2 September 2008

Unaudited results for the first quarter ended 31 July 2008

Financial summary	First quarter 2008 £m	First quarter 2007 £m	Growth %
Revenue	259.5	246.2	+5%
Underlying operating profit[1]	51.7	47.4	+9%
Underlying profit before taxation[1]	35.9	28.4	+26%
Underlying earnings per share[1]	4.8p	3.6p	+34%
Profit before taxation	35.2	27.8	+27%
Basic earnings per share	15.9p	3.2p	+398%

[1] See explanatory notes below

Highlights

- Another strong performance with Group revenue up 5% and 9% growth in Group operating profit
- Underlying pre-tax profits up 26%, reflecting good operational performance and lower financing costs
- Underlying earnings per share growth of 34% to 4.8p
- Sale of Ashtead Technology completed on 26 June with the net proceeds of £90m applied to pay down debt
- Net debt reduced by £111m in the quarter to £852m at 31 July - on track to meet our year end debt reduction target

Ashtead's chief executive, Geoff Drabble, commented:

"I am pleased to report further good revenue and profit growth in the first quarter of the year.

In the US we delivered revenue and profit growth as we benefited from improvements in operational performance. We improved utilisation on a larger fleet and continue to benefit from our broad geographic and market exposure. We performed well in the UK underpinned by our exposure to the larger non-residential projects.

Despite the current economic uncertainty, our operating businesses continue to perform well and our financing costs continue to be lower than last year as we reduce debt. The Board anticipates the Group continuing to trade in line with its expectations for the remainder of the year."

Contacts:

Geoff Drabble	Chief executive	)	020 7726 9700
Ian Robson	Finance director	)	
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Explanatory notes

a) IFRS requires that, as a disposed business, Ashtead Technology's after tax profits and total assets and liabilities are reported in the Group's accounts as a single line item within our income statement with the result that revenues, operating profit and pre-tax profits as reported in the Group accounts exclude Ashtead Technology. Prior year figures have been restated accordingly.

b) Underlying profit and earnings per share are stated before exceptional items and amortisation of acquired intangibles. The definition of exceptional items is set out in note 4 to the attached financial information. The reconciliation of underlying earnings per share to basic earnings per share is shown in note 7 to the attached financial information.

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Geoff Drabble and Ian Robson will hold a conference call for equity analysts at 9.00am on Tuesday 2 September. Dial in details for this call have already been distributed but any analyst not having received them should contact Emma Burdett at Maitland on 020 7379 5151. The call will be webcast live via the Company's website at www.ashtead-group.com and there will also be a replay available via the website from shortly after the call concludes. There will, as usual, also be a separate call for bondholders at 3pm UK time (10am EST).

Results

	Revenue 2008	Revenue 2007	EBITDA 2008	EBITDA 2007	Operating profit 2008	Operating profit 2007
Sunbelt in $m	403.4	388.5	158.6	150.7	92.0	84.8
Sunbelt in £m	204.4	194.1	80.3	75.3	46.5	42.4
A-Plant	55.1	52.1	19.2	17.1	7.1	7.0
Group central costs	-	-	(1.9)	(2.0)	(1.9)	(2.0)
	259.5	246.2	97.6	90.4	51.7	47.4
Net financing costs					(15.8)	(19.0)
Profit before tax, exceptionals and amortisation					35.9	28.4
Amortisation					(0.7)	(0.6)
Profit before taxation from continuing operations					35.2	27.8
Margins:						
Sunbelt			*39.3%*	*38.8%*	*22.8%*	*21.8%*
A-Plant			*34.8%*	*32.8%*	*12.9%*	*13.5%*

Revenues at Sunbelt and A-Plant grew by 3.8% and 5.8% respectively as both divisions focused on meeting the needs of their customers and driving market share gains. Continued operating efficiencies generated a further 0.5% improvement in Sunbelt's EBITDA margin to just under 40% whilst A-Plant's EBITDA margin grew 2% to just under 35%.

Sunbelt's first quarter revenue growth reflected a fleet which was 8% larger than the previous year, physical utilisation up 1% to an average 70% (2007: 69%) and a 5% lower yield. At A-Plant, reflecting principally last year's capital investment, first quarter fleet growth was 16% whilst physical utilisation was unchanged at 70% and yield was 8% lower.

On a Group basis, this performance generated 5.4% growth in revenue, 8.0% growth in underlying EBITDA and 9.2% growth in underlying operating profit. Lower interest rates and reduced debt levels combined to reduce net financing costs by 17% and, as a result, the underlying profit before tax for the quarter grew 26% to £35.9m.

The effective tax rate was stable at 36% of the pre-tax result (2007 full year: 35%). Reflecting the Group's capital intensive business and the utilisation of brought forward tax benefits, cash tax represented just 3% of the 36% charge (2007 full year: 5%) with the balance being deferred tax.

The sale of Ashtead Technology in June for £96.0m generated net cash proceeds of £89.8m which were applied to pay down debt and an exceptional profit of £67.3m before tax. After a deferred tax charge of £9.6m, the after tax exceptional profit was £57.7m whilst Ashtead Technology's after tax trading profit for the period up to its disposal was £2.0m (2007: £1.6m for the whole of the quarter).

During the quarter, the Group repurchased 19.6m shares at a total cost of £13.1m, an average price per share of 67p.

Reflecting the beneficial impact of this and the repurchases last year, underlying earnings per share for the quarter grew faster than pre-tax profits at 34% to 4.8p whilst basic EPS, which includes the exceptional Technology disposal gain and intangible amortisation, was 15.9p (2007: 3.2p).

Capital expenditure

Capital expenditure in the quarter totalled £108.5m (2007: £124.2m) including £96.6m on the rental fleet. Disposal proceeds totalled £14.6m (2007: £23.8m) giving net expenditure of £93.9m (2007: £100.4m). The average age of the Group's rental fleet at 31 July 2008 was 31 months (2007: 29 months).

We continue to review capital expenditure levels based on the economic outlook and our own experiences on the ground. Accordingly, we continue to expect gross capital expenditure for this year of approximately £230m (2007/8: £331m) which will be predominantly replacement expenditure. After disposal proceeds, net capital expenditure of approximately £165m (2007/8: £253m) is expected for the full year.

Net debt

Net debt at 31 July 2008 was £851.6m (30 April 2008: £963.2m), including £12.8m spent on share buy-backs during the quarter. The ratio of net debt to LTM underlying EBITDA (excluding Ashtead Technology) of £370.9m was 2.3 times at 31 July 2008 (30 April 2008: 2.5 times). Whilst the second quarter will see the usual seasonal increase in debt levels, with £111m of debt reduction delivered in the first quarter we are on track to achieve the full year debt reduction target announced in June. We therefore continue to target net debt at 30 April 2009 of $1,555m (£785m at 30 April 2008 exchange rates).

Availability under the $1.75bn asset based loan facility (including suppressed availability of $59m) was $861m at 31 July 2008 ($602m at 30 April 2008) providing very substantial assurance that the debt package will remain covenant free.

Return on investment

Return on investment (underlying operating profit divided by net assets employed before debt, deferred tax and certain other non cash items), which is measured on a rolling twelve month basis to eliminate seasonal effects was 14.1% for the year ended 31 July 2008 (14.0% for the year ended 30 April 2008). RoI for Sunbelt was 14.7% whilst A-Plant's RoI was 10.5%.

Current trading and outlook

Utilisation of both Sunbelt and A-Plant's fleets remains high and one-third of the way through our seasonally busiest second quarter, both businesses continue to have substantially more fleet on rent than this time last year, albeit at a lower yield.

Despite the current economic uncertainty, our operating businesses continue to perform well and our financing costs continue to be lower than last year as we reduce debt. The Board anticipates the Group continuing to trade in line with its expectations for the remainder of the year.

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2008

	2008			2007		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m
Revenue	259.5	-	259.5	246.2	-	246.2
Staff costs	(75.4)	-	(75.4)	(76.7)	-	(76.7)
Other operating costs	(89.0)	-	(89.0)	(83.1)	-	(83.1)
Other income	2.5	-	2.5	4.0	-	4.0
EBITDA*	97.6	-	97.6	90.4	-	90.4
Depreciation	(45.9)	-	(45.9)	(43.0)	-	(43.0)
Amortisation of intangibles	-	(0.7)	(0.7)	-	(0.6)	(0.6)
Operating profit	51.7	(0.7)	51.0	47.4	(0.6)	46.8
Investment income	1.1	-	1.1	1.1	-	1.1
Interest expense	(16.9)	-	(16.9)	(20.1)	-	(20.1)
Net financing costs	(15.8)	-	(15.8)	(19.0)	-	(19.0)
Profit on ordinary activities before taxation	35.9	(0.7)	35.2	28.4	(0.6)	27.8
Taxation:						
- current	(1.1)	-	(1.1)	(3.7)	-	(3.7)
- deferred	(11.8)	0.2	(11.6)	(6.5)	(1.6)	(8.1)
	(12.9)	0.2	(12.7)	(10.2)	(1.6)	(11.8)
Profit after taxation from continuing operations	23.0	(0.5)	22.5	18.2	(2.2)	16.0
Profit after taxation from discontinued operations	2.0	57.7	59.7	1.6	-	1.6
Profit attributable to equity shareholders	25.0	57.2	82.2	19.8	(2.2)	17.6
Basic earnings per share	4.8p	11.1p	15.9p	3.6p	(0.4p)	3.2p
Diluted earnings per share	4.8p	11.1p	15.9p	3.6p	(0.4p)	3.2p

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

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

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	2008 £m	2007 £m
Net profit for the period	82.2	17.6
Effect of the limit on net pension asset recognised	(0.2)	-
Foreign currency translation differences	(0.2)	(2.1)
Total recognised income and expense for the period	81.8	15.5

CONSOLIDATED MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2008 £m	2007 £m
Total recognised income and expense for the period	81.8	15.5
Credit in respect of share based payments	0.5	-
Re-issue of ordinary shares from treasury	0.1	-
Own shares purchased by the Company	(13.1)	-
Own shares purchased by ESOT	-	0.2
Realisation of foreign exchange translation differences on Technology disposal	1.3	-
Net increase in equity shareholders' funds	70.6	15.7
Opening equity shareholders' funds	436.1	396.7
Closing equity shareholders' funds	506.7	412.4

CONSOLIDATED BALANCE SHEET AT 31 JULY 2008

	31 July 2008 £m	31 July 2007 £m	30 April 2008 £m
Current assets			
Inventories	23.7	23.7	22.6
Trade and other receivables	175.2	169.3	159.9
Current tax asset	2.2	-	2.2
Cash and cash equivalents	1.5	1.3	1.8
	202.6	194.3	186.5
Assets held for sale	-	5.5	26.8
	202.6	199.8	213.3
Non-current assets			
Property, plant and equipment			
- rental equipment	1,039.1	966.4	994.0
- other assets	141.4	129.5	136.1
	1,180.5	1,095.9	1,130.1
Intangible assets - brand names and other acquired intangibles	7.3	8.8	8.0
- goodwill	291.9	285.2	291.9
Deferred tax asset	17.1	34.9	19.6
Defined benefit pension fund surplus	-	5.4	-
	1,496.8	1,430.2	1,449.6
Total assets	1,699.4	1,630.0	1,662.9
Current liabilities			
Trade and other payables	193.9	205.5	129.1
Current tax liability	1.0	2.2	-
Debt due in less than one year	7.9	8.4	7.6
Provisions	8.5	13.7	9.1
	211.3	229.8	145.8
Liabilities associates with assets classified as held for sale	-	-	6.5
	211.3	229.8	152.3
Non-current liabilities			
Debt due in more than one year	845.2	887.3	957.4
Provisions	19.2	17.8	18.8
Deferred tax liability	117.0	82.7	98.3
	981.4	987.8	1,074.5
Total liabilities	1,192.7	1,217.6	1,226.8
Equity shareholders' funds			
Share capital	56.2	56.0	56.2
Share premium account	3.6	3.3	3.6
Non-distributable reserve	90.7	90.7	90.7
Own shares held in treasury by the Company	(36.3)	-	(23.3)
Own shares held in treasury through the ESOT	(7.0)	(8.5)	(7.0)
Cumulative foreign exchange translation differences	(27.1)	(32.3)	(28.2)
Distributable reserves	426.6	303.2	344.1
Total equity shareholders' funds	506.7	412.4	436.1
Total liabilities and equity shareholders' funds	1,699.4	1,630.0	1,662.9

CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2008

	2008 £m	2007 £m
Cash flows from operating activities		
Cash generated from operations before exceptional items	93.8	85.3
Exceptional items paid	(0.6)	(5.4)
Cash generated from operations	93.2	79.9
Financing costs paid	(4.2)	(13.0)
Tax paid	(0.1)	(0.3)
Net cash from operating activities	88.9	66.6
Cash flows from investing activities		
Disposal of business	89.8	-
Payments for property, plant and equipment	(63.8)	(88.6)
Proceeds on sale of property, plant and equipment	10.8	30.4
Net cash from/(used in) investing activities	36.8	(58.2)
Cash flows from financing activities		
Drawdown of loans	10.1	14.3
Redemption of loans	(121.8)	(20.1)
Capital element of finance lease payments	(1.6)	(1.9)
Purchase of own shares by the Company	(12.8)	-
Purchase of own shares by the ESOT	-	(0.5)
Proceeds from re-issue of shares	0.1	-
Net cash used in financing activities	(126.0)	(8.2)
(Decrease)/increase in cash and cash equivalents	(0.3)	0.2
Opening cash and cash equivalents	1.8	1.1
Closing cash and cash equivalents	1.5	1.3

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the three months ended 31 July 2008 were approved by the directors on 1 September 2008. They have been prepared in accordance with relevant International Financial Reporting Standards (‘IFRS’) (including International Accounting Standard - IAS 34 Interim Financial Reporting) and the accounting policies set out in the Group’s Annual Report and Accounts for the year ended 30 April 2008. They are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The statutory accounts for the year ended 30 April 2008 were prepared in accordance with relevant IFRS and have been mailed to shareholders and filed with the Registrar of Companies. The auditors’ report on those accounts was unqualified and did not contain a statement under section 237 of the Companies Act 1985.

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

	2008	2007
Average for the three months ended 31 July	1.97	2.00
At 31 July	1.98	2.03

2. Segmental analysis

	Revenue	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
	£m	£m	£m	£m
2008				
Sunbelt	204.4	46.5	(0.5)	46.0
A-Plant	55.1	7.1	(0.2)	6.9
Corporate items	-	(1.9)	-	(1.9)
Continuing operations	259.5	51.7	(0.7)	51.0
Ashtead Technology	4.7	2.8	67.0	69.8
	264.2	54.5	66.3	120.8
2007				
Sunbelt	194.1	42.4	(0.5)	41.9
A-Plant	52.1	7.0	(0.1)	6.9
Corporate items	-	(2.0)	-	(2.0)
Continuing operations	246.2	47.4	(0.6)	46.8
Ashtead Technology	6.3	2.3	-	2.3
	252.5	49.7	(0.6)	49.1

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. Operating costs

	2008			2007		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Staff costs:						
Salaries	68.8	-	68.8	69.5	-	69.5
Social security costs	5.2	-	5.2	5.8	-	5.8
Other pension costs	1.4	-	1.4	1.4	-	1.4
	75.4	-	75.4	76.7	-	76.7
Other operating costs:						
Vehicle costs	21.9	-	21.9	17.9	-	17.9
Spares, consumables & external repairs	14.8	-	14.8	14.4	-	14.4
Facility costs	10.4	-	10.4	12.3	-	12.3
Other external charges	41.9	-	41.9	38.5	-	38.5
	89.0	-	89.0	83.1	-	83.1
Other income:						
Profit on disposal of fixed assets	(2.5)	-	(2.5)	(4.0)	-	(4.0)
Depreciation and amortisation:						
Depreciation	45.9	-	45.9	43.0	-	43.0
Amortisation of acquired intangibles	-	0.7	0.7	-	0.6	0.6
	45.9	0.7	46.6	43.0	0.6	43.6
	207.8	0.7	208.5	198.8	0.6	199.4

4. Exceptional items and amortisation

'Exceptional items' are those items of financial performance that are material and non-recurring in nature. Amortisation relates to the periodic write off of acquired intangible assets. The Group believes these items should be disclosed separately within the consolidated income statement to assist in the understanding of the financial performance of the Group. Exceptional items and amortisation are excluded from underlying profit and earnings per share and are set out below:

	Three months to 31 July	
	2008	2007
	£m	£m
Gain on sale of Ashtead Technology	67.3	-
Taxation	(9.6)	(1.8)
Total exceptional items	57.7	(1.8)
Amortisation of acquired intangibles (net of £0.2m tax credit)	(0.5)	(0.4)
	57.2	(2.2)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. Exceptional items and amortisation (continued)

These items are presented in the income statement as follows:

	Three months to 31 July	
	2008	2007
	£m	£m
Amortisation of acquired intangibles	(0.7)	(0.6)
Charged in arriving at operating profit and profit before tax	(0.7)	(0.6)
Taxation	0.2	(1.6)
	(0.5)	(2.2)
Profit after taxation from discontinued operations	57.7	-
	57.2	(2.2)

5. Financing costs

	Three months to 31 July	
	2008	2007
	£m	£m
Investment income:		
Expected return on assets of defined benefit pension plan	1.1	1.1
Total investment income	1.1	1.1
Interest expense:		
Bank interest payable	6.0	9.3
Interest on second priority senior secured notes	9.0	8.9
Interest payable on finance leases	0.2	0.3
Non-cash unwind of discount on defined benefit pension plan liabilities	0.8	0.7
Non-cash unwind of discount on self insurance provisions	0.3	0.3
Amortisation of deferred costs of debt raising	0.6	0.6
Total interest expense	16.9	20.1
Net financing costs	15.8	19.0

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 40% in the US and 29% in the UK applied to the profit before tax and amortisation of acquired intangibles. The blended effective rate for the Group as a whole is 36%.

The £12.9m tax charge on the underlying pre-tax profit of £35.9m from continuing operations consists of current tax of £1.0m relating to the UK (2007: £nil), current tax of £0.1m relating to the US (2007: £3.7m), deferred tax of £2.5m relating to the UK (2007: £3.7m) and deferred tax of £9.3m relating to the US (2007: £2.8m).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

7. Earnings per share

Basic and diluted earnings per share for the three months ended 31 July 2008 have been calculated based on the profit for the relevant period and on the weighted average number of ordinary shares in issue during that period (excluding shares held in treasury and by the ESOT over which dividends have been waived). Diluted earnings per share are computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

	Three months to 31 July 2008	Three months to 31 July 2007
Profit for the financial period (£m)		
From continuing operations	22.5	16.0
From discontinued operations	59.7	1.6
From continuing and discontinued operations	82.2	17.6
Weighted average number of shares (m) - basic	515.4	551.7
- diluted	516.1	557.6
Basic earnings per share		
From continuing operations	4.3p	2.9p
From discontinued operations	11.6p	0.3p
From continuing and discontinued operations	15.9p	3.2p
Diluted earnings per share		
From continuing operations	4.3p	2.9p
From discontinued operations	11.6p	0.3p
From continuing and discontinued operations	15.9p	3.2p

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

	Three months to 31 July 2008	Three months to 31 July 2007
Basic earnings per share	15.9p	3.2p
Exceptional items and intangible amortisation	(12.9)p	0.1p
Exceptional deferred tax and tax on exceptional items and amortisation	1.8p	0.3p
Underlying earnings per share	4.8p	3.6p
Other deferred tax	2.5p	1.3p
Cash tax earnings per share	7.3p	4.9p

8. Property, plant and equipment

Net book value	2008 Rental equipment £m	2008 Total £m	2007 Rental equipment £m	2007 Total £m
At 1 May	994.0	1,130.1	920.6	1,048.0
Exchange difference	(0.1)	(0.1)	(11.1)	(12.4)
Additions	96.6	108.5	113.8	124.2
Disposals	(11.5)	(12.1)	(18.6)	(19.6)
Depreciation	(39.9)	(45.9)	(38.3)	(44.3)
At 31 July	1,039.1	1,180.5	966.4	1,095.9

9. Called up share capital

Ordinary shares of 10p each

	2008 Number	2007 Number	2008 £m	2007 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	561,572,726	559,973,028	56.2	56.0

Since 30 April 2008, 655,821 ordinary shares of 10p each were re-issued out of treasury at an average price of 22.8p per share under share option plans raising £0.1m. In addition, during the period the Company purchased 19,644,038 shares at a total cost of £13.1m, which are held in treasury.

10. Statement of changes in shareholders' equity

	Share capital £m	Share premium £m	Non distributable reserves £m	Treasury stock £m	Own shares held by ESOT £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m	31 July 2007 £m
Total recognised income and expense	-	-	-	-	-	(0.2)	82.0	81.8	15.5
Shares re-issued	-	-	-	0.1	-	-	-	0.1	-
Treasury shares purchased	-	-	-	(13.1)	-	-	-	(13.1)	-
Share based payments	-	-	-	-	-	-	0.5	0.5	-
Vesting of share awards	-	-	-	-	-	-	-	-	0.7
Own shares purchased	-	-	-	-	-	-	-	-	(0.5)
Realisation of foreign exchange translation differences	-	-	-	-	-	1.3	-	1.3	-
Net changes in shareholders' equity	-	-	-	(13.0)	-	1.1	82.5	70.6	15.7
Opening shareholders' equity	56.2	3.6	90.7	(23.3)	(7.0)	(28.2)	344.1	436.1	396.7
Closing shareholders' equity	56.2	3.6	90.7	(36.3)	(7.0)	(27.1)	426.6	506.7	412.4

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Notes to the cash flow statement

	Three months to 31 July 2008 £m	2007 £m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation:		
- continuing operations	51.7	47.4
- discontinued operations	2.8	2.3
	54.5	49.7
Depreciation:		
- continuing operations	45.9	43.0
- discontinued operations	-	1.3
	45.9	44.3
EBITDA before exceptional items	100.4	94.0
Profit on disposal of property, plant and equipment	(2.5)	(4.2)
(Increase)/decrease in inventories	(1.1)	0.1
Increase in trade and other receivables	(11.3)	(9.1)
Increase in trade and other payables	7.7	3.6
Exchange differences	0.1	0.2
Other non-cash movements	0.5	0.7
Cash generated from operations before exceptional items	93.8	85.3

b) Reconciliation to net debt

	2008 £m	2007 £m
Decrease/(increase) in cash in the period	0.3	(0.2)
Decrease in debt through cash flow	(113.3)	(7.7)
Change in net debt from cash flows	(113.0)	(7.9)
Exchange difference	0.1	(14.2)
Non-cash movements:		
- deferred costs of debt raising	0.6	0.5
- capital element of new finance leases	0.7	0.1
Movement in net debt in the period	(111.6)	(21.5)
Opening net debt	963.2	915.9
Closing net debt	851.6	894.4

c) Analysis of net debt

	1 May 2008 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 July 2008 £m
Cash	(1.8)	-	0.3	-	(1.5)
Debt due within 1 year	7.6	-	(12.0)	-	(4.4)
Debt due after 1 year	957.4	0.1	(101.3)	1.3	857.5
Total net debt	963.2	0.1	(113.0)	1.3	851.6

Details of the changes in the Group's debt are given in the Review of Balance Sheet and Cashflow accompanying these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

12. Disposal of Ashtead Technology

The Group announced the disposal of its Ashtead Technology division on 23 June 2008 for a cash consideration of £96.0m which has been applied to reduce outstanding debt. Ashtead Technology has been accounted for as a discontinued operation and accordingly the after tax profit for the period from its operations and the gain on the sale of its assets and liabilities has been shown as a single line item within the Group's income statement. The profit after taxation from operations of the business sold comprises:

	2008 £m	2007 £m
Revenue	4.7	6.3
Operating costs	(1.9)	(2.7)
EBITDA	2.8	3.6
Depreciation	-	(1.3)
Operating profit	2.8	2.3
Net financing costs	-	-
Profit before taxation from operations	2.8	2.3
Taxation	(0.8)	(0.7)
Profit after taxation from operations	2.0	1.6
Gain on sale of Ashtead Technology, after taxation	57.7	-
Profit after taxation from discontinued operations	59.7	1.6

The £0.8m tax charge consists of a deferred tax charge of £0.4m (2007: £0.3m) relating to the UK, a deferred tax charge of £0.3m relating to the US (2007: £0.3m) and a current tax charge of £0.1m (2007: £0.1m) relating to Singapore.

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

	2008 £m	
Assets		
Cash and cash equivalents		2.8
Inventories		0.1
Trade and other receivables		5.4
Taxation assets		1.1
Property, plant and equipment - rental equipment	18.8	
- other assets	0.3	
		19.1
Goodwill		2.0
Total assets of the disposal group		30.5
Liabilities		
Trade and other payables		4.9
Taxation liabilities		2.8
Total liabilities of the disposal group		7.7
Net assets		22.8

NOTES TO THE INTERIM FINANCIAL STATEMENTS

12. Disposal of Ashtead Technology (continued)

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	2008
	£m
Consideration received	96.0
Less: Costs of disposal	(4.6)
Net disposal consideration	91.4
Less: Carrying amounts of net assets disposed of	(22.8)
Less: Recycling of cumulative foreign exchange translation differences	(1.3)
Gain on sale before taxation	67.3
Taxation	(9.6)
	57.7

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

	2008	2007
	£m	£m
Cash flows attributable to discontinued operations		
Cash flows from operating activities	3.7	2.9
Cash flows from investing activities	(0.9)	(1.1)
Cash flows from financing activities	(0.3)	(1.4)
	2.5	0.4

Net cash inflow on disposal	2008
	£m
Consideration received in cash	96.0
Less: Cash and cash equivalents balance sold	(2.8)
Less: Costs of disposal paid	(3.4)
Net consideration reported on cash flow statement	89.8

13. Contingent liabilities and contingent assets

There have been no significant changes in contingent liabilities from those reported at 30 April 2008. The Group remains subject to periodic legal claims in the ordinary course of its business. However, the claims outstanding at 31 July 2008 are not expected to have a significant impact on the Group's financial position.

As part of the NationsRent acquisition, the Group has agreed to pay deferred contingent consideration of up to $89m. The amount of the deferred contingent consideration is linked to the Company's share price performance over the three years from 1 September 2006 to 31 August 2009. In the event that the Company's share price (measured on a five day average basis) rises by more than 22.2% above the reference price of 204p (as adjusted for the bonus element of the rights issue), contingent consideration becomes payable at the rate of $5m for every additional 1% rise in the share price up to a maximum of 40% above the reference price. Accordingly, deferred contingent consideration starts to become payable when the Company's share price reaches 250p with the maximum $89m being payable at 286p. The contingent consideration is payable on a quarterly basis in cash. It is not practicable to estimate reliably the amount of contingent consideration which will become payable and accordingly no provision has been made.

REVIEW OF BALANCE SHEET AND CASH FLOW

Balance sheet

Fixed assets

Capital expenditure in the quarter was £108.5m of which £96.6m was invested in the rental fleet (2007: £124.2m in total). Expenditure on rental equipment was 89% of total capital expenditure with the balance relating to our delivery vehicle fleet, property improvements and to computer equipment. Capital expenditure by division was as follows:

	31 July 2008			2007
	Growth	Maintenance	Total	Total
Sunbelt in $m	58.0	51.8	109.8	155.2
Sunbelt in £m	29.2	26.2	55.4	76.4
A-Plant	24.8	16.4	41.2	35.0
Continuing operations	54.0	42.6	96.6	111.4
Ashtead Technology	-	-	-	2.4
Total rental equipment	54.0	42.6	96.6	113.8
Delivery vehicles, property improvements & computers			11.9	10.4
Total additions			108.5	124.2

The average age of the Group’s serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 July 2008 was 31 months (2007: 29 months) on a net book value basis. Sunbelt’s fleet had an average age of 34 months (2007: 30 months) comprising 37 months for aerial work platforms which have a longer life and 31 months for the remainder of its fleet and A-Plant’s fleet had an average age of 22 months (2007: 24 months).

The original cost of the Group’s rental fleet and the dollar and physical utilisation for the twelve months ended 31 July 2008 are shown below:

	Rental fleet at original cost			LTM rental and rental related revenues	LTM dollar utilisation	LTM physical utilisation
	31 July 2008	30 April 2008	LTM average			
Sunbelt in $m	2,371	2,314	2,323	1,436	62%	68%
Sunbelt in £m	1,197	1,168	1,173	728	62%	68%
A-Plant	385	360	360	212	59%	71%
	1,582	1,528	1,533	940	61%	

Dollar utilisation is defined as rental and rental related revenues divided by average fleet at original (or “first”) cost. Dollar utilisation at Sunbelt was 62% in the twelve months ended 31 July 2008 and 59% at A-Plant. Physical utilisation is time based utilisation which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date.

Trade receivables

Receivable days at 31 July 2008 were 48 days (2007: 49 days). The bad debt charge for the three months ended 31 July 2008 as a percentage of total turnover was 0.9% (2007: 0.5%).

Trade and other payables

Group payable days were 70 days in 2008 (2007: 70 days). Capital expenditure related payables at 31 July 2008 totalled £74.6m (2007: £87.5m). Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 30 and 120 days.

Cash flow

Free cash flow (defined as the net cash inflow from operations less net maintenance capital expenditure, financing costs paid and tax paid) is summarised below:

	Three months to 31 July		LTM to 31 July	Year to 30 April
	2008	2007	2008	2008
	£m	£m	£m	£m
EBITDA before exceptional items	100.4	94.0	386.4	380.0
Cash inflow from operations before exceptional items	93.8	85.3	364.9	356.4
*Cash efficiency ratio**	*93.4%*	*90.7%*	*94.4%*	*93.8%*
Maintenance rental capital expenditure	(30.7)	(57.3)	(168.7)	(195.3)
Non-rental capital expenditure	(11.2)	(10.5)	(36.5)	(35.8)
Proceeds from sale of used rental equipment	10.8	30.4	73.1	92.7
Tax paid	(0.1)	(0.3)	(6.2)	(6.4)
Free cash flow before interest	62.6	47.6	226.6	211.6
Financing costs paid	(4.2)	(13.0)	(67.6)	(76.4)
Free cash flow after interest	**58.4**	**34.6**	**159.0**	**135.2**
Growth capital expenditure	(21.9)	(20.8)	(121.5)	(120.4)
Dividends paid	-	-	(10.5)	(10.5)
Cash flow available for acquisitions, buy-backs and disposals	**36.5**	**13.8**	**27.0**	**4.3**
Acquisitions and disposals	89.8	-	83.9	(5.9)
Purchase of own shares by the Company	(12.8)	-	(35.7)	(22.9)
Purchase of own shares by the ESOT	-	(0.5)	(1.1)	(1.6)
Proceeds from share issues	0.1	-	0.6	0.5
Exceptional costs paid (net)	(0.6)	(5.4)	(4.7)	(9.5)
Reduction/(increase) in total debt	**113.0**	**7.9**	**70.0**	**(35.1)**

* Cash inflow from operations before exceptional items as a percentage of EBITDA before exceptional items.

First quarter cash inflow from operations increased by 10.0% to £93.8m and the cash efficiency ratio was 93.4% (2007: 90.7%). Net cash capital expenditure in the three months ended 31 July 2008 decreased to £53.0m (2007: £58.2m). Tax payments remain low reflecting tax depreciation in excess of book and utilisation of tax losses. Financing costs paid are lower than the accounting charge in the income statement due to the timing of interest payments in the year, with accrued unpaid interest at 31 July 2008 totalling £20.9m (2007: £18.7m).

The Group continues to generate strong free cash flow after interest, with £58.4m (2007: £34.6m) generated in the period. On a last twelve months basis, free cash flow before one time and discretionary items increased to £159.0m (£135.2m in the year ended 30 April 2008).

Net debt

	31 July		30 April
	2008	2007	2008
	£m	£m	£m
First priority senior secured bank debt	445.1	493.0	556.2
Finance lease obligations	14.2	19.9	15.2
8.625% second priority senior secured notes, due 2015	122.3	118.7	122.2
9% second priority senior secured notes, due 2016	271.5	264.1	271.4
	853.1	895.7	965.0
Cash and cash equivalents	(1.5)	(1.3)	(1.8)
Total net debt	851.6	894.4	963.2

Group net debt reduced from £963.2m at 30 April 2008 to £851.6m at 31 July 2008 reflecting the Technology disposal and cash generated by the business offset by the £13m spent in the quarter on share buy-backs. The ratio of net debt to LTM EBITDA was 2.3 times at 31 July 2008.

The Group's debt facilities are now committed for a weighted average period of approximately 5 years with the earliest significant maturity being in August 2011. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 6.5%. Financial performance covenants under the two senior secured notes issues are measured only at the time new debt is raised. There are two financial performance covenants under the asset based first priority senior bank facility as follows:

- funded debt to EBITDA before exceptional items not to exceed 4.25 times (4.0 times from April 2009); 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 31 July 2008 availability under the bank facility, including suppressed availability of \$59m, was \$861m (\$602m at 30 April 2008). Although the covenants were therefore not required to be measured at 31 July 2008, the Group was in compliance with both of them at that date.

Principal risks and uncertainties

Risks and uncertainties in achieving the Group's objectives for the remainder of the financial year, together with assumptions, estimates, judgements and critical accounting policies used in preparing financial information remain unchanged from those detailed in the 2008 Annual Report and Accounts on pages 25 to 27. Our business is subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US and the UK, there are more billing days in the first half of our financial year than the second half leading to our revenues normally being higher in the first half. On a quarterly basis, the second quarter is typically our strongest quarter, followed by the first and then the third and fourth quarters.

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. Approximately 99% of our debt was denominated in US dollars at 31 July 2008. At that date dollar denominated debt represented approximately 80% 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 dollar debt levels and interest and exchange rates at 31 July 2008, a 1% change in the US dollar exchange rate would impact pre-tax profit by 0.7%.

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

OPERATING STATISTICS

	Profit centre numbers			Staff numbers		
	31 July		30 April	31 July		30 April
	2008	2007	2008	2008	2007	2008
Sunbelt	432	451	430	7,025	7,531	7,039
A-Plant	188	201	192	2,396	2,385	2,422
Ashtead Technology	-	13	13	-	119	120
Corporate office	-	-	-	13	14	13
Group	620	665	635	9,434	10,049	9,594

Sunbelt's profit centre numbers include 90 Sunbelt at Lowes stores at 31 July and 30 April 2008 (99 at 31 July 2007).