Joe was formerly the chief executive officer of DHL Global Mail based in Weston, Florida and was also a member of Deutsche Post's executive committee. Prior to joining DHL in 2004, he held a number of senior executive positions with American Airlines. Joe is an American citizen and lives in Weston, Florida.

5. Sat Dhaiwal
Chief executive officer, A-Plant
Aged 40, Sat Dhaiwal has been chief executive officer of A-Plant and a director since March 2002. Sat was managing director of A-Plant East, one of A-Plant's four operational regions, from May 1998 to March 2002. Before that he was an A-Plant trading director from 1995 and, prior to 1995, managed one of A-Plant's profit centres.

Non-executive directors

6. Hugh Etheridge
Senior independent non-executive director
Aged 59, Hugh Etheridge has been a director, chairman of the Audit Committee and a member of the Remuneration and Nomination Committees since January 2004. Hugh was appointed as senior independent non-executive director on 1 March 2007. He 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, he was finance director of Waste Recycling Group plc and prior to that, of Matthew Clark plc.

7. Gary Iceton
Independent non-executive director
Aged 59, Gary Iceton was appointed as a non-executive director and a member of the Audit and Nomination Committees effective from 1 September 2004. Gary also became chairman of the Remuneration Committee on 1 March 2007. Until 2000 he was a director of St Ives plc and chairman and chief executive of its Books Division. More recently, he was chairman of Jarrold Limited and, prior to that, chief executive officer of Amertrans. With effect from 23 April 2008 he was appointed a director of Norfolk Education Industry & Commerce Group Limited.

8. Michael Burrow
Independent non-executive director
Aged 56, Michael Burrow was appointed as a non-executive director and member of the Audit, Remuneration and Nomination Committees effective from 1 March 2007. Michael was formerly managing director of the Investment Banking Group of Lehman Brothers Europe Limited.

9. Bruce Edwards
Independent non-executive director
Aged 54, Bruce Edwards was appointed as a non-executive director on 8 June 2007 and a member of the Nomination Committee effective from 26 February 2009. Bruce is the global chief executive officer for Exel Supply Chain at Deutsche Post World Net, and a member of its board of management. He joined DPWN following its acquisition of Exel PLC in December 2005. Prior to the acquisition, he was a director of Exel PLC and chief executive of its Americas businesses. Bruce is also a non-executive director of Greif Inc, a NYSE-listed packaging and container manufacturer. He is an American citizen and lives in Columbus, Ohio.

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

Key:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Finance and Administration Committee

directors' report

The directors present their report and the audited accounts for the financial year ended 30 April 2009.

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 of the US and the UK.

Trading results and dividends

The Group's consolidated profit before taxation for the year was £0.8m (2008: £109.7m). 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 7 to 33 and in note 25 to the financial statements. These disclosures form part of this report. The Company paid an interim dividend of 0.9p per ordinary share in February and the directors recommend the payment of a final dividend of 1.675p per ordinary share, to be paid on 11 September 2009 to those shareholders on the register at the close of business on 21 August 2009, making a total dividend for the year of 2.575p (2008: 2.5p).

Share capital and major shareholders

Details of the Company's share capital are given in note 20 to the financial statements.

Voting rights

Subject to the Articles of Association, every member who is present in person at a general meeting shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Trustees of the Employee Share Option Trust ordinarily follow the guidelines issued by the Association of British Insurers and do not exercise their right to vote at general meetings.

Under the Companies Acts, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and speak and vote on their behalf at a general meeting or any class of meeting. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A corporate member may appoint one or more individuals to act on its behalf at a general meeting or any class of meeting as a corporate representative. The deadline for the exercise of voting rights is as stated in the notice of the relevant meeting.

Transfer of shares

Certified shares

(i) A share transfer form cannot be used to transfer more than one class of share. Each class needs a separate form.

(ii) Transfers may be in favour of more than four joint holders, but the directors can refuse to register such a transfer.

(iii) The share transfer form must be delivered to the registered office, or any other place decided on by the directors. The transfer form must be accompanied by the share certificate relating to the shares being transferred, unless the transfer is being made by a person to whom the Company was not required to, and did not send, a certificate. The directors can also ask (acting reasonably) for any other evidence to show that the person wishing to transfer the shares is entitled to do so.

CREST shares

(i) Registration of CREST shares can be refused in the circumstances set out in the Uncertified Securities Regulations.

(ii) Transfers cannot be in favour of more than four joint holders.

Purchase of own shares

At the Annual General Meeting held on 23 September 2008 authority was given for the Company to purchase, on market, up to 52,303,603 ordinary shares at a maximum price of the higher of (i) an amount equal to 105% of the average of the middle market prices for an ordinary share as derived from The London Stock Exchange Daily Official List for each of the five business days immediately preceding the date on which the ordinary share is agreed to be purchased, and (ii) the price of the last independent trade and the highest current independent bid on the London Stock Exchange Official List at the time the purchase is carried out. Details of the purchases made during the year are set out in note 20 on page 70.

So far as the Company is aware, the only holdings of 3% or more of the issued share capital of the Company as at 16 June 2009 (the latest practicable date before approval of the financial statements) are as follows:

	%
Standard Life Investments Limited	8
Aviva plc	7
Ameriprise Financial Inc	5
JP Morgan Chase & Co	5
Lazard Asset Management LLC	5
AXA SA and Group of Companies	5
Legal & General plc	4
Gartmore Investment Limited	4
Morgan Stanley	3

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 41 to 45. Details of all shares subject to option are given in the notes to the financial statements on page 72.

Change of control provisions in loan agreements

A change in control of the Company (defined, inter alia, as a person or a group of persons acting in concert gaining control of more than 30% of the Company's voting rights) leads to an immediate event of default under the Company's asset-based senior lending facility. In such circumstances, the agent for the lending group may, and if so directed by more than 50% of the lenders shall, declare the amounts outstanding under the facility immediately due and payable.

Such a change of control also leads to an obligation, within 30 days of the change in control, for the Group to make an offer to the holders of the Group's senior secured notes to redeem them at 101% of their combined face value of $800m.

Directors and directors' insurance

Details of the directors of the Company are given on pages 34 and 35. The policies related to their appointment and replacement are detailed on page 38. Each of the directors as at the date of approval of this report confirms, as required by section 418 of the Companies Act 2006 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 2009 was 53 days (30 April 2008: 70 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 £55,329 in total (2008: £24,573). No political donations were made in either year.

Auditors

Deloitte LLP has indicated its willingness to continue in office and in accordance with section 489 of the Companies Act 2006, 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 2.00pm on Tuesday, 8 September 2009. Notice of the meeting is set out in the document accompanying this Annual Report and Accounts.

In addition to the adoption of the 2008/9 Annual 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 six other matters which will be considered at the Annual General Meeting. These relate to the reappointment and remuneration of Deloitte 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, empowering the Company to buy back up to 15% of its issued share capital and the ability to call a meeting other than a general meeting on not less than 14 days' clear notice. The majority of these resolutions update for a further year similar resolutions approved by shareholders in previous years.

By order of the Board

Eric Watkins
Company secretary
17 June 2009

corporate governance report

The revised Combined Code on corporate governance was published in June 2006 following a review by the Financial Reporting Council ('the 2006 FRC Code').

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 2006 FRC Code.

The Company complied throughout the year with the provisions of the 2006 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 three other independent non-executive directors. Short biographies of the directors are given on page 35.

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 facilitates constructive relationships between the executive and non-executive directors through both formal and informal meetings.

The chairman ensures that all directors are briefed properly 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 Sunbelt and A-Plant board meetings 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 are aligned 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 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 with the boards 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.

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, Michael Burrow, Bruce Edwards and Hugh Etheridge will offer themselves for re-election to the Board at the next Annual General Meeting. As this will be the first Annual General Meeting since his appointment to the Board, Joe Phelan will also offer himself for election.

New Sunbelt chief executive

Joe Phelan's appointment as the new chief executive of Sunbelt was announced on 7 April 2009 and he was appointed as a director of Ashtead Group plc on 23 April 2009. Prior to his appointment the Nomination Committee led an extensive search, considering both internal and external candidates for the role. The search was supported by an external search firm and resulted in the conclusion that Joe Phelan was the candidate best suited for the position.

Non-executive directors

In the recruitment of non-executive directors, it is the Company'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 2006 FRC Code, the non-executive directors, led by the senior independent non-executive director, also meet at least 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. The executive directors are evaluated additionally against the agreed budget for the generation of revenue, profit and value to shareholders.

The evaluation of the chairman, the Board and its committees was conducted by way of a questionnaire completed by all of the directors, the results of which were collated by the company secretary and presented to the entire Board. Based on this evaluation, the Board concluded that performance in the past year had been satisfactory.

Board committees

Audit Committee

The Audit Committee comprises Hugh Etheridge (chairman), who has relevant financial experience, Gary Iceton and Michael Burrow. By invitation, the Group's finance director, Ian Robson, and its director of financial reporting, Michael Pratt, normally attend the Committee's meetings, as do representatives of our internal and external auditors. Other directors are usually also invited to be present if available.

The Audit Committee met on five occasions during the year. The principal areas considered by the Committee since the last annual report included:

- the results for the periods ended 31 July 2008, 31 October 2008 and 31 January 2009 and the results for the year ended 30 April 2009;
- the external audit plan and key areas of audit focus for the year ended 30 April 2009;
- reports from the external auditor, Deloitte, related to the results for the six months ended 31 October 2008 and the year ended 30 April 2009. The Committee considered the work done and the key accounting estimates and principal judgemental accounting and reporting issues;
- the independence, objectivity and effectiveness of Deloitte and, in that context, the level of audit and non-audit fees paid to them. The Committee was satisfied as to their independence, objectivity and effectiveness;
- the internal audit plan for the year ended 30 April 2009 and the reports on the results of that work;
- audit plans and reports from the internal operational auditors responsible for auditing detailed operational controls at a profit centre level;
- the Group risk register and reports from the chief executive on the work of the Group Risk Committee;
- the effectiveness of the Group's internal controls and financial reporting policies; and
- reports on matters referred through the Group's whistle blowing procedures and any actions taken following appropriate investigation.

The principal non-audit fees paid to the Company's auditors, Deloitte LLP, for the year relate to their review of the Company's interim results and a working capital report prepared in connection with the disposal of Ashtead Technology. 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 which were reviewed and updated on 23 October 2008 will be available for inspection at the Annual General Meeting.

Remuneration Committee

The Remuneration Committee comprises Gary Iceton (chairman), Hugh Etheridge and Michael Burrow.

The Remuneration Committee meets as and when required 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. Chris Cole and Geoff Drabble normally attend the meetings of the Committee to assist it in its work. 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 will be available for inspection at the Annual General Meeting.

Nomination Committee

The current members of the Nomination Committee are Chris Cole (chairman), Geoff Drabble, Hugh Etheridge, Gary Iceton, Michael Burrow and Bruce Edwards (appointed 26 February 2009). The Nomination Committee meets as and when required to consider the structure, the size and composition of the Board of directors.

The Nomination Committee's terms of reference which were reviewed and updated on 23 October 2008 will be available for inspection at the Annual General Meeting.

Attendance at Board and Committee meetings held between 1 May 2008 and 30 April 2009

	Board	Audit	Remuneration	Nomination
Number of meetings held	6	5	5	1
Chris Cole	6	–	–	1
Sat Dhaiwal	6	–	–	–
Geoff Drabble	6	–	–	1
Cliff Miller *	5	–	–	–
Joe Phelan **	1	–	–	–
Ian Robson	6	–	–	–
Michael Burrow	6	5	5	1
Hugh Etheridge	6	5	5	1
Bruce Edwards	6	–	–	1
Gary Iceton	6	5	5	1

* Cliff Miller's appointment as a director terminated on 6 April 2009
** Joe Phelan was appointed a director by the Board on 23 April 2009

Finance and Administration Committee

The Finance and Administration Committee comprises Chris Cole, Geoff Drabble and Ian Robson and is chaired by Geoff Drabble. 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 participation of Chris Cole, 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 relevant guidance for directors, namely 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. During the year, this process was strengthened through the formation of a formal Group Risk Management Committee with the objective of encouraging best risk management practice across the Group and a culture of regulatory compliance and ethical behaviour. The Group Risk Management Committee reports annually to the Audit Committee. These processes accord with the Turnbull Guidance.

The Board considers that the Group's internal control system is designed appropriately 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 mis-statement 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. It also considers 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 2009, which was then presented to, discussed and approved by the Audit Committee on 12 May 2009 and by the Group Board on 15 June 2009.

Before producing the statement on internal control for the Annual Report and Accounts for the year ended 30 April 2009, 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 its 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 regularly with the external auditors to discuss 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 at the profit centres generally carried out annually 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) as adopted by the European Union 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 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, as well as 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.

The Board confirms to the best of its knowledge:

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

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

Going concern

The Group's operations and financial condition, together with factors likely to affect its future development, performance and condition are set out in the Business and Financial Review on pages 7 to 33. In particular, the Group's financial management and cash flow, including details of the Group's banking facilities are set out on pages 30 to 32. In addition, note 25 to the financial statements describes the Group's financial risk management policies and processes, including its exposure to interest rate risk, currency exchange risk, credit risk and liquidity risk.

The Group's debt facilities are committed for a weighted average period of 4.6 years with the earliest significant maturity being the ABL facility which matures in August 2011. The Group finances its day to day activity via the ABL facility under which available unused borrowings totalled $550m at 30 April 2009. Taking account of reasonably possible changes in trading performance and used equipment values and recognising the risks generated by the uncertain economic outlook, the Group expects to maintain significant headroom under the ABL facility until its maturity. As a consequence, the directors believe the Group is well placed to manage its financing risks successfully.

After making enquiries, the directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future and consequently that it is appropriate to adopt the going concern basis in preparing the financial statements.

By order of the Board

Eric Watkins
Company secretary
17 June 2009

directors' remuneration report

Introduction

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'Regulations'). 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 elements 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 Accounting 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 are Gary Iceton (chairman), Hugh Etheridge and Michael Burrow. 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, Geoff Drabble, 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, Chris Cole. The company secretary acts as secretary to the Committee. Under Gary Iceton's direction, the company secretary and Geoff Drabble 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, as required, and to publicly available reports and statistics. External professional advice was obtained in the year from Hewitt New Bridge Street (HNBS) which assisted the Company with the amendment to the rules of the Company's Performance Share Plan which was approved by shareholders at the 2008 Annual General Meeting. HNBS did not provide any other services to the Company.

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;
- Performance Share Plan awards; 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 (enterprise value, revenues, profits and number of employees);
- 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 also takes into consideration the Group's significant operations in the US where the Company has a number of large, 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. A significant proportion of the overall package comprises performance related elements.

None of the executive directors hold 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 experience and performance of individuals and relationships across the board and seeks to be competitive, but fair, using information drawn from both internal and external sources and taking account of pay and conditions elsewhere in the Company. Reflecting the current market environment and focus on operating costs, salaries for 2009/10 have been held at their 2008/9 level. Joe Phelan's salary of $520,000 per annum is also slightly lower than the final salary of his predecessor.

Annual performance related bonus plan

Under the annual performance related bonus plan for executive directors, payouts for the year to 30 April 2009 were related directly to profitability and cash flow 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.

The target for Geoff Drabble and Ian Robson relating to profitability was not achieved but the target relating to cash flow was fully achieved. As a result they earned 25% of their maximum bonus entitlement for the year. The financial targets relevant to Sat Dhaiwal and Cliff Miller were not achieved and accordingly they received no bonus.

For the year to 30 April 2010, executive directors' performance related bonuses will be subject to a cap of 100% of salary with 50% of bonus potential based on a profitability target and 50% on a cash flow target.

Share-based incentives

Details of the Company's share-based incentives are set out below.

Previous plans

A. Executive share option plans

Until 2002, it was the Committee's policy to make regular awards under the Company's executive share option plans to senior staff. No awards have been granted under this plan since February 2002. Shareholder approval for this plan had been granted in 1996 and accordingly the plan formally lapsed in October 2006.

B. Investment Incentive Plan

The Committee has not made any awards under this plan since 2004/5 and the Company does not intend to make further awards under this plan, which lapses in 2011.

Current Plan – Performance Share Plan

Under the Performance Share Plan executive directors and other members of the senior management team may annually be awarded a conditional right to acquire shares ('performance shares') the vesting of which depends on the satisfaction of demanding performance conditions. Performance conditions are based on Total Shareholder Return ('TSR') and/or earnings per share ('EPS').

In recent years, the policy has been to grant awards of shares with a market value at the date of grant equal to between 20% and 100% of the participant's base salary with the executive directors typically receiving the upper end of this range. Following approval of the amendment to the Performance Share Plan Rules at the 2008 Annual General Meeting, Geoff Drabble's 2008 award was based on 150% of his base salary as at the date of grant but the awards for the other executive directors remained at 100% of base salary.

The performance criteria vary by year of award and are as follows:

		Performance criteria (measured over three years)		
Award date	Financial year	EPS (% of award)	TSR (% of award)	Status
17/8/05	2005/6	2007/8 EPS between 7.7p (12.5% vested) to 9.1p (50% vested)	From date of grant versus FTSE 250 Index (12.5% at median; 50% at upper quartile)	EPS target met in full and 50% of the award vested. The remaining 50% lapsed
12/10/06	2006/7	2008/9 EPS – 16.2p (12.5% vested) – 19p (100% vested)		Lapsed
30/7/07	2007/8	2009/10 EPS – RPI + 4% p.a. (30% vested) – RPI + 10% p.a. (100% vested)		Not completed
14/10/08	2008/9	2010/11 EPS – RPI + 0%p.a. (12.5% vested) – RPI + 5%p.a. (50% vested)	From date of grant versus FTSE 250 Index (12.5% median; 50% at upper quartile)	Not completed

For performance between the lower and upper EPS ranges and, where applicable, also the lower and upper TSR ranges, vesting of the award is scaled on a straight-line basis.

EPS for the purpose of the awards was based on the profit before tax, exceptional items and amortisation of acquired intangibles less a notional 30% tax charge for awards made for years up to 2006/7. Thereafter awards have been based on EPS computed using the same profit definition less the actual tax charge included in the accounts. The Remuneration Committee considers it most appropriate to measure TSR performance relative to the FTSE 250 (excluding investment trusts) rather than a specific comparator group of companies because there are few direct comparators to the Company listed in London and because the Company is a FTSE 250 company.

Following consultation with the Company's major shareholders in 2008, the Committee reintroduced a TSR performance target for its 2008/9 PSP awards in addition to an EPS target. Given the cyclical nature of our business the Committee intends to vary the proportion of the performance criteria represented by EPS and TSR over the cycle between 50%/50%, 75%/25% and 25%/75%. For the forthcoming 2009/10 PSP awards, the Committee intends that vesting will be based as to 75% on TSR and 25% on EPS.

As agreed by the Nomination and Remuneration Committees prior to Joe Phelan joining the Group, Joe's 2009/10 PSP award will be enhanced by around 15% ($80,000) above the award of 100% of base salary awarded to other executive directors at his level to compensate him for incentives lost when he left his previous employment.

Shareholding guidelines

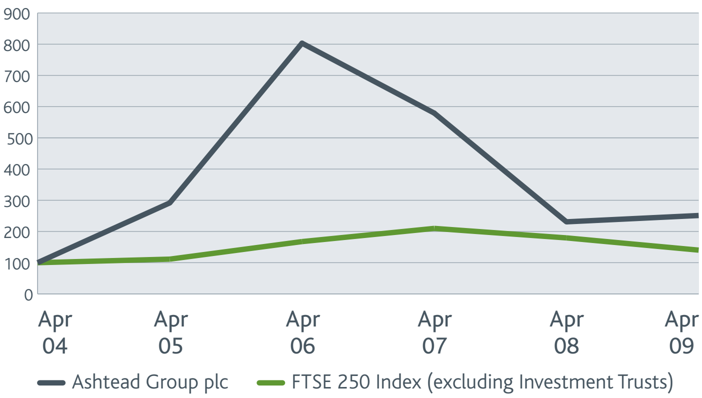
Executive directors are required to retain no fewer than 50% of shares that vest under the Performance Share Plan (net of taxes) until such time as a shareholding equivalent to 100% of salary is achieved and thereafter maintained.

Employee Share Ownership Trust

The Group has established an Employee Share Ownership Trust (ESOT) to acquire and hold shares in the Company to satisfy potential awards under the Performance Share Plan. At 30 April 2009, the ESOT held a beneficial interest in 5,752,818 shares.

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 2009. The FTSE 250 is the Stock Exchange index the Committee considers to be the most appropriate to the size and scale of the Company's operations.



Source: Thomson Financial

This graph shows the value, by 30 April 2009, of £100 invested in Ashtead Group plc on 30 April 2004 compared with the value of £100 invested in the FTSE 250 Index (excluding Investment Trusts). The other points plotted are the values at intervening financial year-ends.

Directors' pension arrangements

The Company makes a payment of 40% of his base salary to Geoff Drabble in lieu of providing him with any pension arrangements.

Under the terms of his contract, Ian 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. His pension is provided through the Company's Retirement Benefits Plan, which is a defined benefits scheme. Ian 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. This takes effect in May 2010 once he has completed 10 years service with the Company (or at any time after age 50 if there is a change of control). Ian Robson pays contributions equal to 7.5% of his salary to the Retirement Benefits Plan.

Sat Dhaiwal's pension benefits are also 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. Sat Dhaiwal pays contributions equal to 7.5% of his salary to the Retirement Benefits Plan.

The Retirement Benefits Plan also provides for:

- 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. In 2010, government regulations raise the minimum early retirement age to 55; and
- pension increases in line with the increase in retail price inflation up to a limit of currently 5% a year in respect of service since 1997.

Joe Phelan receives a payment of 15% of his base salary during his first year of employment in lieu of providing him with any pension arrangements. This reduces to 14% of base salary thereafter.

Executive directors' service agreements

The service agreements between the Company and Geoff Drabble (dated 6 July 2006), Ian Robson (dated 4 August 2000), Sat Dhaiwal (dated 8 July 2002) and between Sunbelt and Joe Phelan (dated 20 April 2009) are all 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.

Remuneration policy for non-executive directors

The remuneration of the non-executive directors is determined by the Board within limits set out in the Articles of Association. None of the 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.

Audited information

Directors' remuneration

The total amount of directors' remuneration was £2,309,000 (2008: £3,691,000) and consisted of emoluments of £2,140,000 (2008: £2,740,000), gains on exercise of shares options of £45,000 (2008: £20,000) and £124,000 (2008: £931,000) receivable under long-term incentive plans.

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(i) £'000	Other allowances(ii) £'000	Total emoluments 2009 £'000	Total emoluments 2008 £'000
Executive:							
Sat Dhaiwal	220	–	–	2	13	235	431
Geoff Drabble	456	–	114	31	225	826	1,061
Joe Phelan(iii)	6	–	–	–	1	7	–
Ian Robson	328	–	82	1	11	422	635
Non-executive:							
Chris Cole	–	110	–	–	–	110	100
Michael Burrow	–	40	–	–	–	40	35
Bruce Edwards	–	40	–	–	–	40	32
Hugh Etheridge	–	55	–	–	–	55	45
Gary Iceton	–	45	–	–	–	45	40
Former director:							
Cliff Miller(iv)	305	–	–	10	45	360	361
	1,315	290	196	44	295	2,140	2,740
2008	1,215	252	944	42	287		2,740

i Benefits in kind comprise the taxable benefit of company owned cars, private medical insurance and subscriptions.
ii Other allowances include car allowances, travel and accommodation allowances and the payment of 40% of salary in lieu of pension contributions for Geoff Drabble and 15% for Joe Phelan.
iii From date of appointment.
iv In accordance with the terms and conditions of his service contract and the Company having received an executed severance and release agreement and conditional on his observing the non-compete and non-solicit provisions in his service contract, Cliff Miller will continue to be paid his base salary for a period of 12 months from the termination of his employment. With the exception of his right under the Sunbelt deferred compensation plan (into which he had elected to defer a portion of his prior period salary and annual bonuses) to draw the outstanding balance from that plan due to him at times and in amounts of his choosing, no other payments are due with respect to Cliff Miller's departure. He remains a participant in the Performance Share Plan in respect of previous awards on a pro rata basis up to his date of departure.

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:

	2009 £'000	2008 £'000
Salaries and short-term employee benefits	**2,140**	2,740
Post-employment benefits	**93**	52
National insurance and social security	**288**	328
Share-based payments	**(938)**	725
	1,583	3,845

Directors' pension benefits

	Age at 30 April 2009 Years	Accrued pensionable service at 30 April 2009 Years	Contributions paid by the director £'000	Accrued annual pension at 30 April 2009 £'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 2009 £'000	Transfer value of accrued pension at 30 April 2008 £'000	Increase in transfer value over the year £'000
Sat Dhaiwal	40	15	17	52	4	7	357	208	132
Ian Robson	50	9	25	93	9	13	1,392	953	414

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 scheme's 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.

Until his departure on 6 April 2009, Cliff Miller deferred $10,271 of his annual salary and $32,813 of his 2007/8 bonus in the Sunbelt deferred compensation plan and consequently Sunbelt allocated $25,271 by way of its co-match contribution. During the year, his account was also charged with a negative annual investment return of $111,225 and he withdrew $127,685. At 30 April 2009, the outstanding balance in the plan due to Cliff was $145,570 or £98,239.

Directors' interests in shares

The directors of the Company are shown below together with their beneficial interests in the share capital of the Company.

	30 April 2009 Number of ordinary shares of 10p each	30 April 2008 Number of ordinary shares of 10p each
Michael Burrow	**100,000**	60,000
Chris Cole	**77,082**	52,082
Sat Dhaiwal	**365,849**	330,346
Geoff Drabble	**361,357**	261,357
Bruce Edwards	**40,000**	40,000
Hugh Etheridge	**20,000**	20,000
Gary Iceton	**49,082**	49,082
Ian Robson	**1,480,092**	1,024,540

The directors had no non-beneficial interests in the share capital of the Company.

Performance Share Plan awards

Shares held by executive directors under the PSP are shown in the table below:

	Year of grant	Held at 30 April 2008	Exercised during year	Granted/(lapsed) during the year	**Held at 30 April 2009**
Sat Dhaiwal	2005/6	120,349	(60,175)	(60,174)	**–**
	2006/7	90,468	–	–	**90,468***
	2007/8	116,418	–	–	**116,418**
	2008/9	–	–	384,279	**384,279**
Geoff Drabble	2006/7	264,943	–	–	**264,943***
	2007/8	320,896	–	–	**320,896**
	2008/9	–	–	1,194,760	**1,194,760**
Cliff Miller	2005/6	155,198	(77,599)	(77,599)	**–**
	2006/7	174,047	–	(30,040)	**144,007*+**
	2007/8	192,243	–	(84,270)	**107,973+**
	2008/9	–	–	528,869	**83,557+**
Ian Robson	2005/6	173,837	(86,919)	(86,918)	**–**
	2006/7	193,861	–	–	**193,861***
	2007/8	235,075	–	–	**235,075**
	2008/9	–	–	572,052	**572,052**

* Subsequent to 30 April 2009, the Remuneration Committee determined that the performance conditions attaching to the 2006/7 PSP grant had not been achieved and these grants have now also lapsed in their entirety.
\+ In the case of Cliff Miller, at the date of termination of employment on 6 April 2009. The PSP awards have been pro rated in accordance with the PSP rules.

Directors' interests in share options

	Options at 1 May 2008	Exercised during year	Lapsed during year	**Options at 30 April 2009**	Exercise price	Earliest normal exercise date	Expiry
Discretionary schemes							
Sat Dhaiwal	54,202	–	54,202	**–**	159.12p	Feb 2002	Feb 2009
	37,941	–	–	**37,941**	115.31p	Feb 2004	Feb 2011
Ian Robson	31,979	–	–	**31,979**	93.79p	Aug 2003	Aug 2010
	211,932	–	–	**211,932**	94.55p	Aug 2003	Aug 2010
	249,332	–	–	**249,332**	115.31p	Feb 2004	Feb 2011
	325,216	325,216	–	**–**	38.28p	Feb 2005	Feb 2012
SAYE scheme							
Sat Dhaiwal	4,960	–	–	**4,960**	122.13p	Sep 2009	Feb 2010
Ian Robson	43,417	43,417	–	**–**	22.39p	May 2008	Oct 2008

Details of share plans and SAYE options exercised by the executive directors in the year are as follows:

	Number exercised	Exercise date	Option price	Market price at date of exercise	Gain £'000
Performance Share Plan					
Sat Dhaiwal	60,175	1 October 2008	–	67p	40
Cliff Miller	77,599	14 October 2008	–	56.5p	44
Ian Robson	86,919	16 October 2008	–	45.5p	40
Discretionary schemes					
Ian Robson	325,216	16 October 2008	38.28p	45.5p	23
SAYE scheme					
Ian Robson	43,417	4 June 2008	22.39p	72.75p	22

Following the partial vesting of the PSP awards made in 2005, on 1 October 2008, Sat Dhaiwal exercised his entitlement to 60,175 shares and sold 24,672 shares at 67p per share to settle his tax liability in respect of the exercise. The shares sold by Sat Dhaiwal were acquired by the Company's Employee Share Option Trust. Sat Dhaiwal retained the balance of 35,303 shares.

The performance conditions attaching to the Performance Share Plan referred to above are detailed on pages 41 and 42.

Cash Incentive Scheme

Sat Dhaiwal holds 54,202 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 he may exercise the award in whole or in part at any time prior to 22 February 2010. When the award is exercised Sat 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 94.09p multiplied by the number of units exercised. The resultant sum will be paid to him in cash less applicable taxes.

The market price of the Company's shares at the end of the financial year was 63.0p and the highest and lowest closing prices during the financial year were 85.0p and 29.3p respectively.

This report has been approved by the Remuneration Committee and is signed on its behalf by:

Gary Iceton
Chairman, Remuneration Committee
17 June 2009

corporate responsibility report

Objectives and management structure

The Group is committed to operating in a safe, ethical and responsible manner. We place high priority on compliance with our legislative and regulatory obligations and on maintaining the safety of our workforce across the Group.

This year we have introduced a new Group Risk Committee which is charged with overseeing the Group's environmental, health and safety and risk management processes and ensuring that the separate efforts of Sunbelt and A-Plant in this area are co-ordinated so that experiences in one business are shared with the other. The Group Risk Committee reports to the Group chief executive and the Audit Committee.

It is chaired by an executive director of Ashtead Group plc, currently Ian Robson, with its other members being:

- the heads of Sunbelt's and A-Plant's risk and safety teams;
- UK and US legal counsel; and
- the heads of Sunbelt's and A-Plant's performance standards (internal operational audit) teams.

The Group Risk Committee provided the Audit Committee, and through them the Board, with a comprehensive report on its activities including details of the areas identified in the year as requiring improvement and the status of the actions being taken to make the necessary improvements. In this way we now are able to ensure that there is an effective 'chain of command' within the business in relation to environmental, health and safety and risk management issues.

Health and safety

We have extensive programmes to develop and maintain safe working practices across the Group and to remind our employees of the need to be safe at all times. We also spend significant time drawing our customers' attention to the importance of these issues for their own employees. A copy of the relevant formal statement of the Group's policy on health and safety is required to be displayed at profit centres in both the UK and the US. We make a considerable annual investment in ensuring that our rental equipment meets or exceeds the latest safety standards, as well as providing health and safety advice and materials, as required, to accompany each rental.

Evidence of this commitment was given when shortly prior to year end, A-Plant was advised by the British Standards Institute that it had achieved ISO 14001 (Environmental management) and OHSAS 18001 (Occupational Health & Safety management) accreditation. This completes a process begun in 2008 some eight months ahead of schedule. The certification gives us confidence that we have in place the appropriate policies, training programmes and auditing and monitoring processes to minimise our impact on the environment and ensure the safety of our workforce.

We maintain sizeable internal health and safety teams to ensure that the correct health and safety precautions are in place throughout our business. We track and analyse any incidents which occur to enable us to identify recurrent issues and implement preventative improvements across our UK and US networks.

Over the last year, Sunbelt had 492 reported incidents relative to a workforce of 6,700 (2008: 535 incidents relative to a workforce of 7,300) whilst the UK had 367 incidents relative to a workforce of 2,300 (2008: 384 incidents relative to a workforce of 2,500). It should be understood that an incident for this purpose does not necessarily mean that an employee was hurt or injured. Rather it represents an event that, under our health and safety management policies, we want to track and report for monitoring and learning purposes.

Legislation in the US and UK defines reportable accidents under rules which make the data non-comparable between the two countries but comparable within each country relative to other businesses. Under these definitions which generally encompass more accidents in the US than in the UK, Sunbelt had 298 OSHA recordable accidents in 2008/9 which, relative to total employee hours worked, gave a Total Incident Rate ('TIR') of 3.41 (2007/8: 2.96). In the UK, A-Plant had 42 RIDDOR reportable incidents which again, relative to total employee hours worked, gave a RIDDOR reportable rate of 1.04 (2007/8: 0.64). Relative to national average statistics for the construction industry in their respective markets, both Sunbelt and A-Plant performed well.

In order to compare accident rates between the US and UK, for the first time this year, A-Plant also applied the US OSHA definitions to its accident population which gave a figure of 96 OSHA recordable accidents in the UK. On a like-for-like basis in the year ended April 2009, Sunbelt therefore had 44 OSHA recordable incidents for every 1,000 employees whilst A-Plant's equivalent incident rate was 42. Whilst we view any incident as a potential issue, this benchmarking provides comfort that our safety efforts in both businesses are delivering comparable results.

Regular employee education and awareness training is probably the most effective way of improving and sustaining safety standards across our businesses. The Group is at the forefront of the drive to promote higher standards and to educate our employees and our customers about new and improved methods of ensuring employees operate in a safe environment.

Safeguarding the environment

The Group is committed to taking reasonable actions to minimise the risk of adverse impact on the environment from our business. We achieve this by a policy of investing in:

- the regular renewal of our rental fleets to ensure that the equipment we provide to our customers mostly incorporates the latest environmental management thinking available from our chosen manufacturers. At 30 April 2009 the average age of our fleet was approximately 3 years;
- our network of profit centres to ensure that they are adequately equipped to operate in a safe and secure way, protective of the environment. Key matters which are addressed in this programme are: wash-down bays to collect and safely dispose of materials released when we inspect and clean equipment returned from rent; enclosed paint booths and spray shops to ensure that repainting of equipment can be conducted safely and securely; bunded fuel tanks and designated spill areas to ensure secure fuelling of our fleet and, where relevant, vehicles; and proper arrangements to ensure the collection and secure disposal of waste fuels and oils, tyres and other old or broken parts released as we service and maintain our rental fleets;
- a modern and efficient delivery truck fleet to ensure that our vehicles are purchased with the latest available emissions management and fuel efficiency available from our chosen suppliers.

We also support the initiatives of the Carbon Trust in the management of harmful carbon dioxide emissions. We participate in its annual survey and are committed in future to reporting on our carbon dioxide consumption in our annual report. Across the Group our estimated total CO_2 emissions in the year to 30 April 2009 were 220,000 tonnes (2008: 220,000 tonnes) This comprised 192,000 tonnes at Sunbelt (2008: 189,000 tonnes) and 28,000 tonnes for A-Plant (2008: 31,000 tonnes).

Whilst these emission levels are low relative to our revenues and employee numbers, we recognise that most of our emissions are generated by our delivery truck fleet in transporting our equipment to customers' job sites. Our customers expect and pay for this delivery but we are working on a number of initiatives to enable our customers to help us reduce our emission levels and the delivery charges we make to them. For example, on big, long term construction sites, we are increasingly placing pools of our equipment at the job site enabling equipment to be sourced on-site and therefore reducing the site's overall transportation needs.

Employees

Our employees are our greatest asset and we place enormous value on the welfare of our employees, as well as the superior level of service they provide for our customers. At 30 April 2009, we had approximately 8,200 employees across the Group. Our employees benefit from extensive on-the-job training schemes and are incentivised to deliver superior performance and customer service.

We pride ourselves on many of our staff remaining with us throughout their careers, something which is increasingly uncommon. Several of our most senior staff started out at entry level within our profit centres and their continuity of employment is testament to our focus on employee development. We are committed to ensuring equal opportunities for all our staff, as well as to prioritising local employment, such that our businesses predominantly recruit from the areas immediately around our facilities. We make 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.

Contributing to the community

The Board supports giving back to the communities where we do business as well as further afield. We have a number of such community programmes across both the US and the UK. In the US, we continued our support for a programme that combines our local and national resources to provide consistent support to charitable organisations and leverages our decentralised business structure. Through this partnership, Sunbelt provides an annual contribution of equipment and services to community projects undertaken by the national charitable organisation, Habitat for Humanity.

A-Plant's community support programmes in the past year included involvement in the Junior Citizen Scheme in Hounslow, London. This scheme consisted of a number of borough based events organised by the local youth and community sections of the Metropolitan Police. A-Plant supported this initiative by providing accommodation units and other equipment. A-Plant is also supporting Constructionarium events across the country with equipment. Constructionarium is a construction industry programme supported by universities across the country which is designed to give students hands-on experience of the industry to enable them to better understand and appreciate the attractions of making their careers in construction.

Geoff Drabble
Chief executive
17 June 2009

independent auditors' report to the members of Ashtead Group plc

We have audited the financial statements of Ashtead Group plc for the year ended 30 April 2009 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 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2009 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the Corporate Governance Report in relation to going concern; and
- the part of the Corporate Governance Report relating to the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review.

Ian Waller (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London
17 June 2009

our financial statements 2009

Contents

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consolidated income statement

For the year ended 30 April 2009

	Notes	2009 Before exceptional items and amortisation £m	2009 Exceptional items and amortisation £m	2009 Total £m	2008 Before exceptional items and amortisation (restated) £m	2008 Exceptional items and amortisation £m	2008 Total (restated) £m
Continuing operations							
Revenue							
Rental revenue		**974.0**	**–**	**974.0**	917.3	–	917.3
Sale of new equipment, merchandise and consumables		**55.6**	**–**	**55.6**	58.8	–	58.8
Sale of used rental equipment		**43.9**	**50.5**	**94.4**	71.7	–	71.7
		1,073.5	**50.5**	**1,124.0**	1,047.8	–	1,047.8
Operating costs							
Staff costs	3	**(313.4)**	**(4.5)**	**(317.9)**	(298.9)	–	(298.9)
Used rental equipment sold	3	**(37.3)**	**(50.3)**	**(87.6)**	(63.4)	–	(63.4)
Other operating costs	3	**(367.6)**	**(35.7)**	**(403.3)**	(323.2)	–	(323.2)
Other income	3	**0.9**	**0.7**	**1.6**	1.4	–	1.4
		(717.4)	**(89.8)**	**(807.2)**	(684.1)	–	(684.1)
EBITDA*		**356.1**	**(39.3)**	**316.8**	363.7	–	363.7
Depreciation	3	**(201.1)**	**(43.9)**	**(245.0)**	(176.6)	–	(176.6)
Amortisation	3	**–**	**(3.4)**	**(3.4)**	–	(2.6)	(2.6)
Operating profit	2, 3	**155.0**	**(86.6)**	**68.4**	187.1	(2.6)	184.5
Net financing costs	5	**(67.6)**	**–**	**(67.6)**	(74.8)	–	(74.8)
Profit on ordinary activities before taxation		**87.4**	**(86.6)**	**0.8**	112.3	(2.6)	109.7
Taxation:							
– current	6	**(2.7)**	**2.6**	**(0.1)**	(5.7)	–	(5.7)
– deferred	6,19	**(26.9)**	**28.2**	**1.3**	(33.4)	(0.6)	(34.0)
		(29.6)	**30.8**	**1.2**	(39.1)	(0.6)	(39.7)
Profit from continuing operations		**57.8**	**(55.8)**	**2.0**	73.2	(3.2)	70.0
Profit from discontinued operations	7	**2.0**	**59.0**	**61.0**	7.6	–	7.6
Profit attributable to equity holders of the Company		**59.8**	**3.2**	**63.0**	80.8	(3.2)	77.6
Continuing operations							
Basic earnings per share	9	**11.5p**	**(11.1p)**	**0.4p**	13.4p	(0.6p)	12.8p
Diluted earnings per share	9	**11.4p**	**(11.0p)**	**0.4p**	13.3p	(0.6p)	12.7p
Total continuing and discontinued operations							
Basic earnings per share	9	**11.9p**	**0.6p**	**12.5p**	14.8p	(0.6p)	14.2p
Diluted earnings per share	9	**11.8p**	**0.7p**	**12.5p**	14.7p	(0.6p)	14.1p

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

consolidated statement of recognised income and expense

For the year ended 30 April 2009

	2009 £m	2008 £m (restated)
Profit for the financial year	**63.0**	77.6
Actuarial loss on defined benefit pension scheme	**(7.4)**	(0.6)
Tax on items taken directly to equity	**(1.3)**	(3.0)
Foreign currency translation differences	**59.8**	2.0
Total recognised income and expense for the year	**114.1**	76.0

consolidated statement of changes in equity

For the year ended 30 April 2009

	2009 £m	2008 £m (restated)
Total recognised income and expense for the year	**114.1**	76.0
Issue of ordinary shares, net of expenses	**–**	0.5
Re-issue of ordinary shares from treasury	**0.2**	–
Dividends paid	**(12.9)**	(10.5)
Share-based payments	**(0.8)**	2.5
Own shares purchased by the Company	**(15.7)**	(23.3)
Own shares purchased by the ESOT	**(0.4)**	(1.6)
Realisation of foreign exchange translation differences on Technology disposal	**1.2**	–
Net increase in equity in the year	**85.7**	43.6
Opening equity as reported	**436.1**	396.7
Restatement on application of IFRIC 14	**4.2**	–
Closing equity	**526.0**	440.3

consolidated balance sheet

At 30 April 2009

	notes	2009 £m	2008 £m (restated)
Current assets			
Inventories	10	**10.4**	22.6
Trade and other receivables	11	**148.3**	159.9
Current tax asset		**1.5**	2.2
Cash and cash equivalents	12	**1.7**	1.8
		161.9	186.5
Assets held for sale		**1.6**	26.8
		163.5	213.3
Non-current assets			
Property, plant and equipment			
– rental equipment	13	**1,140.5**	994.0
– other assets	13	**153.5**	136.1
		1,294.0	1,130.1
Intangible assets – brand names and other acquired intangibles	14	**5.9**	8.0
Goodwill	14	**385.4**	291.9
Deferred tax asset	19	**12.3**	18.0
Defined benefit pension fund surplus	24	**0.3**	5.8
		1,697.9	1,453.8
Total assets		**1,861.4**	1,667.1
Current liabilities			
Trade and other payables	15	**106.7**	129.1
Debt due within one year	16	**6.9**	7.6
Provisions	18	**17.4**	9.1
		131.0	145.8
Liabilities directly associated with assets classified as assets held for sale		**–**	6.5
		131.0	152.3
Non-current liabilities			
Debt due after more than one year	16	**1,030.7**	957.4
Provisions	18	**36.8**	18.8
Deferred tax liabilities	19	**136.9**	98.3
		1,204.4	1,074.5
Total liabilities		**1,335.4**	1,226.8
Equity			
Share capital	20	**55.3**	56.2
Share premium account	21	**3.6**	3.6
Capital redemption reserve	21	**0.9**	–
Non-distributable reserve	21	**90.7**	90.7
Own shares held by the Company	21	**(33.1)**	(23.3)
Own shares held through the ESOT	21	**(6.3)**	(7.0)
Cumulative foreign exchange translation differences	21	**29.1**	(28.2)
Retained reserves	21	**385.8**	348.3
Equity attributable to equity holders of the Company		**526.0**	440.3
Total liabilities and equity		**1,861.4**	1,667.1

These financial statements were approved by the Board on 17 June 2009.

Geoff Drabble
Chief executive

Ian Robson
Finance director

consolidated cash flow statement

For the year ended 30 April 2009

	notes	2009 £m	2008 £m (restated)
Cash flows from operating activities			
Cash generated from operations before exceptional items and changes in rental fleet	26 (a)	**373.6**	356.4
Exceptional costs		**(9.4)**	(9.5)
Payments for rental property, plant and equipment		**(208.5)**	(315.7)
Proceeds from disposal of rental property, plant and equipment before exceptional disposals		**39.2**	87.1
Exceptional proceeds from disposal of rental property, plant and equipment		**46.1**	–
Cash generated from operations		**241.0**	118.3
Financing costs paid		**(64.7)**	(76.4)
Tax received/(paid)		**0.8**	(6.4)
Net cash from operating activities		**177.1**	35.5
Cash flows from investing activities			
Acquisition of businesses	26(d), 27	**(0.3)**	(5.9)
Disposal of businesses	7	**89.3**	–
Payments for non-rental property, plant and equipment		**(27.1)**	(35.8)
Proceeds on sale of non-rental property, plant and equipment		**6.6**	5.6
Net cash from/(used in) investing activities		**68.5**	(36.1)
Cash flows from financing activities			
Drawdown of loans		**147.8**	186.7
Redemption of loans		**(353.4)**	(143.9)
Capital element of finance lease payments		**(11.6)**	(7.0)
Purchase of own shares by the Company		**(15.7)**	(22.9)
Purchase of own shares by the ESOT		**(0.4)**	(1.6)
Dividends paid		**(12.9)**	(10.5)
Proceeds from issue of ordinary shares		**0.2**	0.5
Net cash (used in)/from financing activities		**(246.0)**	1.3
(Decrease)/increase in cash and cash equivalents		**(0.4)**	0.7
Opening cash and cash equivalents		**1.8**	1.1
Effect of exchange rate differences		**0.3**	–
Closing cash and cash equivalents		**1.7**	1.8

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 applied consistently 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 with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. 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.

During the year, the Group adopted the following interpretations and amendments to standards:

- 'Improvements to IFRSs' (May 2008) comprising a number of amendments to IFRS has been adopted early in its entirety. The only change affecting the Group is the amendment to 'IAS 16 – Property, plant and equipment' (and consequential amendment to 'IAS 7 – Statement of cash flows'), relating to the sale of rental assets. This has increased the Group's reported revenues and operating costs although there has been no impact on the profit attributable to equity shareholders reported in the 'Consolidated income statement'. In addition, cash flows relating to the sale and purchase of rental assets have been reclassified from investing activities to operating activities. The remaining amendments to IFRS have had no impact on the consolidated results or financial position of the Group.
- 'IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. The adoption of IFRIC 14 has increased the Group's total assets and shareholders' funds due to the inclusion of the pension scheme surplus as an asset. Comparative amounts have been restated for the impact of adopting this new interpretation.
- The adoption of the remaining interpretations and amendments to standards noted below has had no material impact on the consolidated results or financial position of the Group:
  - 'Amendments to IAS 32 – Financial instruments: presentation and IAS 1 – Presentation of financial statements – puttable financial instruments and obligations arising on liquidation' has been adopted early;
  - 'Amendments to IAS 39 – Financial instruments: recognition and measurement and IFRS 7 – Financial instruments: disclosures and IFRS 7 – Reclassification of financial assets';
  - 'Amendments to IFRS 1 and IAS 27 – Cost of investment in subsidiary, jointly controlled entity or associate' has been adopted early;
  - 'Amendment to IFRS 2 – Share-based payment: vesting conditions and cancellations' has been adopted early;
  - 'IAS 23 (Revised) – Borrowing costs' has been adopted early;
  - 'IFRIC 12 – Service concession arrangements';
  - 'IFRIC 13 – Customer loyalty programmes' has been adopted early.

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. A more detailed discussion of the principal accounting policies and management estimates and assumptions is included in the Business and Financial Review on page 33 and forms part of these financial statements. 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. Income statements 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:

	2009	2008
Average for year	**1.68**	2.01
Year end	**1.48**	1.98

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 used for the balance sheet are recognised directly in a separate component of equity. Other exchange differences are dealt with in the income statement.

Revenue

Revenue represents the total amount receivable for the provision of goods and services including the sale of used rental plant and equipment to customers net of returns and value added tax. Rental revenue, including loss damage waiver and environmental 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 and is reported as rental revenue.

Revenue from the sale of rental equipment, 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.

Revenue from sales of rental equipment 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.

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 is 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 supplier. 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%
Motor vehicles	16% to 25%
Rental equipment	5% to 33%
Office and workshop equipment	20%

Residual values are estimated at 10% of cost in respect of most types of rental equipment, although the range of residual values used varies between zero and 30%.

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.

Goodwill is stated at cost less any accumulated impairment losses and is allocated to the Group's two reporting units, Sunbelt and A-Plant.

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

Other intangible assets

Other intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition. Internally generated intangible assets are not capitalised. Amortisation is charged on a straight-line basis over the expected useful life of each asset. Contract related intangible assets are amortised over the life of the contract. Amortisation rates for other intangible assets are as follows:

	Per annum
Brand names	8.3%
Customer lists	10% to 20%

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 two 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.

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 the related tax is also 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 new equipment, fuel, merchandise and spare parts, are valued at the lower of cost and net realisable value.

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.

1 Accounting policies continued

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 used 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.

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.

The defined pension surplus or deficit recognised in the balance sheet represents the fair value of the scheme assets less the present value of the defined benefit obligation. A surplus is recognised in the balance sheet to the extent that the Group has a conditional right to the surplus, either through a refund or reduction in future contributions. A deficit is recognised in full.

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.

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

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Trade receivables

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

Cash and cash equivalents

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

Financial liabilities and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade payables

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

Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. Finance charges, including amortisation of 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.

Derivative financial instruments

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 any 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 and fair value remeasurement gains and losses are included in investment income and interest expense respectively.

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.

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 in treasury or by the ESOT 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, amortisation of acquired intangibles 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. When the shares vest to satisfy share based payments, a transfer is made from own shares held through the ESOT to retained earnings.

Treasury shares
The cost of treasury shares is deducted from shareholders' funds. The proceeds from the reissue of treasury shares are added to shareholders' funds with any gains in excess of the average cost of the shares being recognised in the share premium account.

Assets held for sale
Non-current assets held for sale and disposal groups 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.

2 Segmental analysis
Business segments
The Group operates one class of business: rental of equipment. Operationally, the Group is split into two business units, Sunbelt and A-Plant which separately report to, and are managed by, the chief executive and align with the geographies in which they operate, being the US and UK, respectively. The Group also owned Ashtead Technology, which was sold during the year and therefore has been classified as a disposal group (refer note 7). These business units are the basis on which the Group reports its segment information. The Group manages debt and taxation centrally, rather than by business unit. Accordingly, segmental results are stated before interest and taxation which are reported as central Group items. This is consistent with the way the chief executive reviews the business.

Year ended 30 April 2009	Sunbelt £m	A-Plant £m	Corporate items £m	Continuing operations £m	Discontinued operations £m	Group £m
Revenue	**865.5**	**208.0**	**–**	**1,073.5**	**5.1**	**1,078.6**
Operating costs	**(566.8)**	**(145.2)**	**(5.4)**	**(717.4)**	**(2.3)**	**(719.7)**
EBITDA	**298.7**	**62.8**	**(5.4)**	**356.1**	**2.8**	**358.9**
Depreciation	**(154.3)**	**(46.7)**	**(0.1)**	**(201.1)**	**–**	**(201.1)**
Segment result before exceptional items and amortisation	**144.4**	**16.1**	**(5.5)**	**155.0**	**2.8**	**157.8**
Exceptional items	**(51.9)**	**(31.3)**	**–**	**(83.2)**	**66.1**	**(17.1)**
Amortisation	**(2.9)**	**(0.5)**	**–**	**(3.4)**	**–**	**(3.4)**
Segment result	**89.6**	**(15.7)**	**(5.5)**	**68.4**	**68.9**	**137.3**
Net financing costs				**(67.6)**	**–**	**(67.6)**
Profit before taxation				**0.8**	**68.9**	**69.7**
Taxation				**1.2**	**(7.9)**	**(6.7)**
Profit attributable to equity shareholders				**2.0**	**61.0**	**63.0**
Segment assets	**1,514.7**	**331.0**	**0.2**	**1,845.9**	**–**	**1,845.9**
Cash				**1.7**	**–**	**1.7**
Taxation assets				**13.8**	**–**	**13.8**
Total assets				**1,861.4**	**–**	**1,861.4**
Segment liabilities	**113.3**	**34.5**	**2.2**	**150.0**	**–**	**150.0**
Corporate borrowings and accrued interest				**1,048.5**	**–**	**1,048.5**
Deferred taxation liabilities				**136.9**	**–**	**136.9**
Total liabilities				**1,335.4**	**–**	**1,335.4**
Other non-cash expenditure – share-based payments	**(0.4)**	**(0.1)**	**(0.3)**	**(0.8)**	**–**	**(0.8)**
Capital expenditure	**166.1**	**72.5**	**–**	**238.6**	**–**	**238.6**

2 Segmental analysis continued

Year ended 30 April 2008	Sunbelt £m	A-Plant £m	Corporate items £m	Continuing operations £m	Discontinued operations £m	Group £m
Revenue	810.0	237.8	–	1,047.8	27.6	1,075.4
Operating costs	(511.6)	(164.6)	(7.9)	(684.1)	(11.3)	(695.4)
EBITDA	298.4	73.2	(7.9)	363.7	16.3	380.0
Depreciation	(133.5)	(43.0)	(0.1)	(176.6)	(5.7)	(182.3)
Segment result before amortisation	164.9	30.2	(8.0)	187.1	10.6	197.7
Amortisation	(2.1)	(0.5)	–	(2.6)	–	(2.6)
Segment result	162.8	29.7	(8.0)	184.5	10.6	195.1
Net financing costs				(74.8)	–	(74.8)
Profit before taxation				109.7	10.6	120.3
Taxation				(39.7)	(3.0)	(42.7)
Profit attributable to equity shareholders				70.0	7.6	77.6
Segment assets	1,254.4	362.7	1.2	1,618.3	26.0	1,644.3
Cash				1.8	–	1.8
Taxation assets				20.2	0.8	21.0
Total assets				1,640.3	26.8	1,667.1
Segment liabilities	97.5	45.7	4.0	147.2	4.4	151.6
Corporate borrowings and accrued interest				974.8	–	974.8
Deferred taxation liabilities				98.3	2.1	100.4
Total liabilities				1,220.3	6.5	1,226.8
Other non-cash expenditure – share-based payments	0.9	0.6	0.7	2.2	–	2.2
Capital expenditure	198.9	129.2	–	328.1	8.8	336.9

There are no sales between the business segments. Segment assets include property, plant and equipment, goodwill, acquired intangibles, inventory and receivables. Segment liabilities comprise operating liabilities and exclude taxation balances, corporate borrowings and accrued interest. Capital expenditure represents additions to property, plant and equipment and intangible assets and includes additions through the acquisition of businesses.

Segmental analysis by geography

The Group's operations are located in North America and the United Kingdom. Until the disposal of Ashtead Technology, the Group also operated in Singapore. The following table provides an analysis of the Group's revenue, segment assets and capital expenditure, including acquisitions, by country of domicile. Segment assets include property, plant and equipment and intangible assets.

	Revenue		Segment assets		Capital expenditure	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
North America	**867.7**	821.9	**1,394.0**	1,137.7	**166.1**	202.3
United Kingdom	**209.9**	249.9	**292.1**	309.3	**72.5**	132.9
Rest of World	**1.0**	3.6	**–**	3.5	**–**	1.7
	1,078.6	1,075.4	**1,686.1**	1,450.5	**238.6**	336.9

Revenue from the Group's discontinued operations was derived from North America (2009: £2.2m, 2008: £11.9m), United Kingdom (2009: £1.9m, 2008: £12.1m) and the Rest of World (2009: £1.0m, 2008: £3.6m).

3 Operating costs and other income

	2009 Before exceptional items and amortisation £m	2009 Exceptional items and amortisation £m	2009 Total £m	2008 Before amortisation £m	2008 Amortisation £m	2008 Total £m
Staff costs:						
Salaries	**284.6**	**4.5**	**289.1**	271.7	–	271.7
Social security costs	**23.0**	**–**	**23.0**	22.5	–	22.5
Other pension costs	**5.8**	**–**	**5.8**	4.7	–	4.7
	313.4	**4.5**	**317.9**	298.9	–	298.9
Used rental equipment sold	**37.3**	**50.3**	**87.6**	63.4	–	63.4
Other operating costs:						
Vehicle costs	**84.0**	**0.5**	**84.5**	71.0	–	71.0
Spares, consumables and external repairs	**61.9**	**1.9**	**63.8**	55.7	–	55.7
Facility costs	**47.3**	**25.3**	**72.6**	40.9	–	40.9
Other external charges	**174.4**	**8.0**	**182.4**	155.6	–	155.6
	367.6	**35.7**	**403.3**	323.2	–	323.2
Other income:						
Profit on disposal of non-rental property, plant and equipment	**(0.9)**	**(0.7)**	**(1.6)**	(1.4)	–	(1.4)
Depreciation and amortisation:						
Depreciation of owned assets	**197.5**	**40.6**	**238.1**	172.3	–	172.3
Depreciation of leased assets	**3.6**	**3.3**	**6.9**	4.3	–	4.3
Amortisation of acquired intangibles	**–**	**3.4**	**3.4**	–	2.6	2.6
	201.1	**47.3**	**248.4**	176.6	2.6	179.2
	918.5	**137.1**	**1,055.6**	860.7	2.6	863.3

Staff costs relating to discontinued operations are shown in note 7. Proceeds from the disposal of non-rental property, plant and equipment amounted to £5.9m (2008: £5.9m) from continuing operations.

The costs shown in the above table include:

	2009 Before exceptional items and amortisation £m	2009 Exceptional items and amortisation £m	2009 Total £m	2008 Before amortisation £m	2008 Amortisation £m	2008 Total £m
Operating lease rentals payable:						
Plant and equipment	**3.3**	**–**	**3.3**	5.8	–	5.8
Property	**34.1**	**24.0**	**58.1**	29.2	–	29.2
Cost of inventories recognised as expense	**55.8**	**6.0**	**61.8**	108.9	–	108.9
Bad debt expense	**17.0**	**–**	**17.0**	8.0	–	8.0
Net foreign exchange losses	**–**	**–**	**–**	0.2	–	0.2

3 Operating costs and other income continued

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

	2009 £'000	2008 £'000
Audit services		
Fees payable to Deloitte UK		
– Group audit	**343**	343
– UK statutory audits of subsidiaries	**14**	29
Fees payable to other Deloitte firms		
– Overseas statutory audit	**–**	4
– Overseas subsidiary audits	**292**	258
	649	634
Other services		
Fees payable to Deloitte UK		
– Half year review	**73**	63
– Other assurance services	**20**	20
– Other non-audit services	**135**	–
Fees payable to other Deloitte firms		
– Half year review	**48**	37
– Tax services	**–**	83
	925	837

Other non-audit services in 2009 relate to a review of the Group's working capital forecasts in connection with the disposal of Ashtead Technology.

4 Exceptional items and amortisation

	2009 £m	2008 £m
US cost reduction programme	**(52.2)**	–
UK cost reduction programme	**(31.7)**	–
Profit on sale of property from closed sites	**0.7**	–
Profit on sale of Ashtead Technology	**66.1**	–
Total exceptional items before taxation	**(17.1)**	–
Taxation on exceptional items	**22.4**	(1.6)
Total exceptional items	**5.3**	(1.6)
Amortisation of acquired intangibles (net of tax credit of £1.3m)	**(2.1)**	(1.6)
	3.2	(3.2)

The US and the UK cost reduction programmes relate to store closures, fleet downsizing and other cost reduction measures taken in expectation of lower demand for our equipment. The principal costs relate to impairment of rental fleet as a result of the accelerated disposal programme and vacant property costs and the impairment of leasehold improvements at profit centres that will be closed. The gain on Ashtead Technology arose on the sale of that business (refer note 7).

Exceptional items and amortisation are presented in the income statement as follows:

	2009 £m	2008 £m
Sale of used rental equipment	**50.5**	–
Staff costs	**(4.5)**	–
Used rental equipment sold	**(50.3)**	–
Other operating costs	**(35.7)**	–
Other income	**0.7**	–
Depreciation	**(43.9)**	–
Amortisation	**(3.4)**	(2.6)
Charged in arriving at operating profit and profit before tax	**(86.6)**	(2.6)
Taxation	**30.8**	(0.6)
	(55.8)	(3.2)
Profit after taxation from discontinued operations	**59.0**	–
	3.2	(3.2)

The exceptional depreciation charge of £43.9m consists of £40.6m relating to the impairment of rental equipment sold during the accelerated disposal programme and £3.3m relating to the impairment of leasehold improvements at closed sites.

5 Net financing costs

	2009 £m	2008 £m
Investment income		
Expected return on assets of defined benefit pension plan	**4.1**	4.3
Interest expense		
Bank interest payable	**21.6**	36.1
Interest payable on second priority senior secured notes	**42.4**	35.4
Interest payable on finance leases	**0.7**	1.2
Non-cash unwind of discount on defined pension plan liabilities	**3.1**	2.9
Non-cash unwind of discount on insurance provisions	**1.1**	1.1
Amortisation of deferred costs of debt raising	**2.8**	2.4
Total interest expense	**71.7**	79.1
Net financing costs	**67.6**	74.8

6 Taxation

	2009 £m	2008 £m
Analysis of (credit)/charge in period		
Current tax		
– UK corporation tax at 28% (2008: 29.8%)	**–**	–
– overseas taxation	**0.1**	5.7
	0.1	5.7
Deferred tax	**(1.3)**	34.0
Taxation	**(1.2)**	39.7

The tax charge on continuing activities comprises a charge of £29.6m (2008: £39.1m) relating to tax on the profit before exceptional items and amortisation, together with a net credit of £30.8m (2008: £0.6m) comprising a tax credit of £1.3m (2008: £1.0m) on the amortisation expense and a tax credit of £29.5m on exceptional items.

The tax charge for the period is higher than the standard rate of corporation tax in the UK of 28% for the year. The differences are explained below:

	2009 £m	2008 £m
Profit on ordinary activities before tax	**0.8**	109.7
Profit on ordinary activities multiplied by the rate of Corporation tax in the UK of 28% (2008: 29.8%)	**0.2**	32.7
Effects of:		
Use of foreign tax rates on overseas income	**(2.5)**	5.3
Change in rate of UK corporation tax on deferred tax asset	**–**	1.6
Other	**1.1**	0.1
Total taxation (credit)/charge	**(1.2)**	39.7

7 Discontinued operations

The Group sold its Ashtead Technology division in June 2008 for a cash consideration of £96.0m. The results of the discontinued operations which have been included in the consolidated income statement are as follows:

	2009 £m	2008 £m
Revenue	**5.1**	27.6
Operating costs	**(2.3)**	(11.3)
EBITDA	**2.8**	16.3
Depreciation	**–**	(5.7)
Operating profit	**2.8**	10.6
Net financing costs	**–**	–
Profit before taxation from operations	**2.8**	10.6
Taxation	**(0.8)**	(3.0)
Profit after taxation from operations	**2.0**	7.6
Profit on sale of Ashtead Technology net of taxation of £7.1m	**59.0**	–
Profit after taxation from discontinued operations	**61.0**	7.6

Staff costs included in the above operating costs are as follows:

	2009 £m	2008 £m
Salaries	**0.8**	4.9
Social security costs	**0.1**	0.5
Other pension costs	**–**	0.1
	0.9	5.5

Proceeds from the disposal of property, plant and equipment amounted to £0.4m (2008: £1.1m).

The £0.8m tax charge consists of a deferred tax charge of £0.4m (2008: £1.8m) relating to the UK, a deferred tax charge of £0.3m relating to the US (2008: £0.9m), a deferred tax charge of £nil (2008: £0.1m) and a current tax charge of £0.1m (2008: £0.2m) relating to Singapore.

The assets and liabilities of Ashtead Technology as at the date of disposal were:

	At 26 June 2008	
	£m	£m
Assets		
Cash and cash equivalents		2.8
Inventories		0.1
Trade and other receivables		5.8
Taxation assets		0.8
Property, plant and equipment – rental equipment	18.9	
– other assets	0.3	
		19.2
Goodwill		2.0
Total assets		30.7
Liabilities		
Trade and other payables		4.6
Taxation liabilities		2.5
Total liabilities		7.1
Net assets		23.6

The proceeds from the sale of Ashtead Technology which have been included in the profit after tax from discontinued operations are as follows:

Sale of Ashtead Technology

	2009 £m
Consideration received	**96.0**
Less: Costs of disposal	**(5.1)**
Net disposal consideration	**90.9**
Less: Carrying amounts of net assets disposed of	**(23.6)**
Less: Recycling of cumulative foreign exchange translation differences	**(1.2)**
Profit on sale before taxation	**66.1**
Taxation	**(7.1)**
	59.0

The results of the discontinued operations which have been included in the consolidated cash flow statement are as follows:

	2009 £m	2008 £m
Cash flows attributable to discontinued operations		
Cash flows from operating activities	**2.8**	7.1
Cash flows from investing activities	**–**	–
Cash flows from financing activities	**(0.3)**	(7.1)
	2.5	–

	2009 £m
Net cash inflow on disposal	
Consideration received in cash	**96.0**
Less: Cash and cash equivalents balance sold	**(2.8)**
Less: Costs of disposal paid	**(3.9)**
Net consideration reported on cash flow statement	**89.3**

8 Dividends

	2009 £m	2008 £m
Final dividend paid on 26 September 2008 of 1.675p (2008: 1.1p) per 10p ordinary share	**8.4**	6.1
Interim dividend paid on 26 February 2009 of 0.9p (2008: 0.825p) per 10p ordinary share	**4.5**	4.4
	12.9	10.5

In addition, the directors are proposing a final dividend in respect of the financial year ended 30 April 2009 of 1.675p per share which will absorb £8.3m of shareholders' funds based on the 497.6m shares ranking for dividend at 17 June 2009. Subject to approval by shareholders, it will be paid on 11 September 2009 to shareholders who are on the register of members on 21 August 2009.

9 Earnings per share

	2009			2008		
	Earnings £m	**Weighted average no. of shares million**	**Per share amount pence**	Earnings £m	Weighted average no. of shares million	Per share amount pence
Continuing operations						
Basic earnings per share	**2.0**	**504.5**	**0.4p**	70.0	547.0	12.8p
Effect of dilutive securities:						
Share options and share plan awards	**–**	**0.2**	**–**	–	2.2	(0.1p)
Diluted earnings per share	**2.0**	**504.7**	**0.4p**	70.0	549.2	12.7p
Discontinued operations						
Basic earnings per share	**61.0**	**504.5**	**12.1p**	7.6	547.0	1.4p
Effect of dilutive securities:						
Share options and share plan awards	**–**	**0.2**	**–**	–	2.2	–
Diluted earnings per share	**61.0**	**504.7**	**12.1p**	7.6	549.2	1.4p
Total group						
Basic earnings per share	**63.0**	**504.5**	**12.5p**	77.6	547.0	14.2p
Effect of dilutive securities:						
Share options and share plan awards	**–**	**0.2**	**–**	–	2.2	(0.1p)
Diluted earnings per share	**63.0**	**504.7**	**12.5p**	77.6	549.2	14.1p

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

	2009 pence	2008 pence
Total group		
Basic earnings per share	**12.5**	14.2
Exceptional items and amortisation of acquired intangibles	**4.1**	0.5
Tax on exceptional items and amortisation	**(4.7)**	(0.2)
Exceptional deferred tax charge	**–**	0.3
Underlying earnings per share	**11.9**	14.8
Other deferred tax	**5.4**	6.6
Cash tax earnings per share	**17.3**	21.4

10 Inventories

	2009 £m	2008 £m
Raw materials, consumables and spares	**4.2**	11.6
Goods for resale	**6.2**	11.0
	10.4	22.6

11 Trade and other receivables

	2009 £m	2008 £m
Trade receivables	**141.6**	149.7
Less: allowance for bad and doubtful receivables	**(17.6)**	(12.6)
	124.0	137.1
Other receivables	**24.3**	22.8
	148.3	159.9

The fair values of trade and other receivables are not materially different to the carrying values presented.

a) Trade receivables: credit risk

The Group's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in note 25. The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the Group's markets. The contractual terms on invoices issued to customers vary between the US and the UK in that, invoices issued by A-Plant are payable within 30-60 days whereas, invoices issued by Sunbelt are payable on receipt. Therefore, on this basis, a significant proportion of the Group's trade receivables are contractually past due. In the US the allowance account for bad and doubtful receivables is calculated based on prior experience reflecting the level of uncollected receivables over the last year within each business. Accordingly, this cannot be attributed to specific receivables so the aged analysis of trade receivables, including those past due, is shown gross of the allowance for bad and doubtful receivables.

On this basis, the ageing analysis of trade receivables, including those past due, is as follows:

		Trade receivables past due by:				
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	Total £m
Carrying value at 30 April 2009	27.8	55.7	28.4	8.1	21.6	141.6
Carrying value at 30 April 2008	27.8	69.4	28.2	8.1	16.2	149.7

In practice, Sunbelt operates on 30 day terms and considers receivables past due if they are unpaid after 30 days. On this basis the Group's ageing of trade receivables, including those past due, is as follows:

		Trade receivables past due by:				
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	Total £m
Carrying value at 30 April 2009	80.1	28.0	10.8	5.0	17.7	141.6
Carrying value at 30 April 2008	83.4	37.3	10.0	5.4	13.6	149.7

b) Movement in the allowance account for bad and doubtful receivables

	2009 £m	2008 £m
At 1 May	**12.6**	12.4
Amounts written off and recovered during the year	**(14.7)**	(8.1)
Increase in allowance recognised in income statement	**17.0**	8.7
Currency movements	**2.7**	0.1
Transfer to assets held for sale	**–**	(0.5)
At 30 April	**17.6**	12.6

12 Cash and cash equivalents

	2009 £m	2008 £m
Cash and cash equivalents	**1.7**	1.8

Cash and cash equivalents comprise cash held by the Group. The carrying amount of cash and cash equivalents approximates their fair value.

13 Property, plant and equipment

	Land and buildings £m	Rental equipment: Owned £m	Rental equipment: Held under finance leases £m	Office and workshop equipment £m	Motor vehicles: Owned £m	Motor vehicles: Held under finance leases £m	Total £m
Cost or valuation							
At 1 May 2007	72.1	1,433.7	0.4	47.7	73.9	38.1	1,665.9
Exchange difference	0.3	11.7	–	0.3	0.7	0.3	13.3
Acquisitions	–	4.9	–	–	–	–	4.9
Reclassifications	(0.5)	(2.0)	(0.1)	1.2	0.1	(2.3)	(3.6)
Additions	7.5	294.8	–	3.3	25.3	0.1	331.0
Disposals	(2.1)	(168.8)	–	(3.6)	(14.8)	(3.6)	(192.9)
Transfer to assets held for sale	–	(46.2)	–	(0.9)	(0.2)	–	(47.3)
At 30 April 2008	77.3	1,528.1	0.3	48.0	85.0	32.6	1,771.3
Exchange difference	12.6	393.1	0.1	11.1	22.8	8.4	448.1
Acquisitions	–	0.1	–	–	–	–	0.1
Reclassifications	–	(1.4)	(0.1)	1.4	22.0	(22.2)	(0.3)
Additions	7.2	207.5	–	2.2	19.7	1.7	238.3
Disposals	(9.9)	(150.4)	–	(11.1)	(19.8)	(3.5)	(194.7)
Transfer to assets held for sale	(0.4)	(179.1)	–	(6.4)	(12.8)	–	(198.7)
At 30 April 2009	**86.8**	**1,797.9**	**0.3**	**45.2**	**116.9**	**17.0**	**2,064.1**
Depreciation							
At 1 May 2007	21.9	513.4	0.1	35.1	31.3	16.1	617.9
Exchange difference	0.1	6.0	–	0.3	0.4	0.1	6.9
Acquisitions	–	2.1	–	–	–	–	2.1
Reclassifications	(0.5)	(1.5)	(0.1)	0.6	(0.9)	(1.2)	(3.6)
Charge for the period	3.5	158.7	0.1	5.0	10.7	4.3	182.3
Disposals	(0.8)	(116.0)	–	(3.3)	(11.9)	(3.2)	(135.2)
Transfer to assets held for sale	(0.1)	(28.4)	–	(0.6)	(0.1)	–	(29.2)
At 30 April 2008	24.1	534.3	0.1	37.1	29.5	16.1	641.2
Exchange difference	2.2	159.7	–	9.3	9.9	4.1	185.2
Acquisitions	–	–	–	–	–	–	–
Reclassifications	–	(0.8)	–	0.8	11.3	(11.6)	(0.3)
Charge for the period	10.2	210.8	–	5.4	15.0	3.6	245.0
Disposals	(8.7)	(106.8)	–	(10.6)	(15.1)	(2.9)	(144.1)
Transfer to assets held for sale	(0.4)	(139.6)	–	(6.4)	(10.5)	–	(156.9)
At 30 April 2009	**27.4**	**657.6**	**0.1**	**35.6**	**40.1**	**9.3**	**770.1**
Net book value							
At 30 April 2009	**59.4**	**1,140.3**	**0.2**	**9.6**	**76.8**	**7.7**	**1,294.0**
At 30 April 2008	53.2	993.8	0.2	10.9	55.5	16.5	1,130.1

The amount of rebuild costs capitalised in the year was £1.9m (2008: £3.4m). Included in depreciation for the year is an impairment charge of £43.9m.

14 Intangible assets including goodwill

	Goodwill £m	Other intangible assets: Brand names £m	Customer lists £m	Contract related £m	Total £m	Total £m
Cost or valuation						
At 1 May 2007	289.6	10.7	1.7	8.3	20.7	310.3
Recognised on acquisition	1.5	–	–	1.0	1.0	2.5
Adjustment to prior year acquisition	0.1	–	–	(0.1)	(0.1)	–
Exchange differences	2.7	–	–	–	–	2.7
Transfer to assets held for sale	(2.0)	–	–	–	–	(2.0)
At 30 April 2008	291.9	10.7	1.7	9.2	21.6	313.5
Recognised on acquisition	–	–	–	0.2	0.2	0.2
Disposals	–	–	–	(1.4)	(1.4)	(1.4)
Exchange differences	93.5	3.0	–	2.8	5.8	99.3
Transfer to assets held for sale	–	–	–	–	–	–
At 30 April 2009	**385.4**	**13.7**	**1.7**	**10.8**	**26.2**	**411.6**
Amortisation						
At 1 May 2007	–	9.4	0.1	1.5	11.0	11.0
Charge for the period	–	0.1	0.2	2.3	2.6	2.6
At 30 April 2008	–	9.5	0.3	3.8	13.6	13.6
Charge for the period	–	0.1	0.3	3.0	3.4	3.4
Disposals	–	–	–	(1.4)	(1.4)	(1.4)
Exchange differences	–	3.0	–	1.7	4.7	4.7
At 30 April 2009	**–**	**12.6**	**0.6**	**7.1**	**20.3**	**20.3**
Net book value						
At 30 April 2009	**385.4**	**1.1**	**1.1**	**3.7**	**5.9**	**391.3**
At 30 April 2008	291.9	1.2	1.4	5.4	8.0	299.9

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

	2009 £m	2008 £m
Sunbelt	**371.1**	277.6
A-Plant	**14.3**	14.3
Continuing operations	**385.4**	291.9
Discontinued operations – Ashtead Technology	**–**	2.0
	385.4	293.9

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on Board approved financial plans covering a three year period. These financial plans were updated during the 2009/10 budgeting cycle and reflect the current economic environment. 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 is 9%.

A sensitivity analysis has been undertaken by changing the key assumptions used for both Sunbelt and A-Plant. Based on this sensitivity analysis, no reasonably possible change in the assumptions resulted in the carrying value of the goodwill in Sunbelt or A-Plant being reduced to the recoverable amount.

15 Trade and other payables

	2009 £m	2008 £m
Trade payables	**25.6**	43.8
Other taxes and social security	**14.0**	12.9
Accruals and deferred income	**67.1**	72.4
	106.7	129.1

Trade and other payables include amounts relating to the purchase of fixed assets of £9.4m (2008: £24.1m). The fair values of trade and other payables are not materially different from the carrying values presented.

16 Borrowings

	2009 £m	2008 £m
Current		
First priority senior secured bank debt	**1.7**	1.3
Finance lease obligations	**5.2**	6.3
	6.9	7.6
Non-current		
First priority senior secured bank debt	**499.4**	554.8
Finance lease obligations	**2.7**	8.9
8.625% second priority senior secured notes, due 2015	**165.1**	122.2
9% second priority senior secured notes, due 2016	**363.5**	271.4
Loan notes	**–**	0.1
	1,030.7	957.4

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

The $1.75bn first priority asset-based senior secured loan facility ('ABL facility') consists of a $1.5bn revolving credit facility and a $250m term loan and is secured by a first priority interest in substantially all of the Group's assets. Pricing for the revolver loan is based on the ratio of funded debt to EBITDA before exceptional items according to a grid which varies, depending on leverage, from LIBOR plus 225bp to LIBOR plus 150bp. At 30 April 2009 the Group's borrowing rate was LIBOR plus 175bp. The term loan is priced at LIBOR plus 175bp.

The ABL facility carries minimal amortisation of 1% per annum ($2.5m) on the term loan and is committed until August 2011. The ABL facility includes a springing covenant package under which quarterly financial performance covenants are tested only if available liquidity is less than $125m. Available liquidity at 30 April 2009 was £371m ($550m) reflecting drawings under the facility at that date together with outstanding letters of credit of £21m ($32m). 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 2009 was £899m ($1,332m).

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 ABL facility and are also guaranteed by Ashtead Group plc.

9% second priority senior secured notes due 2016 having a nominal value of $550m

On 15 August 2006 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., issued $550m of 9% second priority senior secured notes due 15 August 2016. The notes are secured by second priority interests over substantially the same assets as the ABL facility and are also guaranteed by Ashtead Group plc. Both note issues rank pari passu on a second lien basis.

Under the terms of both the 8.625% and 9% 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.

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

		2009	2008
First priority senior secured bank debt	– revolving advances in dollars	**2.19%**	4.25%
	– term loan advances in dollars	**2.25%**	4.5%
	– revolving advances in sterling	**2.7%**	7.0%
Secured notes	– $250m nominal value	**8.625%**	8.625%
	– $550m nominal value	**9.0%**	9.0%
Finance leases		**7.0%**	7.0%

17 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	£m	£m	**£m**	£m
Amounts payable under finance leases:				
Less than one year	**5.5**	7.1	**5.2**	6.3
Later than one year but not more than five	**2.9**	9.5	**2.7**	8.9
	8.4	16.6	**7.9**	15.2
Future finance charges	**(0.5)**	(1.4)		
	7.9	15.2		

The Group's obligations under finance leases are secured by the lessor's rights over the leased assets disclosed in note 13.

18 Provisions

	Self-insurance £m	Vacant property £m	Total £m
At 1 May 2008	21.7	6.2	27.9
Exchange differences	6.7	2.0	8.7
Utilised	(15.2)	(5.1)	(20.3)
Charged in the year	13.0	23.8	36.8
Amortisation of discount	1.1	–	1.1
At 30 April 2009	**27.3**	**26.9**	**54.2**

	2009	2008
	£m	£m
Included in current liabilities	**17.4**	9.1
Included in non-current liabilities	**36.8**	18.8
	54.2	27.9

Self-insurance provisions relate to the discounted estimated liability in respect of claims excesses 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. The amount charged in the year is stated net of a £3.9m adjustment to reduce the provision held at 1 May 2008.

The provision for vacant property costs is expected to be utilised over a period of up to five years.

19 Deferred tax

Deferred tax assets

	Tax losses £m	Other temporary differences £m	Total £m
At 1 May 2008 (as originally reported)	–	19.6	19.6
Restatement on application of IFRIC 14	–	(1.6)	(1.6)
At 1 May 2008 (restated)	–	18.0	18.0
Offset against deferred tax liability at 1 May 2008	10.4	36.4	46.8
Gross deferred tax assets at 1 May 2008	10.4	54.4	64.8
Exchange differences	3.7	11.7	15.4
Credit/(charge) to income statement	35.5	(7.9)	27.6
Charge to equity	–	(0.9)	(0.9)
Charge on Ashtead Technology disposal	(7.1)	(0.4)	(7.5)
Less offset against deferred tax liability	(42.5)	(44.6)	(87.1)
At 30 April 2009	**–**	**12.3**	**12.3**

Deferred tax liabilities

	Accelerated tax depreciation £m	Other temporary differences £m	Total £m
Net deferred tax liability at 1 May 2008	133.6	(35.3)	98.3
Deferred tax assets offset at 1 May 2008	10.4	36.4	46.8
Gross deferred tax liability at 1 May 2008	144.0	1.1	145.1
Exchange differences	52.4	0.2	52.6
Charge to income statement	27.6	(1.3)	26.3
	224.0	–	224.0
Less offset of deferred tax assets			
– benefit of tax losses			(42.5)
– other temporary differences			(44.6)
At 30 April 2009			**136.9**

The Group has an unrecognised UK deferred tax asset of £1.6m (2008: £2.0m) in respect of losses in a non-trading UK company, as it is not considered probable this deferred tax asset will be utilised.

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 £nil (2008: £15.5m). 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.

20 Called up share capital

	2009 Number	2008 Number	**2009 £m**	2008 £m
Ordinary shares of 10p each				
Authorised	**900,000,000**	900,000,000	**90.0**	90.0
Issued and fully paid:				
At 1 May	**561,572,726**	559,898,348	**56.2**	56.0
Allotted under share option schemes	**–**	1,674,378	**–**	0.2
Cancellation of shares	**(8,247,172)**	–	**(0.9)**	–
At 30 April	**553,325,554**	561,572,726	**55.3**	56.2

In the year ended 30 April 2009, 675,559 ordinary shares of 10p each were re-issued out of treasury at an average price of 23p per share under share option plans raising £0.2m. In addition, during the year the Company purchased 27,288,283 shares at a total cost of £15.7m, which are held in treasury, the ESOT purchased 491,513 shares at a total cost of £0.4m and 8,247,172 shares held in treasury were cancelled.

At 30 April 2009, 50m shares were held in treasury, acquired at an average cost of 66p.

21 Reconciliation of changes in equity

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non–distributable reserve £m	Treasury stock £m	Own shares held by ESOT £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m
At 1 May 2007	56.0	3.3	–	90.7	–	(8.7)	(30.2)	285.6	396.7
Total recognised income and expense	–	–	–	–	–	–	2.0	74.0	76.0
Shares issued	0.2	0.3	–	–	–	–	–	–	0.5
Dividends paid	–	–	–	–	–	–	–	(10.5)	(10.5)
Share-based payments	–	–	–	–	–	–	–	2.5	2.5
Vesting of share awards	–	–	–	–	–	3.3	–	(3.3)	–
Own shares purchased	–	–	–	–	(23.3)	(1.6)	–	–	(24.9)
At 30 April 2008 as restated	56.2	3.6	–	90.7	(23.3)	(7.0)	(28.2)	348.3	440.3
Total recognised income and expense	–	–	–	–	–	–	56.1	58.0	114.1
Shares issued/re-issued	–	–	–	–	0.5	–	–	(0.3)	0.2
Dividends paid	–	–	–	–	–	–		(12.9)	(12.9)
Share-based payments	–	–	–	–	–	–	–	(0.8)	(0.8)
Vesting of share awards	–	–	–	–	–	1.1	–	(1.1)	–
Own shares purchased	–	–	–	–	(15.7)	(0.4)	–	–	(16.1)
Cancellation of shares held in treasury by the Company	(0.9)	–	0.9	–	5.4	–	–	(5.4)	–
Realisation of foreign exchange translation differences	–	–	–	–	–	–	1.2	–	1.2
At 30 April 2009	**55.3**	**3.6**	**0.9**	**90.7**	**(33.1)**	**(6.3)**	**29.1**	**385.8**	**526.0**

22 Share-based payments

The Employee Share Option Trust (ESOT) facilitates the provision of shares under certain of the Group's share-based remuneration plans. It holds a beneficial interest in 5,752,818 ordinary shares of the Company acquired at an average cost of 108.7p per share. The shares had a market value of £3.6m at 30 April 2009. The ESOT has waived the right to receive dividends on the shares it holds. The costs of operating the ESOT are borne by the Group but are not significant.

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).

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 prices of 94.09p and 115.31p, 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 2009 the charge in respect of the CIP was £nil (2008: £179,000 credit). The fair value of the awards at 30 April 2009 was based on the share price on that date.

Performance Share Plan

Details of the Performance Share Plan ('PSP') are given on pages 41 and 42. 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 2009, there was a net credit in respect of the PSP of £907,000 (2008: charge of £2,070,000). This reflected the Company's assessment that it was unlikely that the 2006 or 2007 PSP awards would vest due to the economic downturn. The performance criteria related to these awards were non-market performance measures and the amounts charged in prior years in relation to these awards have therefore been reversed.

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 56.5p, nil exercise price, a dividend yield of 4.42% volatility of 39.85%, a risk free rate of 4.16% 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 41. 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.

22 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 2009 the charge in respect of SAYE schemes was £110,000 (2008: £292,000). No awards were granted during 2008/9.

	Discretionary schemes		SAYE			
	Number	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	IIP Number	PSP Number
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	–	–
2006/7						
Outstanding at 1 May 2006	6,486,860	123.191	4,226,926	35.637	987,501	3,642,446
Granted	–	–	555,938	132.400	–	1,759,087
Rights issue uplift	505,874	–	287,945	–	83,045	296,891
Forfeited	(32,077)	107.541	(77,270)	80.408	–	(210,252)
Exercised	(1,993,853)	90.741	(1,330,414)	25.385	–	–
Expired	(4,336)	124.223	(183,483)	88.572	–	–
Outstanding at 30 April 2007	4,962,468	123.876	3,479,642	48.911	1,070,546	5,488,172
Exercisable at 30 April 2007	4,962,468	123.876	81,380	23.246	–	–
2007/8						
Outstanding at 1 May 2007	4,962,468	123.876	3,479,642	48.911	1,070,546	5,488,172
Granted	–	–	–	–	–	2,252,237
Forfeited	–	–	(189,694)	63.928	–	(139,068)
Exercised	(23,578)	44.442	(1,772,448)	28.220	(1,070,546)	(2,100,781)
Expired	(1,346,487)	170.384	(190,467)	109.423	–	–
Outstanding at 30 April 2008	3,592,403	106.965	1,327,033	65.705	–	5,500,560
Exercisable at 30 April 2008	3,592,403	106.965	43,417	22.388	–	–
2008/9						
Outstanding at 1 May 2008	3,592,403	106.965	1,327,033	65.705	–	5,500,560
Granted	–	–	–	–	–	7,031,707
Forfeited	–	–	(14,137)	112.411	–	–
Exercised	(327,384)	38.282	(673,391)	22.388	–	(786,861)
Expired	(1,328,967)	134.277	(156,121)	94.762	–	(1,586,055)
Outstanding at 30 April 2009	1,936,052	99.832	483,384	115.299	–	10,159,351
Exercisable at 30 April 2009	1,936,052	99.832	222,993	107.318	–	–

Options outstanding at 30 April 2009:

	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
1999/2000	94.364	472,476	08 Mar 10	–	–	–
2000/1	115.267	1,203,701	16 Aug 10	–	–	–
2001/2	38.282	259,875	26 Feb 12	–	–	–
2005/6	–	–	–	106.480	211,056	31 May 09
2006/7	–	–	–	122.134	272,328	28 Feb 10
		1,936,052			483,384	

The weighted average exercise price during the period for options exercised over the year was 38.282p (2008: 44.442p) for discretionary schemes and 22.388p (2008: 28.220p) for SAYE schemes.

There was a net credit for the year relating to employee share-based payment plans of £0.8m (2008: charge of £2.2m), related to equity-settled share-based payment transactions. After deferred tax, the total charge was £0.7m (2008: £1.6m).

23 Operating leases

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

	2009 £m	2008 £m
Land and buildings:		
Expiring in one year	**2.8**	4.3
Expiring between two and five years	**22.0**	13.1
Expiring in more than five years	**17.0**	18.1
	41.8	35.5
Other:		
Expiring in one year	**0.2**	0.5
Expiring between two and five years	**0.9**	1.3
	1.1	1.8
Total	**42.9**	37.3

Total minimum commitments under existing operating leases at 30 April 2009 through to the end of their respective term by year are as follows:

	Land and buildings £m	Other £m	Total £m
Financial year			
2010	41.8	1.1	42.9
2011	32.2	0.8	33.0
2012	28.5	0.6	29.1
2013	26.1	–	26.1
2014	22.3	–	22.3
Thereafter	96.0	–	96.0
	246.9	2.5	249.4

£26.9m of the total minimum operating lease commitments of £246.9m relating to vacant properties have been provided within the financial statements and included within provisions in the balance sheet.

24 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 stakeholder pension plan for UK employees in May 2002. Pension costs for defined contribution plans were £5.1m (2008: £3.9m).

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. A full actuarial valuation was carried out as at 30 April 2007 and updated to 30 April 2009 by a qualified independent actuary. The actuary is engaged by the Company to perform a valuation in accordance with IAS 19. The principal assumptions made by the actuary were as follows:

	2009	2008
Rate of increase in salaries	**4.10%**	4.50%
Rate of increase in pensions in payment	**3.10%**	3.50%
Discount rate	**7.00%**	6.25%
Inflation assumption	**3.10%**	3.50%
Weighted average expected return on plan assets	**7.20%**	7.50%

Pensioner life expectancy assumed in the 30 April 2009 update is based on the PA00 'medium cohort' mortality tables adjusted so as to apply a minimum annual rate of improvement of 1.5% a year. Samples of the ages to which pensioners are assumed to live are as follows:

	Male	Female
Pensioner aged 65 in 2009	88.0	90.6
Pensioner aged 65 in 2020	91.0	93.5

The amounts recognised in the income statement are as follows:

	2009 £m	2008 £m
Current service cost	**0.7**	0.9
Interest cost	**3.1**	2.9
Expected return on plan assets	**(4.1)**	(4.3)
Past service cost	**0.2**	–
Gains on curtailments and settlements	**(0.1)**	–
Total income	**(0.2)**	(0.5)

24 Pensions continued

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

	2009 £m	2008 £m (restated)
Fair value of plan assets	**44.0**	55.3
Present value of defined benefit obligation	**(43.7)**	(49.5)
Net asset recognised in the balance sheet	**0.3**	5.8

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

	2009 £m	2008 £m
At 1 May	**49.5**	52.4
Current service cost	**0.7**	0.9
Interest cost	**3.1**	2.9
National Insurance rebates received	**0.2**	0.4
Contributions from members	**0.5**	0.5
Actuarial gain	**(9.3)**	(6.6)
Benefits paid	**(1.1)**	(1.0)
Past service cost	**0.2**	–
Curtailments and settlements	**(0.1)**	–
	43.7	49.5

The actuarial gain in the year ended 30 April 2009 reflects the increase in the required discount rate (that for AA rated corporate bonds) in the year from 6.25% to 7.0% which reduced the discounted value of accrued defined benefit obligations.

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

	2009 £m	2008 £m
At 1 May	**55.3**	57.6
Expected return on plan assets	**4.1**	4.3
Actual return on plan assets below expected return	**(16.7)**	(7.2)
Contributions from sponsoring companies	**1.7**	0.7
National Insurance rebates received	**0.2**	0.4
Contributions from members	**0.5**	0.5
Benefits paid	**(1.1)**	(1.0)
	44.0	55.3

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

	Expected return		Fair value	
	2009 %	2008 %	**2009 £m**	2008 £m
Equity instruments	**8.0**	8.0	**24.2**	36.5
Bonds	**5.8**	6.0	**15.8**	13.0
Property	**8.0**	8.0	**3.9**	5.4
Cash	**–**	–	**0.1**	0.4
	7.2	7.5	**44.0**	55.3

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected return on equities is the sum of inflation, the dividend yield, economic growth and investment expenses. The return on gilts and bonds is the current market yield on long-term gilts and bonds.

The history of experience adjustments is as follows:

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Fair value of scheme assets	**44.0**	55.3	57.6	52.2	34.5
Present value of defined benefit obligations	**(43.7)**	(49.5)	(52.4)	(50.5)	(50.7)
Surplus/(deficit) in the scheme	**0.3**	5.8	5.2	1.7	(16.2)
Experience adjustments on scheme liabilities					
Gain/(loss) (£m)	**9.3**	6.6	1.6	(5.1)	(4.2)
Percentage of closing scheme liabilities	**21%**	13%	3%	(10%)	(8%)
Experience adjustments on scheme assets					
(Loss)/gain (£m)	**(16.7)**	(7.2)	0.9	5.3	0.5
Percentage of closing scheme assets	**(38%)**	(13%)	2%	10%	1%

The cumulative actuarial losses recognised in the statement of recognised income and expense since the adoption of IFRS are £9.0m.

The estimated amount of contributions expected to be paid by the Company to the plan during the current financial year is £1.0m.

25 Financial risk management

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

It is the role of the Group treasury function to manage and monitor the Group's financial risks and internal and external funding requirements 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. The Group reports in sterling and pays dividends in sterling.

Market risk

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

Interest rate risk

Management of fixed and variable rate debt

The Group has fixed and variable rate debt in issue with 52% of the drawn debt at a fixed rate. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. The interest rates currently applicable to this variable rate debt are LIBOR as applicable to the currency borrowed (US dollars or pounds) plus 175bp for revolver borrowings and term borrowings. The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2009, the Group had no such outstanding swap agreements. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate.

Net variable rate debt sensitivity

At 30 April 2009, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £5m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately £3m. 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

Currency exchange risk is limited to translation risk as there are no transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is the pound sterling. However, a majority of our assets, liabilities, revenue and costs is denominated in US dollars. The Group has arranged its financing such that approximately 99% 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.

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

Resultant impacts of reasonably possible changes to foreign exchange rates

Based upon the level of US operations and of the US dollar-denominated debt balance and US interest rates at 30 April 2009, a 1% change in the US dollar-pound exchange rate would have impacted our pre-tax profits by approximately £0.3m and equity by approximately £2.4m. At 30 April 2009, the Group had no outstanding foreign exchange contracts.

25 Financial risk management continued

Credit risk

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's maximum exposure to credit risk is presented in the following table.

	2009 £m	2008 £m
Cash and cash equivalents	**1.7**	1.8
Trade and other receivables	**148.3**	159.9
	150.0	161.7

The Group has a large number of unrelated customers, serving over 680,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage credit risk more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit reference agencies and the maintenance of credit control functions.

Liquidity risk

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

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

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2009, availability under this facility was $550m (£371m).

Contractual maturity analysis

Trade receivables, the principal class of non-derivative financial asset held by the Group, are settled gross by customers.

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities, excluding trade and other payables which fall due within one year. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities, including any interest that will accrue, except where the Group is entitled and intends to repay a financial liability, or part of a financial liability, before its contractual maturity.

At 30 April 2009

	Undiscounted cash flows – year to 30 April						
	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m	Thereafter £m	Total £m
Bank and other debt	1.7	1.7	502.3	–	–	–	505.7
Finance leases	5.2	2.4	0.3	–	–	–	7.9
8.625% senior secured notes	–	–	–	–	–	168.7	168.7
9.0% senior secured notes	–	–	–	–	–	371.2	371.2
	6.9	4.1	502.6	–	–	539.9	1,053.5
Interest payments	60.7	61.8	51.9	48.0	48.0	94.7	365.1
	67.6	65.9	554.5	48.0	48.0	634.6	1,418.6

At 30 April 2008

	Undiscounted cash flows – year to 30 April						
	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m	Thereafter £m	Total £m
Bank and other debt	1.3	1.3	1.3	557.3	–	–	561.2
Finance leases	6.3	5.7	3.0	0.2	–	–	15.2
8.625% senior secured notes	–	–	–	–	–	126.2	126.2
9.0% senior secured notes	–	–	–	–	–	277.7	277.7
	7.6	7.0	4.3	557.5	–	403.9	980.3
Interest payments	55.7	57.9	58.7	41.6	35.9	105.7	355.5
	63.3	64.9	63.0	599.1	35.9	509.6	1,335.8

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions, to maintain an optimal capital structure.

In order to manage the short and long-term capital structure, the Group adjusts the amount of ordinary dividends paid to shareholders, returns capital to shareholders (for example, share buy-backs) and arranges appropriate financing to fund business investment and mergers and acquisitions.

The Group seeks to maintain leverage of between 2 to 3 times net debt to EBITDA over the economic cycle.

Fair value of financial instruments

Net fair values of derivative financial instruments

At 30 April 2009, the Group's embedded prepayment options included within its secured loan notes had a combined fair value of £nil (2008: £nil). At 30 April 2009, the Group had no other derivative financial instruments.

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 2009. 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 2009		At 30 April 2008	
	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	**504.0**	**484.0**	559.8	551.1
– finance lease obligations	**2.7**	**2.7**	8.9	9.0
– 8.625% senior secured notes	**168.7**	**109.7**	126.2	107.9
– 9% senior secured notes	**371.2**	**241.3**	277.7	238.8
– other loan notes	**–**	**–**	0.1	0.1
	1,046.6	**837.7**	972.7	906.9
Deferred costs of raising finance	**(15.9)**	**–**	(15.3)	–
	1,030.7	**837.7**	957.4	906.9

	At 30 April 2009		At 30 April 2008	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Fair value of other financial instruments held or issued to finance the Group's operations:				
Short-term borrowings	**1.7**	**1.7**	1.3	1.3
Finance lease obligations due within one year	**5.2**	**5.2**	6.3	6.4
Trade and other payables	**106.7**	**106.7**	129.2	129.2
Trade and other receivables	**(148.3)**	**(148.3)**	(159.9)	(159.9)
Cash at bank and in hand	**(1.7)**	**(1.7)**	(1.8)	(1.8)

26 Notes to the cash flow statement

a) Cash flow from operating activities

	2009 £m	2008 £m
Operating profit before exceptional items and amortisation:		
– continuing operations	**155.0**	187.1
– discontinued operations	**2.8**	10.6
	157.8	197.7
Depreciation		
– continuing operations	**201.1**	176.6
– discontinued operations	**–**	5.7
EBITDA before exceptional items	**358.9**	380.0
Profit on disposal of rental equipment	**(6.6)**	(9.0)
Profit on disposal of other property, plant and equipment	**(0.9)**	(1.1)
Decrease in inventories	**10.5**	1.7
Decrease/(increase) in trade and other receivables	**47.1**	(16.1)
Decrease in trade and other payables	**(34.5)**	(2.5)
Exchange differences	**0.1**	1.0
Other non-cash movements	**(1.0)**	2.4
Cash generated from operations before exceptional items and changes in rental equipment	**373.6**	356.4

b) Reconciliation to net debt

	2009 £m	2008 £m
Decrease/(increase) in cash in the period	**0.4**	(0.7)
(Decrease)/increase in debt through cash flow	**(217.2)**	35.8
Change in net debt from cash flows	**(216.8)**	35.1
Exchange differences	**285.0**	9.8
Non-cash movements:		
– deferred costs of debt raising	**2.8**	2.4
– capital element of new finance leases	**1.7**	–
Movement in net debt in the period	**72.7**	47.3
Net debt at 1 May	**963.2**	915.9
Net debt at 30 April	**1,035.9**	963.2

c) Analysis of net debt

	1 May 2008 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	30 April 2009 £m
Cash and cash equivalents	(1.8)	(0.3)	0.4	–	(1.7)
Debt due within one year	7.6	1.9	(4.5)	1.9	6.9
Debt due after one year	957.4	283.4	(212.7)	2.6	1,030.7
Total net debt	963.2	285.0	(216.8)	4.5	1,035.9

Non-cash movements relate to the amortisation of prepaid fees relating to debt facilities and the addition of new finance leases in the year.

d) Acquisitions

	2009 £m	2008 £m
Cash consideration	**0.3**	5.9

27 Acquisitions

In February 2009, A-Plant acquired an additional £0.3m of site accommodation units from one of its customers under a sole supply agreement.

28 Contingent liabilities

Sunbelt Rentals is subject to a class action lawsuit in Florida alleging, inter alia, that NationsRent (prior to its acquisition by Sunbelt in 2006) improperly charged its customers an environmental fee. In February 2009 the court certified a class of all persons charged an environmental fee by NationsRent in the period between June 2003 and August 2006. The plaintiffs are asking that the environmental fee be returned to class members (an estimated $20m), plus interest and legal costs. The plaintiff's claim is based on the theory that because NationsRent did not place the environmental fee revenue into an escrow account, it spent no money on 'environmental related' expenses and the fee was 'pure profit'. Sunbelt's legal advisers believe that the merits of the lawsuit are weak because there is no legal obligation to place the environmental fee into a segregated account. Moreover, NationsRent never indicated to its customers the environmental fee was hypothecated to any particular expenditure and, regardless, NationsRent incurred substantial 'environmental related' costs. On 28 May 2009, a similar case was filed in the North Carolina Court against Sunbelt by a plaintiff represented by the same plaintiff attorneys acting in the Florida case.

The Group is also subject to periodic legal claims and tax audits in the ordinary course of its business, none of which, including the NationsRent environmental matter, is 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 2009 the amount borrowed under these facilities was £505.7m (2008: £561.1m). Additionally, subsidiary undertakings are able to obtain letters of credit under these facilities which are also guaranteed by the Company and, at 30 April 2009, letters of credit issued under these arrangements totalled £21.3m ($31.6m). Additionally the Company has guaranteed the 8.625% second priority senior secured notes with a par value of $250m (£169m) and 9% second priority senior secured notes with a par value of $550m (£371m), issued by Ashtead Holdings plc and Ashtead Capital, Inc., respectively.

The Company has guaranteed operating and finance lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2009 totalled £76.6m (2008: £66.6m) in respect of land and buildings and £5.2m (2008: £8.2m) in respect of other lease rentals of which £7.1m and £3.4m respectively is payable by subsidiary undertakings in the year ending 30 April 2010. The Company has guaranteed the performance by subsidiaries of certain other obligations up to £1.0m (2008: £1.4m).

29 Capital commitments

At 30 April 2009 capital commitments in respect of purchases of rental and other equipment totalled £11.3m (2008: £108.1m), all of which had been ordered. There were no other material capital commitments at the year end.

30 Related party transactions

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.

During the period until his employment terminated on 6 April 2009, Sunbelt reimbursed Cliff Miller accommodation costs of £13,580 (2008: £10,460). This related to an apartment leased on an arms length basis from CE Property Management, a partnership in which Cliff Miller is a partner.

31 Employees

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

	2009	2008
North America	**6,742**	7,324
United Kingdom	**2,318**	2,462
Rest of World	**–**	12
	9,060	9,798

32 New accounting standards

The Group has not adopted early the following pronouncements, which have been issued by the IASB or the International Financial Reporting Interpretations Committee ('IFRIC'), but have not yet been endorsed for use in the EU with the exception of 'IAS 1 (Revised) – Presentation of Financial Statements' and 'IFRIC 16 – Hedges of a net investment in foreign operation'.

'IAS 1 (Revised) – Presentation of Financial Statements' was issued in September 2007 and will be effective for annual periods beginning on or after 1 January 2009. The revised standard introduces the concept of a statement of comprehensive income, which enables users of the financial statements to analyse changes in a company's equity resulting from transactions with owners separately from non-owner changes. The revised standard provides the option of presenting items of income and expense and components of other comprehensive income either as a single statement of comprehensive income or in two separate statements. The Group does not believe the adoption of this revised standard will have a material impact on the consolidated results or financial position of the Group.

'IFRIC 16 – Hedges of a net investment in foreign operation' was issued on 3 July 2008 and is effective for annual periods beginning on or after 1 October 2008. This interpretation clarifies that in respect of net investment hedges that relate to differences in functional currency and not presentation currency, hedging instruments may be held anywhere in the group and that the requirements of IAS 21 'The effects of changes in foreign exchange rates' do apply to the hedged items. The Group does not believe the adoption of this pronouncement will have a material impact on the consolidated results or financial position of the Group.

'IFRS 3 (Revised) – Business combinations' was issued on 10 January 2008 and will apply to business combinations occurring on or after 1 April 2010. The revised standard introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that a business acquisition occurs and future reported results. Assets and liabilities arising from business combinations before 1 April 2010 will not be restated and thus there will be no effect on the Group's results or financial position on adoption. However, this standard is likely to have a significant impact on the accounting for business acquisitions post adoption.

'Amendments to IAS 27 – Consolidated and separate financial statements' was issued on 10 January 2008 and is effective for annual periods beginning on or after 1 July 2009. The amendment requires that when a transaction occurs with non-controlling interests in Group entities that does not result in a change in control, the difference between the consideration paid or received and the recorded non-controlling interest should be recognised in equity. In cases where control is lost, any retained interest should be remeasured to fair value with the difference between fair value and the previous carrying value being recognised immediately in the income statement. Transactions occurring before 1 April 2010 will not be restated and thus there will be no effect on the Group's results or financial position on adoption.

'IFRIC 15 – Agreements for the construction of real estate' was issued on 3 July 2008 and is effective for annual periods beginning on or after 1 January 2009. This interpretation clarifies whether a real estate sale agreement is within the scope of 'IAS 18 – Revenue' or 'IAS 11 – Construction contracts'. In accordance with IAS 18, revenue is recognised when property is transferred to the customer, but under IAS 11, revenue is recognised over the period of construction. The Group does not believe the adoption of this pronouncement will have a material impact on the consolidated results or financial position of the Group.

'Amendment to IAS 39 – Financial instruments: recognition and measurement: eligible hedged items' was issued on 31 July 2008 and is effective for annual periods beginning on or after 1 July 2009 and must be applied retrospectively in accordance with IAS 8 'Accounting policies'. The amendment prohibits designating inflation as a hedgeable component of fixed rate debt and also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group does not believe the adoption of this pronouncement will have a material impact on the consolidated results or financial position of the Group.

'IFRIC 17 – Distributions of non-cash assets to owners' was issued on 27 November 2008 and is effective for annual periods beginning on or after 1 July 2009. This interpretation clarifies how an entity should measure distributions of assets, other than cash, when it pays dividends to its owners. The Group does not believe the adoption of this pronouncement will have a material impact on the consolidated results or financial position of the Group.

'IFRS 1 (Revised) – First time adoption of IFRS' was issued on 27 November 2008 and is effective for annual periods beginning on or after 1 January 2009. The revised standard does not contain any technical changes but there is an improvement to its structure, which had become complex due to the numerous amendments in recent years. As the Group has already adopted IFRS, there will be no effect on the Group's results or financial position on adoption.

'Amendment to IAS 39 – Reclassification of financial assets: effective date and transition' was issued on 27 November 2008 and is effective on adoption of original amendment to 'IAS 39 – Financial Instruments: Recognition and Measurement' (refer to page 54 under 'Note 1: Accounting policies'). The original amendment that has now been reworded to clarify the effective date and transition requirements of adoption will have no effect on the Group's results or financial position on adoption.

'IFRIC 18 – Transfer of assets from customers' was issued on 29 January 2009 and is effective for annual periods beginning on or after 1 July 2009. The interpretation addresses the diversity in practice that arises when entities account for assets received from a customer in return for connection to a network or ongoing access to goods or services. The Group does not believe the adoption of this pronouncement will have a material impact on the consolidated results or financial position of the Group.

'Amendment to IFRS 7 – Improving disclosures about financial instruments' was issued on 5 March 2009 and is effective for annual periods beginning on or after 1 January 2009. The amendment increases disclosure requirements by introducing a three-level hierarchy for fair value measurement disclosures and requires some specific quantitative disclosures for financial instruments where fair value is not determined using observable market data. The amendment also requires enhanced liquidity risk disclosure, including a separate maturity analysis for derivative financial liabilities and financial assets. The Group currently determines the fair value of its financial instruments using observable market data and therefore believes that the adoption of this amendment will have a limited impact on the disclosures in its consolidated financial statements.

'Amendments to IFRIC 9 and IAS 39 – Embedded derivatives' were issued on 12 March 2009 and are effective for annual periods ending on or after 30 June 2009. The amendment applies to entities that reclassified financial assets out of the 'at fair value through profit and loss' category under the original amendment to IAS 39 (refer to page 54 under 'Note 1: Accounting policies') and clarifies that on reclassification of these financial assets all embedded derivatives should be reassessed and if necessary, accounted for separately. The Group does not believe the adoption of this pronouncement will have a material impact on the consolidated results or financial position of the Group.

'Improvement to IFRSs' (2009) was issued in April 2009 and its requirements are effective over a range of dates, with the earliest effective date being for annual periods beginning on or after 1 July 2009. This comprises a number of amendments to IFRSs, which resulted from the IASB's annual improvements project. The Group does not believe the adoption of these amendments will have a material impact on the consolidated results or financial position of the Group.

33 Parent company information

a) Balance sheet of the Company

	Note	2009 £m	2008 £m
Current assets			
Prepayments and accrued income		**0.1**	1.1
Non-current assets			
Investments in Group companies	(e)	**363.7**	363.7
Total assets		**363.8**	364.8
Current liabilities			
Amounts due to subsidiary undertakings		**72.0**	40.0
Accruals and deferred income		**1.2**	3.5
		73.2	43.5
Non-current liabilities			
Loan notes		**–**	0.1
		–	0.1
Total liabilities		**73.2**	43.6
Equity			
Share capital	(g)	**55.3**	56.2
Share premium account	(g)	**3.6**	3.6
Capital redemption reserve		**0.9**	–
Non-distributable reserve	(g)	**90.7**	90.7
Own shares held by the Company	(g)	**(33.1)**	(23.3)
Own shares held through the ESOT	(g)	**(6.3)**	(7.0)
Distributable reserves	(g)	**179.5**	201.0
Equity attributable to equity holders of the Company		**290.6**	321.2
Total liabilities and equity		**363.8**	364.8

These financial statements were approved by the Board on 17 June 2009.

Geoff Drabble
Chief executive

Ian Robson
Finance director

33 Parent company information continued

b) Cash flow statement of the Company

	Note	2009 £m	2008 £m
Cash flows from operating activities			
Cash generated from operations before exceptional items	(h)	**28.9**	34.6
Exceptional items		**–**	–
Net cash from operating activities		**28.9**	34.6
Cash flows from financing activities			
Redemption of loans		**(0.1)**	(0.1)
Purchase of own shares by the Company		**(15.7)**	(22.9)
Purchase of own shares by the ESOT		**(0.4)**	(1.6)
Proceeds from issue of ordinary shares		**0.2**	0.5
Dividends paid		**(12.9)**	(10.5)
Net cash used in financing activities		**(28.9)**	(34.6)
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 408 of the Companies Act 2006. The amount of the loss for the financial year dealt with in the accounts of Ashtead Group plc is £1.0m (2008: profit of £1.4m).

e) Investments

	Shares in Group companies £m
At 30 April 2008 and 2009	363.7

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 Capital, Inc.	USA	USA

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 while Ashtead Capital, Inc. is a finance 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. 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.

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

g) Reconciliation of changes in equity

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non–distributable reserve £m	Treasury stock £m	Own shares held by ESOT £m	Distributable reserves £m	Total £m
At 30 April 2007	56.0	3.3	–	90.7	–	(8.7)	210.9	352.2
Total recognised income and expense	–	–	–	–	–	–	1.4	1.4
Shares issued	0.2	0.3	–	–	–	–	–	0.5
Dividends paid	–	–	–	–	–	–	(10.5)	(10.5)
Share-based payments	–	–	–	–	–	–	2.5	2.5
Vesting of share awards	–	–	–	–	–	3.3	(3.3)	–
Own shares purchased	–	–	–	–	(23.3)	(1.6)	–	(24.9)
At 30 April 2008	56.2	3.6	–	90.7	(23.3)	(7.0)	201.0	321.2
Total recognised income and expense	–	–	–	–	–	–	(1.0)	(1.0)
Shares issued/re-issued	–	–	–	–	0.5	–	(0.3)	0.2
Dividends paid	–	–	–	–	–	–	(12.9)	(12.9)
Share-based payments	–	–	–	–	–	–	(0.8)	(0.8)
Vesting of share awards	–	–	–	–	–	1.1	(1.1)	–
Own shares purchased	–	–	–	–	(15.7)	(0.4)	–	(16.1)
Cancellation of shares held in treasury by the Company	(0.9)	–	0.9	–	5.4	–	(5.4)	–
At 30 April 2009	**55.3**	**3.6**	**0.9**	**90.7**	**(33.1)**	**(6.3)**	**179.5**	**290.6**

h) Notes to the Company cash flow statement

Cash flow from operating activities

	2009 £m	2008 £m
Operating loss	**–**	–
Depreciation	**0.1**	0.1
EBITDA	**0.1**	0.1
Decrease/(increase) in receivables	**1.0**	(0.9)
(Decrease)/increase in payables	**(2.3)**	0.2
Increase in intercompany payable	**31.1**	32.8
Other non-cash movement	**(1.0)**	2.4
Net cash inflow from operations before exceptional items	**28.9**	34.6

Reconciliation to net debt

	2009 £m	2008 £m
Net debt at 1 May	**0.1**	0.2
Decrease in debt through cash flow	**(0.1)**	(0.1)
Net debt at 30 April	**–**	0.1

ten year history

	2009	2008 (restated)	2007	2006	IFRS 2005	2004	2003	2002	2001	UK GAAP 2000
In £m										
Revenue +	**1,073.5**	1,047.8	896.1	638.0	523.7	500.3	539.5	583.7	552.0	302.4
Operating costs +•	**717.4**	684.1	585.8	413.3	354.2	353.3	389.4	398.6	345.3	181.4
EBITDA +•	**356.1**	363.7	310.3	224.7	169.5	147.0	150.1	185.1	206.7	121.0
Depreciation +•	**201.1**	176.6	159.8	113.6	102.4	102.8	111.0	117.8	117.6	66.8
Operating profit +•	**155.0**	187.1	150.5	111.1	67.1	44.2	39.1	67.3	89.1	54.2
Interest +•	**(67.6)**	(74.8)	(69.1)	(43.6)	(44.7)	(36.6)	(40.9)	(49.1)	(50.7)	(10.9)
Pre-tax profit/(loss)+•	**87.4**	112.3	81.4	67.5	22.4	7.6	(1.8)	18.2	38.4	43.3
Operating profit •	**68.4**	184.5	101.1	124.5	67.1	16.2	0.6	72.5	68.2	57.1
Pre-tax profit/(loss)	**0.8**	109.7	(36.5)	81.7	32.2	(33.1)	(42.2)	(15.5)	11.1	46.2
Net cash flow from operating activities	**177.1**	35.5	181.3	154.4	128.3	126.7	210.3	202.0	173.0	111.4
Capital expenditure •	**238.3**	331.0	290.2	220.2	138.4	72.3	85.5	113.8	237.7	158.2
Book cost of rental equipment •	**1,798.2**	1,528.4	1,434.1	921.9	800.2	813.9	945.8	971.9	962.8	629.5
Shareholders' funds •*	**526.0**	440.3	396.7	258.3	109.9	131.8	159.4	192.9	202.1	236.8
In pence										
Dividend per share	**2.575p**	2.5p	1.65p	1.50p	Nil	Nil	Nil	3.50p	3.50p	3.16p
Earnings per share	**12.5p**	14.2p	0.8p	13.5p	5.2p	(9.9p)	(9.5p)	1.1p	6.5p	11.8p
Underlying earnings per share	**11.9p**	14.8p	10.3p	11.3p	3.2p	(0.7p)	(0.4p)	13.7p	9.2p	11.8p
In percent										
EBITDA margin +•	**33.2%**	34.7%	34.6%	35.2%	32.4%	29.4%	27.8%	31.7%	37.4%	40.0%
Operating profit margin +•	**14.4%**	17.9%	16.8%	17.4%	12.9%	8.8%	7.2%	11.5%	16.1%	17.9%
Pre-tax profit/(loss) margin +•	**8.1%**	10.7%	9.1%	10.6%	4.8%	1.5%	(0.3%)	3.1%	7.0%	14.3%
People										
Employees at year end	**8,162**	9,594	10,077	6,465	5,935	5,833	6,078	6,545	6,043	3,930
Locations										
Profit Centres at year end	**520**	635	659	413	412	428	449	463	443	352

The figures for 2005, 2006, 2007, 2008 and 2009 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.
2008 has been re-stated following the adoption of the amendment to IAS 16 – Property, plant and equipment (and consequential amendment to IAS 7 – Statement of cash flows) relating to the sale of rental assets and IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirement and their interaction.

+ 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.

additional information

Future dates

Quarter 1 results	8 September 2009
2009 Annual General Meeting	8 September 2009
Quarter 2 results	3 December 2009
Quarter 3 results	9 March 2010
Quarter 4 and year end results	17 June 2010

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