9 December 2008

Unaudited results for the half year and second quarter ended 31 October 2008

Financial summary

	2008 £m	2007 £m	Growth %
First half			
Revenue	546.3	510.4	+7%
Underlying operating profit[1]	110.0	109.7	0%
Underlying profit before taxation[1]	76.6	71.5	+7%
Underlying earnings per share[1]	10.0p	8.9p	+12%
Profit attributable to equity shareholders	80.7	46.7	+73%
Basic earnings per share	15.8p	8.5p	+87%

[1] See notes below

Highlights

- Good first half profits and earnings growth in slowing market conditions
- Prompt action initiated to reduce cost base by £45m to right size the business for the levels of demand we anticipate next year
- On track to generate £200m cash inflow this year and a minimum of £100m in 2009/10
- All our debt is committed for the long term and structured to remain covenant free
- Maintained cash outlay on interim dividend at £4.4m or 0.9p per share (2007: 0.825p)

Ashtead's Chief Executive, Geoff Drabble, commented:

"Ashtead has continued to perform well against the background of weakening market conditions. Our strong and diversified market positions have and will continue to benefit the Group but it is also important that we take prompt actions based upon realistic assumptions of the future trading environment.

We are, today, announcing a restructuring programme which will right size the business for the anticipated lower levels of demand. Based upon the success of our ongoing focus on operational efficiency, we are confident that this programme will generate cost savings of £45m per annum. Whilst generating an exceptional cost to the business the programme also has the benefit of being cash positive due to the fleet disposals.

We continue to be confident in the strength of our debt package which is committed for the long term and structured to support us through the cycle. We remain on track to deliver £200m of cash generation this year and expect a minimum of £100m in 2009/10 thereby significantly reducing our future borrowing needs. In addition our asset based debt package is effectively covenant free and we anticipate it remaining so even allowing for a long and deep recession.

Whilst the outlook for the operational trading environment in the second half is weaker and difficult to predict, we will benefit significantly both from lower interest costs and the stronger dollar. Longer term, our strong market positions, long term committed debt facilities, cash generative and flexible business model and the decisive restructuring exercise which we are undertaking allow the Board to view the future with confidence."

Contacts:

Geoff Drabble	Chief executive	)	020 7726 9700
Ian Robson	Finance director	)	
Brian Hudspith	Maitland		020 7379 5151

Financial definitions

a) 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 and underlying cash tax earnings per share to basic earnings per share is shown in note 7 to the attached financial information.

b) 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 single line items within our income statement and balance sheet 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.

Geoff Drabble and Ian Robson will host a meeting for equity analysts to discuss the results at 9.30am on Tuesday 9 December at the offices of UBS at 1 Finsbury Avenue, London EC2. For the information of shareholders and other interested parties, the analysts' meeting will be webcast live via the Company's website at www.ashtead-group.com and there will also be a replay available from shortly after the call concludes. A copy of this announcement and the slide presentation used for the meeting will also be available for download on the Company's website. There will also be a conference call for bondholders at 3pm (10am EST).

Analysts and bondholders have already been invited to participate in the meeting and conference call but anyone not having received dial-in details should contact the Company's PR advisers, Maitland (Kerryn Jahme) at +44 (0)20 7379 5151.

Market background

The impact of financial constraint and economic uncertainty on our markets has become increasingly apparent towards the end of the first half. All major forward indicators now point towards a somewhat greater reduction in non-residential construction activity than that expected at the end of our first quarter.

The private sector has been first to see a slow down, particularly amongst the smaller builders. Sectors which are most exposed to consumer spending, such as retail, are being affected first and a number of projects have been postponed or cancelled.

Infrastructure work is likely to remain good for the medium term with particular areas of strength being utilities, prisons, schooling and transportation. Future strength, however, depends on central funding and both US and UK administrations have highlighted the need for increased public sector investment to improve ageing infrastructure and support employment. These statements of intent, whilst encouraging, are not supported as yet by firm financed commitments and, therefore, we have decided to right size our business to the lower level of demand we expect in the near term.

We would, however, anticipate that initiatives such as the Obama infrastructure package and the UK government's intention to bring forward £3bn of infrastructure spending could start to impact our markets towards the end of 2009. A combination of financial constraint and uncertain order books will result in contractors, particularly in the US, increasingly choosing the rental option. We therefore anticipate that the established trend towards increased outsourcing of equipment supply in the US will accelerate.

In addition, the rental industry remains fragmented with a number of smaller rental companies surviving on leasing finance often with low or zero cost interest rates subsidised by equipment manufacturers. This source of finance has become increasingly scarce and substantially more expensive. We therefore expect the rental market to consolidate further during the downturn, benefitting the larger, better financed players such as ourselves.

Therefore, with strong market positions in both the UK and US, supported by young fleets and sound long term debt facilities, we would anticipate emerging from the current downturn with greater market share and, in the US, in a market with enhanced rental penetration.

The impact of exchange rate fluctuations on our business

Both Sunbelt and A-Plant earn their revenues, pay their costs and fund their working capital needs in their respective currencies of the US dollar and sterling and are unaffected by changes in the exchange rates. The Group's currency exposure therefore constitutes a translation exposure which only arises in the preparation of the consolidated accounts.

When the US dollar strengthens against sterling, as was the case in the second quarter and particularly during the month of October, then the sterling value of Sunbelt's profits and of our dollar based interest cost increases as does the sterling value of Sunbelt's assets and liabilities including its dollar debt which makes up the vast majority (around 97%) of the Group's total debt.

In the half year the average rate of exchange used for translating our earnings was $1.88 = £1 whilst the closing exchange rate at 31 October 2008 used for balance sheet translations was $1.62 = £1. The equivalent rates a year ago were $2.01 = £1 for earnings and $2.08= £1 for the balance sheet whilst the balance sheet rate at both 30 April and 31 July 2008 was $1.98 = £1. This means that whilst the exchange rate impacting half year earnings has strengthened by just 7%, the effect on balance sheet rates is much more significant with 22% appreciation compared to last year of which 18% has occurred in the second quarter.

Principally as a result of the large balance sheet rate movement, there is a net translation gain of £40m in first half reserves which represents the amount by which the increase in the sterling value of Sunbelt's assets (primarily its rental fleet and receivables) exceeded the increase in the sterling value of its liabilities (primarily the Group's largely dollar based debt).

First half results

	Revenue		EBITDA		Operating profit	
	2008	2007	2008	2007	2008	2007
Sunbelt in $m	821.7	809.1	320.8	330.5	187.0	196.6
Sunbelt in £m	436.8	401.9	170.6	164.1	99.4	97.6
A-Plant	109.5	108.5	38.8	37.6	14.2	16.5
Group central costs	-	-	(3.6)	(4.4)	(3.6)	(4.4)
	546.3	510.4	205.8	197.3	110.0	109.7
Net financing costs					(33.4)	(38.2)
Profit before tax, exceptionals and amortisation from continuing operations					**76.6**	**71.5**
Ashtead Technology - discontinued operations					2.8	5.2
Exceptional profit (net)					30.5	0.2
Amortisation of acquired intangibles					(1.4)	(1.2)
Total Group profit before taxation					108.5	75.7
Margins:						
Sunbelt			*39.0%*	*40.8%*	*22.8%*	*24.3%*
A-Plant			*35.4%*	*34.6%*	*13.0%*	*15.2%*

Sunbelt

Sunbelt's first half revenues grew 8.7% to £436.8m (2007: £401.9m) as reported in sterling and by 1.6% in dollars to $821.7m (2007: $809.1m). The underlying growth reflected weakness in construction activity in a number of Sunbelt's markets, particularly in Florida and California whilst other markets, particularly Texas, continued to grow strongly.

Operating costs grew by 3.6%. Delivery costs increased markedly as a result of both the increased fuel cost in the period and increased expenditure on fleet transfers into busier markets. Costs in other areas increased at rates in line with or below inflation.

$207.3m (2007: $313.3m) was invested in the rental fleet which as a result was, on average, 6% larger than in the first half of last year. Physical utilisation in the first half was flat at 70% whilst second quarter rental rates increased 2% sequentially from the rates experienced in the first quarter. As a result the decline in rental yield for the second quarter relative to last year was just 1%, significantly lower than the 5% reduction in the first quarter. For the half year as a whole, the yield decline was 3%. Sunbelt's underlying operating profit declined by $9.6m to $187.0m but grew by 1.8% in sterling to £99.4m (2007: £97.6m).

A-Plant

First half revenues at A-Plant grew 0.9% to £109.5m in a market which was broadly flat in terms of non-residential construction but where there was a substantial fall in residential construction. Whilst residential construction represents only around 10% of A-Plant's revenues, the rapid and substantial decline in UK house building this summer limited overall revenue growth.

£51.0m was invested in the UK fleet (2007: £77.2m) in the first half including £21.7m for growth giving a fleet which on average was 14% larger than last year. The reduction in the housing market also had an impact on physical utilisation which was 2% below last year's level at 69% (2007: 71%). Rental rates in the second quarter were broadly unchanged from the first quarter but relative to the previous year, first half yield declined 9% as increasing apprehension about the outlook impacted rates in the competitive UK rental market.

Operating costs were kept essentially flat driving a 3.4% increase in underlying EBITDA to £38.8m (2007: £37.6m) but the increased depreciation charge on the enlarged fleet led to a £2.3m decline in underlying operating profit to £14.2m (2007: £16.5m).

Group performance

After lower Group central costs, the underlying first half operating profit was unchanged at £110.0m (2007: £109.7m). Net interest costs reduced 12% to £33.4m (2007: £38.2m) due to both lower average debt levels and lower interest rates. As a result the underlying Group profit before tax (before the profit from the discontinued Ashtead Technology business, exceptional items and intangible amortisation) rose 7% to £76.6m (2007: £71.5m).

The sale of Ashtead Technology in June for £96.0m generated net cash proceeds of £89.8m which were applied to pay down debt. The sale also produced an exceptional disposal profit before taxation of £66.2m. Ashtead Technology's trading profit for the period up to the date of sale at the end of June was £2.8m (2007: £5.2m for the whole of the first half). There was also an exceptional charge of £35.8m relating to the programme to position the Group for the future discussed below. As a result the total Group profit before taxation was £108.5m (2007: £75.7m).

The effective tax rate was stable at 36% of the underlying pre-tax result (2008 full year: 35%). Reflecting the Group's capital intensive business and the utilisation of brought forward tax benefits, cash tax represented just 2% of underlying profit (2008 full year: 5%) with the balance being deferred tax.

During the first half, the Group repurchased 20.2m shares at a total cost of £13.5m. Reflecting the beneficial impact of this and the repurchases last year, underlying earnings per share for the half year grew faster than underlying pre-tax profits at 12% to 10.0p (2007: 8.9p) whilst basic EPS, including exceptional items and amortisation, was 15.8p (2007: 8.5p).

Positioning the Group for the future

Whilst the first half has seen good growth in pre-tax profits and earnings, the trends in our end construction markets discussed above have led us to develop a store closure, fleet downsizing and cost reduction programme. The programme will lower the cost base by about £45m annually. The majority of savings are expected to be realised by end April 2009 providing full benefit in the year to April 2010. The savings derive mostly from store closures, reductions in the number of delivery vehicles, head count reductions and from reduced depreciation as a result of the anticipated 7% reduction in fleet size.

Implementation of the programme is underway with significant activity during November although the equipment sales will take place throughout the second half.

We have taken an exceptional charge of £36m in the first half relating mostly to the impairment of assets which are to be sold in bulk in this programme and to provisions for future rents on empty properties at locations where closure has already been announced. We expect to take a further charge in the second half of around £19m (at October 2008 exchange rates) to conclude the programme which, under IFRS rules on provisioning, must only be booked as notification is given to the stores which are to be shut.

Most of the total expected exceptional charge relates to non-cash asset write downs and provisions for future empty property costs. The fleet downsizing will, however, generate immediate disposal proceeds. The programme is therefore expected to generate net cash inflows of around £25-30m by April 2009.

Capital expenditure

Capital expenditure in the first half totalled £201.5m (2007: £255.1m), including £179.3m on the rental fleet. Disposal proceeds totalled £40.7m (2007: £40.9m) giving net expenditure in the period of £160.8m (2007: £214.2m) whilst a net £145.8m was paid out in cash. The average age of the Group's rental fleet at 31 October 2008 was 32 months (2007: 27 months). Including the beneficial impact of the additional fleet sales to be effected in the second half outlined above, net capital expenditure payments in the second half are expected to total only around £15m giving total anticipated net payments for the year of around £160m. Next year's capital expenditure will also reduce significantly but, as usual, we will provide detailed guidance when we release our third quarter results in March 2009.

Cash flow and net debt

£108.6m of net cash inflow was generated in the first half including £18.8m from operations (2007: outflow of £41.8m) and £89.8m net of disposal costs from the sale of Ashtead Technology in June. £21.9m or 20% of this net inflow was applied in returns to equity shareholders with £86.5m used to reduce outstanding debt.

As a result net debt at 31 October 2008 was £1,076m (30 April 2008: £963m) which includes a translation increase of £197m due to the strength of the dollar. The Group's underlying EBITDA (excluding Ashtead Technology) for the last twelve months calculated at constant 31 October 2008 exchange rates was £432m. Accordingly the ratio of net debt to underlying EBITDA at constant rates was 2.5 times at 31 October 2008 (30 April 2008: 2.6 times) and we remain on track to achieve our previously announced year end debt target of $1,555m (£962m at 31 October 2008 exchange rates).

Our debt package is 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 4.9 years at 31 October 2008 with the first maturity on our asset based senior bank facility not being due until August 2011.

Availability under the $1.75bn asset based loan facility (including suppressed availability of $18m) was $764m at 31 October 2008 ($602m at 30 April 2008) well above the $125m of availability at which the entire debt package is covenant free. The strength of the debt structure is illustrated by our ability to absorb a 60% reduction in rental fleet values from their early 2007 peak more than double the peak to trough decline which occurred in the last cycle.

The availability calculation also compares a largely dollar based borrowing base with our substantially dollar based facility utilisation meaning that availability is largely unaffected by exchange rate fluctuations.

Return on investment

Return on investment (underlying operating profit divided by the weighted average net assets employed, including goodwill but excluding debt and deferred tax) which is measured on a rolling twelve month basis to eliminate seasonal effects was 12.9% for the year ended 31 October 2008 (14.0% for the year ended 30 April 2008). RoI for Sunbelt was 13.8% whilst A-Plant's RoI was 9.1%.

Dividends

Following the rebasing of dividends last year when there was a 50% increase, the Board has decided to broadly maintain the £4.4m cash cost of last year's dividend on the reduced number of shares now in issue following recent share buy-backs and has therefore declared an interim dividend of 0.9p per share (2007: 0.825p per share). As we stated a year ago when announcing the rebasing, the Board's dividend policy is to seek to increase cash returns to shareholders progressively over time, considering both the underlying performance of the Group and the ongoing cash flow of the business. The interim dividend will be paid on 12 February 2009 to shareholders on record on 30 January 2009.

Current trading and outlook

Trading in November reflected the slower performance experienced in recent months, a trend that is likely to continue.

Whilst the outlook for the operational trading environment in the second half is therefore weaker and difficult to predict, we will benefit significantly both from lower interest costs and the stronger dollar. Longer term, our strong market positions, long term committed debt facilities, cash generative and flexible business model and the decisive restructuring exercise which we are undertaking allow the Board to view the future with confidence.

Directors' responsibility statement in respect of the interim financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the International Accounting Standards Board;

- the interim management report includes a fair review of the information required by:

  (i) DTR 4.2.7R of the *Disclosure and Transparency Rules,* being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (ii) DTR 4.2.8R of the *Disclosure and Transparency Rules,* being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board of Directors 8 December 2008

CONSOLIDATED INCOME STATEMENT

Three months to 31 October - unaudited

	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
Revenue	286.8	-	286.8	264.2	-	264.2
Staff costs	(79.6)	(0.6)	(80.2)	(78.1)	-	(78.1)
Other operating costs	(102.0)	(7.4)	(109.4)	(82.6)	-	(82.6)
Other income	3.0	0.1	3.1	3.4	0.2	3.6
EBITDA*	108.2	(7.9)	100.3	106.9	0.2	107.1
Depreciation	(49.9)	(27.8)	(77.7)	(44.6)	-	(44.6)
Amortisation of intangibles	-	(0.7)	(0.7)	-	(0.6)	(0.6)
Operating profit	58.3	(36.4)	21.9	62.3	(0.4)	61.9
Investment income	1.0	-	1.0	1.1	-	1.1
Interest expense	(18.6)	-	(18.6)	(20.3)	-	(20.3)
Net financing costs	(17.6)	-	(17.6)	(19.2)	-	(19.2)
Profit on ordinary activities before taxation	40.7	(36.4)	4.3	43.1	(0.4)	42.7
Taxation:						
- current	(0.3)	1.0	0.7	(5.9)	-	(5.9)
- deferred	(14.4)	11.2	(3.2)	(9.8)	0.2	(9.6)
	(14.7)	12.2	(2.5)	(15.7)	0.2	(15.5)
Profit after taxation from continuing operations	26.0	(24.2)	1.8	27.4	(0.2)	27.2
(Loss)/profit after taxation from discontinued operations	-	(3.3)	(3.3)	1.9	-	1.9
(Loss)/profit attributable to equity shareholders	26.0	(27.5)	(1.5)	29.3	(0.2)	29.1
Basic earnings per share	5.2p	(5.5p)	(0.3p)	5.3p	-	5.3p
Diluted earnings per share	5.2p	(5.5p)	(0.3p)	5.3p	(0.1p)	5.2p

Six months to 31 October - unaudited

	2008 Before exceptional items and amortisation £m	2008 Exceptional items and amortisation £m	2008 Total £m	2007 Before exceptional items and amortisation £m	2007 Exceptional items and amortisation £m	2007 Total £m
Revenue	546.3	-	546.3	510.4	-	510.4
Staff costs	(155.0)	(0.6)	(155.6)	(154.8)	-	(154.8)
Other operating costs	(191.0)	(7.4)	(198.4)	(165.7)	-	(165.7)
Other income	5.5	0.1	5.6	7.4	0.2	7.6
EBITDA*	205.8	(7.9)	197.9	197.3	0.2	197.5
Depreciation	(95.8)	(27.8)	(123.6)	(87.6)	-	(87.6)
Amortisation of intangibles	-	(1.4)	(1.4)	-	(1.2)	(1.2)
Operating profit	110.0	(37.1)	72.9	109.7	(1.0)	108.7
Investment income	2.1	-	2.1	2.2	-	2.2
Interest expense	(35.5)	-	(35.5)	(40.4)	-	(40.4)
Net financing costs	(33.4)	-	(33.4)	(38.2)	-	(38.2)
Profit on ordinary activities before taxation	76.6	(37.1)	39.5	71.5	(1.0)	70.5
Taxation:						
- current	(1.4)	1.0	(0.4)	(9.6)	-	(9.6)
- deferred	(26.2)	11.4	(14.8)	(16.3)	(1.4)	(17.7)
	(27.6)	12.4	(15.2)	(25.9)	(1.4)	(27.3)
Profit after taxation from continuing operations	49.0	(24.7)	24.3	45.6	(2.4)	43.2
Profit after taxation from discontinued operations	2.0	54.4	56.4	3.5	-	3.5
Profit attributable to equity shareholders	51.0	29.7	80.7	49.1	(2.4)	46.7
Basic earnings per share	10.0p	5.8p	15.8p	8.9p	(0.4p)	8.5p
Diluted earnings per share	10.0p	5.8p	15.8p	8.8p	(0.4p)	8.4p

* 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

	Unaudited Three months to 31 October		Unaudited Six months to 31 October	
	2008	2007	2008	2007
	£m	£m	£m	£m
Net (loss)/profit for the period	(1.5)	29.1	80.7	46.7
Effect of the limitation on net pension asset recognised	(0.7)	-	(0.9)	-
Tax on items taken directly to equity	(3.7)	3.5	(3.7)	3.5
Foreign currency translation differences	39.9	(3.3)	39.7	(5.4)
Total recognised income and expense for the period	34.0	29.3	115.8	44.8

CONSOLIDATED MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Unaudited Three months to 31 October		Unaudited Six months to 31 October	
	2008	2007	2008	2007
	£m	£m	£m	£m
Total recognised income and expense for the period	34.0	29.3	115.8	44.8
Issue of ordinary shares, net of expenses	-	0.4	-	0.4
Re-issue of ordinary shares from treasury	0.1	-	0.2	-
Dividends paid	(8.4)	(6.1)	(8.4)	(6.1)
Share based payments	0.5	1.5	1.0	1.5
Own shares purchased by the Company	(0.4)	-	(13.5)	-
Own shares purchased by the ESOT	(0.4)	(1.0)	(0.4)	(0.8)
Realisation of foreign exchange translation differences on Technology disposal	(0.1)	-	1.2	-
Net increase in equity shareholders' funds	25.3	24.1	95.9	39.8
Opening equity shareholders' funds	506.7	412.4	436.1	396.7
Closing equity shareholders' funds	532.0	436.5	532.0	436.5

CONSOLIDATED BALANCE SHEET

	Unaudited 31 October		Audited 30 April
	2008	2007	2008
	£m	£m	£m
Current assets			
Inventories	21.7	22.5	22.6
Trade and other receivables	213.5	173.3	159.9
Current tax asset	2.8	-	2.2
Cash and cash equivalents	1.9	2.0	1.8
	239.9	197.8	186.5
Assets held for sale	-	-	26.8
	239.9	197.8	213.3
Non-current assets			
Property, plant and equipment			
- rental equipment	1,193.9	1,020.5	994.0
- other assets	155.3	131.1	136.1
	1,349.2	1,151.6	1,130.1
Intangible assets - brand names and other acquired intangibles	7.4	8.1	8.0
Goodwill	354.6	279.3	291.9
Deferred tax asset	14.7	33.4	19.6
Defined benefit pension fund surplus	-	5.7	-
	1,725.9	1,478.1	1,449.6
Total assets	1,965.8	1,675.9	1,662.9
Current liabilities			
Trade and other payables	166.8	180.5	129.1
Current tax liability	3.6	8.0	-
Debt due in less than one year	9.3	7.6	7.6
Provisions	11.4	13.0	9.1
	191.1	209.1	145.8
Liabilities associated with assets classified as held for sale	-	-	6.5
	191.1	209.1	152.3
Non-current liabilities			
Debt due in more than one year	1,068.3	925.6	957.4
Provisions	26.3	18.4	18.8
Deferred tax liability	148.1	86.3	98.3
	1,242.7	1,030.3	1,074.5
Total liabilities	1,433.8	1,239.4	1,226.8
Equity shareholders' funds			
Share capital	56.2	56.1	56.2
Share premium account	3.6	3.6	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	(6.4)	(7.9)	(7.0)
Cumulative foreign exchange translation differences	9.0	(35.6)	(28.2)
Retained earnings	415.2	329.6	344.1
Total equity shareholders' funds	532.0	436.5	436.1
Total liabilities and equity shareholders' funds	1,965.8	1,675.9	1,662.9

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months to 31 October 2008	2007
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items	194.9	179.3
Exceptional items paid	(1.4)	(6.8)
Cash generated from operations	193.5	172.5
Financing costs paid	(28.4)	(34.7)
Tax paid	(0.5)	(0.3)
Net cash from operating activities	164.6	137.5
Cash flows from investing activities		
Disposal of business	89.8	-
Payments for property, plant and equipment	(173.4)	(237.2)
Proceeds on sale of property, plant and equipment	27.6	57.9
Net cash used in investing activities	(56.0)	(179.3)
Cash flows from financing activities		
Drawdown of loans	94.1	74.3
Redemption of loans	(177.6)	(21.3)
Capital element of finance lease payments	(3.2)	(3.8)
Purchase of own shares by the Company	(13.5)	-
Purchase of own shares by the ESOT	(0.4)	(0.8)
Dividends paid	(8.4)	(6.1)
Proceeds from issue of ordinary shares	-	0.4
Proceeds from re-issue of shares	0.2	-
Net cash (used in)/from financing activities	(108.8)	42.7
(Decrease)/increase in cash and cash equivalents	(0.2)	0.9
Opening cash and cash equivalents	1.8	1.1
Effect of exchange rate differences	0.3	-
Closing cash and cash equivalents	1.9	2.0

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed interim financial statements for the six months ended 31 October 2008 were approved by the directors on 8 December 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 435 of the Companies Act 2006.

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, did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying the report 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 six months ended 31 October	1.88	2.01
At 31 October	1.62	2.08

2. Segmental analysis

	Revenue	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
Three months to 31 October	£m	£m	£m	£m
2008				
Sunbelt	232.4	52.9	(24.4)	28.5
A-Plant	54.4	7.1	(12.0)	(4.9)
Corporate costs	-	(1.7)	-	(1.7)
	286.8	58.3	(36.4)	21.9
2007				
Sunbelt	207.8	55.2	(0.5)	54.7
A-Plant	56.4	9.5	0.1	9.6
Corporate costs	-	(2.4)	-	(2.4)
	264.2	62.3	(0.4)	61.9
Six months to 31 October				
2008				
Sunbelt	436.8	99.4	(24.9)	74.5
A-Plant	109.5	14.2	(12.2)	2.0
Corporate costs	-	(3.6)	-	(3.6)
	546.3	110.0	(37.1)	72.9
2007				
Sunbelt	401.9	97.6	(1.0)	96.6
A-Plant	108.5	16.5	-	16.5
Corporate costs	-	(4.4)	-	(4.4)
	510.4	109.7	(1.0)	108.7

	Segment assets	Cash	Taxation assets	Total assets
At 31 October 2008				
Sunbelt	1,569.9	-	-	1,569.9
A-Plant	376.3	-	-	376.3
Central items	0.2	1.9	17.5	19.6
	1,946.4	1.9	17.5	1,965.8
At 30 April 2008				
Sunbelt	1,254.4	-	-	1,254.4
A-Plant	356.9	-	-	356.9
Central items	1.2	1.8	21.8	24.8
Continuing operations	1,612.5	1.8	21.8	1,636.1
Discontinued operations	26.0	-	0.8	26.8
	1,638.5	1.8	22.6	1,662.9

NOTES TO THE CONDENSED 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
Three months to 31 October						
Staff costs:						
Salaries	72.5	0.6	73.1	71.4	-	71.4
Social security costs	5.7	-	5.7	5.5	-	5.5
Other pension costs	1.4	-	1.4	1.2	-	1.2
	79.6	0.6	80.2	78.1	-	78.1
Other operating costs:						
Vehicle costs	25.0	-	25.0	18.5	-	18.5
Spares, consumables & external repairs	17.0	1.3	18.3	13.9	-	13.9
Facility costs	11.4	4.5	15.9	10.3	-	10.3
Other external charges	48.6	1.6	50.2	39.9	-	39.9
	102.0	7.4	109.4	82.6	-	82.6
Other income:						
Profit on disposal of fixed assets	(3.0)	(0.1)	(3.1)	(3.4)	(0.2)	(3.6)
Depreciation and amortisation:						
Depreciation	49.9	27.8	77.7	44.6	-	44.6
Amortisation of acquired intangibles	-	0.7	0.7	-	0.6	0.6
	49.9	28.5	78.4	44.6	0.6	45.2
	228.5	36.4	264.9	201.9	0.4	202.3
Six months to 31 October						
Staff costs:						
Salaries	141.3	0.6	141.9	140.9	-	140.9
Social security costs	10.9	-	10.9	11.3	-	11.3
Other pension costs	2.8	-	2.8	2.6	-	2.6
	155.0	0.6	155.6	154.8	-	154.8
Other operating costs:						
Vehicle costs	46.9	-	46.9	36.4	-	36.4
Spares, consumables & external repairs	31.8	1.3	33.1	28.3	-	28.3
Facility costs	21.8	4.5	26.3	20.1	-	20.1
Other external charges	90.5	1.6	92.1	80.9	-	80.9
	191.0	7.4	198.4	165.7	-	165.7
Other income:						
Profit on disposal of fixed assets	(5.5)	(0.1)	(5.6)	(7.4)	(0.2)	(7.6)
Depreciation and amortisation:						
Depreciation	95.8	27.8	123.6	87.6	-	87.6
Amortisation of acquired intangibles	-	1.4	1.4	-	1.2	1.2
	95.8	29.2	125.0	87.6	1.2	88.8
	436.3	37.1	473.4	400.7	1.0	401.7

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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 October		Six months to 31 October	
	2008	2007	2008	2007
	£m	£m	£m	£m
US cost reduction programme	(23.8)	-	(23.8)	-
UK cost reduction programme	(12.0)	-	(12.0)	-
Profit on sale of UK property from closed sites	0.1	0.2	0.1	0.2
Gain on sale of Ashtead Technology	(1.1)	-	66.2	-
Taxation on exceptional items	9.8	-	0.2	(1.8)
Total exceptional items	(27.0)	0.2	30.7	(1.6)
Amortisation of acquired intangibles (net of tax credit)	(0.5)	(0.4)	(1.0)	(0.8)
	(27.5)	(0.2)	29.7	(2.4)

The US and UK cost reduction programmes relate to store closures, fleet downsizing and other cost reduction measures being taken in advance of expected 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 write off of leasehold improvements at profit centres that will be closed. The gain on Ashtead Technology arose on the sale of that business (refer note 13).

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

	Three months to 31 October		Six months to 31 October	
	2008	2007	2008	2007
	£m	£m	£m	£m
Staff costs	(0.6)	-	(0.6)	-
Other operating costs	(7.4)	-	(7.4)	-
Other income	0.1	0.2	0.1	0.2
Depreciation	(27.8)	-	(27.8)	-
Amortisation of acquired intangibles	(0.7)	(0.6)	(1.4)	(1.2)
Charged in arriving at operating profit and profit before tax	(36.4)	(0.4)	(37.1)	(1.0)
Taxation	12.2	0.2	12.4	(1.4)
Profit/(loss) after taxation from discontinued operations	(3.3)	-	54.4	-
	(27.5)	(0.2)	29.7	(2.4)

The exceptional depreciation charge of £27.8m relates to impairment of rental assets to be sold during the accelerated disposal programme.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

5. Financing costs

	Three months to 31 October		Six months to 31 October	
	2008	2007	2008	2007
	£m	£m	£m	£m
Investment income:				
Expected return on assets of defined benefit pension plan	1.0	1.1	2.1	2.2
Total investment income	1.0	1.1	2.1	2.2
Interest expense:				
Bank interest payable	6.8	9.5	12.8	18.8
Interest on second priority senior secured notes	9.9	8.8	18.9	17.7
Interest payable on finance leases	0.2	0.4	0.4	0.7
Non-cash unwind of discount on defined benefit pension plan liabilities	0.7	0.8	1.5	1.5
Non-cash unwind of discount on self insurance provisions	0.3	0.2	0.6	0.5
Amortisation of deferred costs of debt raising	0.7	0.6	1.3	1.2
Total interest expense	18.6	20.3	35.5	40.4
Net financing costs	17.6	19.2	33.4	38.2

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 40% in the US (2007: 40%) and 29% in the UK (2007: 31%) applied to the profit before tax, exceptional items and amortisation of acquired intangibles. The blended effective rate for the Group as a whole is 36%.

The tax charge of £27.6m (2007: £25.9m) on the underlying pre-tax profit of £76.6m (2007: £71.5m) from continuing operations consists of current tax of £1.0m relating to the UK (2007: £nil), current tax of £0.4m relating to the US (2007: £9.6m), deferred tax of £6.4m relating to the UK (2007: £9.0m) and deferred tax of £19.8m relating to the US (2007: £7.3m). In addition, the tax credit of £12.4m (2007: charge of £1.4m) on exceptional costs (including amortisation) of £37.1m (2007: £1.0m) relating to continuing operations consists of current tax credit of £1.0m relating to the UK (2007: £nil), deferred tax credit of £1.8m (2007: charge of £1.8m) relating to the UK and deferred tax credit of £9.6m (2007: £0.4m) relating to the US.

Tax on discontinued operations is discussed in note 13.

7. Earnings per share

Basic and diluted earnings per share for the three and six months ended 31 October 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).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7. Earnings per share (continued)

These are calculated as follows:

	Three months to 31 October 2008	Three months to 31 October 2007	Six months to 31 October 2008	Six months to 31 October 2007
Profit/(loss) for the financial period (£m)				
From continuing operations	1.8	27.2	24.3	43.2
From discontinued operations	(3.3)	1.9	56.4	3.5
From continuing and discontinued operations	(1.5)	29.1	80.7	46.7
Weighted average number of shares (m) - basic	504.2	553.1	509.8	552.4
- diluted	504.4	556.1	510.1	556.9
Basic earnings per share				
From continuing operations	0.4p	4.9p	4.8p	7.8p
From discontinued operations	(0.7p)	0.4p	11.0p	0.7p
From continuing and discontinued operations	(0.3p)	5.3p	15.8p	8.5p
Diluted earnings per share				
From continuing operations	0.4p	4.9p	4.8p	7.8p
From discontinued operations	(0.7p)	0.3p	11.0p	0.6p
From continuing and discontinued operations	(0.3p)	5.2p	15.8p	8.4p

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

	Three months to 31 October 2008	Three months to 31 October 2007	Six months to 31 October 2008	Six months to 31 October 2007
Basic earnings per share	(0.3p)	5.3p	15.8p	8.5p
Exceptional items and amortisation of acquired intangibles	7.5p	0.1p	(5.7p)	0.5p
Tax on exceptional items and amortisation	(2.0p)	(0.1p)	(0.1p)	(0.1p)
Underlying earnings per share	5.2p	5.3p	10.0p	8.9p
Other deferred tax	2.8p	1.9p	5.3p	3.2p
Cash tax earnings per share	8.0p	7.2p	15.3p	12.1p

8. Dividends

During the period, a final dividend in respect of the year ended 30 April 2008 of 1.675p (2007: 1.1p) per share was paid to shareholders.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

9. Property, plant and equipment

	2008		2007	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	994.0	1,130.1	920.6	1,048.0
Exchange difference	157.7	176.5	(25.3)	(28.3)
Reclassifications	(0.3)	(0.1)	(0.1)	0.1
Additions	179.3	201.5	234.0	255.1
Disposals	(33.1)	(35.2)	(30.2)	(33.0)
Depreciation	(103.7)	(123.6)	(78.5)	(90.3)
At 31 October	1,193.9	1,349.2	1,020.5	1,151.6

Included in depreciation is an impairment charge of £27.8m (see note 4).

10. 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	561,440,420	56.2	56.1

Since 30 April 2008, the Company has purchased 20,172,770 shares at a total cost of £13.5m, which are held in treasury and the ESOT has purchased 472,417 shares at a total cost of £0.4m. In addition, during the period, 675,559 ordinary shares of 10p each were re-issued out of treasury at an average price of 23p per share raising £0.2m, and 922,207 shares were re-issued out of the ESOT at an average price of 106p per share raising £1.0m, both being under the share award plans.

11. Statement of changes in shareholders' equity

	Share capital £m	Share premium £m	Non distributable reserves £m	Treasury stock	Own shares held by ESOT £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m	31 Oct 2007 £m
Total recognised income and expense	-	-	-	-	-	36.0	79.8	115.8	44.8
Shares issued/re-issued	-	-	-	0.5	-	-	(0.3)	0.2	0.4
Dividends paid	-	-	-	-	-	-	(8.4)	(8.4)	(6.1)
Share based payments	-	-	-	-	-	-	1.0	1.0	1.5
Vesting of share awards	-	-	-	-	1.0	-	(1.0)	-	-
Own shares purchased	-	-	-	(13.5)	(0.4)	-	-	(13.9)	(0.8)
Realisation of foreign exchange translation differences	-	-	-	-	-	1.2	-	1.2	-
Net changes in shareholders' equity	-	-	-	(13.0)	0.6	37.2	71.1	95.9	39.8
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)	(6.4)	9.0	415.2	532.0	436.5

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

12. Notes to the cash flow statement

	Six months to 31 October 2008 £m	Six months to 31 October 2007 £m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation:		
- continuing operations	110.0	109.7
- discontinued operations	2.8	5.2
	112.8	114.9
Depreciation:		
- continuing operations	95.8	87.6
- discontinued operations	-	2.7
EBITDA before exceptional items	208.6	205.2
Profit on disposal of property, plant and equipment	(5.5)	(7.7)
Decrease in inventories	4.9	0.9
Increase in trade and other receivables	(16.6)	(20.6)
Increase/(decrease) in trade and other payables	1.6	(0.5)
Exchange differences	0.8	0.6
Other non-cash movements	1.1	1.4
Cash generated from operations before exceptional items	194.9	179.3

b) Reconciliation to net debt

	2008 £m	2007 £m
Decrease/(increase) in cash in the period	0.2	(0.9)
(Decrease)/increase in debt through cash flow	(86.7)	49.2
Change in net debt from cash flows	(86.5)	48.3
Exchange difference	196.8	(34.2)
Non-cash movements:		
- deferred costs of debt raising	1.3	1.1
- capital element of new finance leases	0.9	0.1
Movement in net debt in the period	112.5	15.3
Opening net debt	963.2	915.9
Closing net debt	1,075.7	931.2

c) Analysis of net debt

	1 May 2008 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 October 2008 £m
Cash	(1.8)	(0.3)	0.2	-	(1.9)
Debt due within 1 year	7.6	1.3	(0.2)	0.6	9.3
Debt due after 1 year	957.4	195.8	(86.5)	1.6	1,068.3
Total net debt	963.2	196.8	(86.5)	2.2	1,075.7

13. Disposal of Ashtead Technology

The Group sold its Ashtead Technology division on 26 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:

NOTES TO THE INTERIM FINANCIAL STATEMENTS

13. Disposal of Ashtead Technology (continued)

	Two months to 30 June 2008 £m	Six months to 31 October 2007 £m
Revenue	4.7	13.1
Operating costs	(1.9)	(5.5)
Other income	-	0.3
EBITDA	2.8	7.9
Depreciation	-	(2.7)
Operating profit	2.8	5.2
Net financing costs	-	-
Profit before taxation from operations	2.8	5.2
Taxation	(0.8)	(1.7)
Profit after taxation from operations	2.0	3.5
Gain on sale of Ashtead Technology, after taxation	54.4	-
Profit after taxation from discontinued operations	56.4	3.5

The £0.8m tax charge consists of a deferred tax charge of £0.4m (2007: £0.8m) relating to the UK, a deferred tax charge of £0.3m relating to the US (2007: £0.7m) and a current tax charge of £0.1m (2007: £0.2m) relating to Singapore.

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

	At 26 June 2008	
Assets		£m
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 of the disposal group		30.7
Liabilities		
Trade and other payables		4.6
Taxation liabilities		2.8
Total liabilities of the disposal group		7.4
Net assets		23.3

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	(5.3)
Net disposal consideration	90.7
Less: Carrying amounts of net assets disposed of	(23.3)
Less: Recycling of cumulative foreign exchange translation differences	(1.2)
Gain on sale before taxation	66.2
Taxation	(11.8)
	54.4

NOTES TO THE INTERIM FINANCIAL STATEMENTS

13. Disposal of Ashtead Technology (continued)

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

	Two months to 30 June 2008 £m	Six months to 31 October 2007 £m
Cash flows attributable to discontinued operations		
Cash flows from operating activities	3.7	7.1
Cash flows from investing activities	(0.9)	(3.8)
Cash flows from financing activities	(0.3)	(3.2)
	2.5	0.1

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	(3.4)
Net consideration reported on cash flow statement	89.8

14. 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 October 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 RESULTS, BALANCE SHEET AND CASH FLOW

Results

Segmental results

Divisional results before exceptional items and amortisation of acquired intangibles for the three months and six months ended 31 October 2008 are summarised below:

	Revenue		EBITDA		Operating profit	
Three months to 31 October	2008	2007	2008	2007	2008	2007
Sunbelt in $m	418.3	420.6	162.3	179.8	95.1	111.8
Sunbelt in £m	232.4	207.8	90.3	88.8	52.9	55.2
A-Plant	54.4	56.4	19.6	20.5	7.1	9.5
Group central costs	-	-	(1.7)	(2.4)	(1.7)	(2.4)
Continuing operations	286.8	264.2	108.2	106.9	58.3	62.3
Net financing costs					(17.6)	(19.2)
Profit before tax, exceptionals and amortisation from continuing operations					40.7	43.1
Ashtead Technology - discontinued operations					-	2.9
Exceptional items					(36.8)	0.2
Amortisation					(0.7)	(0.6)
Total Group profit before taxation					3.2	45.6

Six months to 31 October	Revenue 2008	Revenue 2007	EBITDA 2008	EBITDA 2007	Operating profit 2008	Operating profit 2007
Sunbelt in $m	821.7	809.1	320.8	330.5	187.0	196.6
Sunbelt in £m	436.8	401.9	170.6	164.1	99.4	97.6
A-Plant	109.5	108.5	38.8	37.6	14.2	16.5
Group central costs	-	-	(3.6)	(4.4)	(3.6)	(4.4)
Continuing operations	546.3	510.4	205.8	197.3	110.0	109.7
Net financing costs					(33.4)	(38.2)
Profit before tax, exceptionals and amortisation from continuing operations					76.6	71.5
Ashtead Technology - discontinued operations					2.8	5.2
Exceptional items					30.5	0.2
Amortisation					(1.4)	(1.2)
Total Group profit before taxation					108.5	75.7

Three months ended 31 October

Revenue from continuing operations increased 8.6% to £286.8m (2007: £264.2m) but decreased 1.1% at constant 2008 exchange rates. Underlying operating profit decreased by 6.4% to £58.3m (2007: £62.3m) and 15.6% at constant 2008 exchange rates. Reflecting the benefit of lower debt and lower interest rates, profit before tax, exceptionals and amortisation for the quarter decreased to £40.7m (2007: £43.1m) and, after discontinued operations, exceptional items and amortisation, the profit before tax for the quarter was £3.2m (2007: £45.6m).

Sunbelt's dollar revenues of $418.3m were comparable to the prior year. This reflected a fleet 4.0% larger on average than last year, physical utilisation for the quarter slightly lower at 71% (2007: 72%) and a 1% lower achieved yield. Dollar utilisation was 61% at 31 October 2008 compared to 62% at 30 April 2008. This reflects the weakening economic environment for our end markets and contributed to EBITDA and operating profit margins in the quarter of 38.8% and 22.7% respectively.

The economic slowdown in the UK, and particularly the collapse in UK house building, led to the 4% decline in A-Plant's second quarter revenues. This reflected more fleet on rent than a year ago with a 13% increase in average fleet size to £384.2m but physical utilisation lower at 68% (2007: 73%) and 9% lower average yield. In these more difficult conditions, A-Plant's EBITDA and operating profit margins declined to 36.1% and 13.1% respectively.

Six months ended 31 October

Revenue increased 7.0% to £546.3m (2007: £510.4m) in the six months ended 31 October 2008 at actual rates of exchange and by 1.4% at constant 2008 exchange rates. Underlying operating profit was flat at £110.0m (2007: £109.7m) at actual rates of exchange but decreased by 5.6% at constant rates. Profit before tax, exceptionals and amortisation for the six months rose 7.2% to £76.6m (2007: £71.5m) and by 2.7% at constant rates. After exceptional items and amortisation, the total Group profit before tax (including Ashtead Technology) was £108.5m (2007: £75.7m).

Balance sheet

Capital expenditure in the six months was £201.5m of which £179.3m was invested in the rental fleet (2007: £255.1m in total). Expenditure on rental equipment was 89% 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:

	2008 Growth	2008 Maintenance	2008 Total	2007 Total
Sunbelt in $m	61.7	145.6	207.3	313.3
Sunbelt in £m	38.2	90.1	128.3	150.8
A-Plant	21.7	29.3	51.0	77.2
Continuing operations	59.9	119.4	179.3	228.0
Ashtead Technology	-	-	-	6.0
Total rental equipment	59.9	119.4	179.3	234.0
Delivery vehicles, property improvements & computers			22.2	21.1
Total additions			201.5	255.1

As market conditions slowed the Group spent £59.9m of its rental equipment capital expenditure on growth (2007: £129.2m) and £119.4m on replacing existing fleet (2007: £104.8m). The growth proportion is estimated on the basis of the assumption that maintenance capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of the fleet, at 31 October 2008 was 32 months (2007: 27 months) on a net book value basis. Sunbelt's fleet had an average age of 34 months (2007: 29 months) comprising 36 months for aerial work platforms which have a longer life and 32 months for the remainder of its fleet and A-Plant's fleet had an average age of 23 months (2007: 21 months).

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

	Rental fleet at original cost 31 October 2008	Rental fleet at original cost 30 April 2008	Rental fleet at original cost LTM average	LTM rental & rental related revenues	LTM dollar utilisation	LTM physical utilisation
Sunbelt in $m	2,375	2,314	2,349	1,439	61%	67%
Sunbelt in £m	1,470	1,168	1,214	744	61%	67%
A-Plant	381	360	369	210	57%	70%
	1,851	1,528	1,583	954	60%	

Dollar utilisation is defined as rental and rental related revenues divided by average fleet at original (or "first") cost. Dollar utilisation at Sunbelt for the twelve months ended 31 October 2008 was 61%, down slightly from 62% in the year ended 30 April 2008. Dollar utilisation of 57% at A-Plant reflects the lower pricing (relative to equipment cost) prevalent in the competitive UK market. 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 October 2008 were 53 days (2007: 51 days). The bad debt charge for the six months ended 31 October 2008 as a percentage of total turnover was 1.0% (2007: 0.8%).

Trade and other payables

Group payable days were 54 days in 2008 (2007: 60 days). Capital expenditure related payables at 31 October 2008 totalled £37.4m (2007: £74.4m). Payment periods for purchases other than rental equipment vary between 7 and 45 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

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:

	Six months to 31 October		LTM to 31 October	Year to 30 April
	2008	2007	2008	2008
	£m	£m	£m	£m
EBITDA before exceptional items	208.6	205.2	383.4	380.0
Cash inflow from operations before exceptional items	194.9	179.3	372.0	356.4
*Cash efficiency ratio**	*93.4%*	*87.4%*	*97.0%*	*93.8%*
Maintenance rental capital expenditure	(103.2)	(114.0)	(184.5)	(195.3)
Non-rental capital expenditure	(19.4)	(21.5)	(33.7)	(35.8)
Proceeds from sale of used rental equipment	27.6	57.9	62.4	92.7
Tax paid	(0.5)	(0.3)	(6.6)	(6.4)
Cash flow before interest & growth capex	**99.4**	**101.4**	**209.6**	**211.6**
Financing costs paid	(28.4)	(34.7)	(70.1)	(76.4)
Cash flow before growth capex after interest	**71.0**	**66.7**	**139.5**	**135.2**
Growth capital expenditure	(50.8)	(101.7)	(69.5)	(120.4)
Exceptional costs paid (net)	(1.4)	(6.8)	(4.1)	(9.5)
Free cash flow	**18.8**	**(41.8)**	**65.9**	**5.3**
Business disposals/(acquisitions)	89.8	-	83.9	(5.9)
Total cash generated/(absorbed)	**108.6**	**(41.8)**	**149.8**	**(0.6)**
Dividends paid	(8.4)	(6.1)	(12.8)	(10.5)
Purchase of own shares by the ESOT	(0.4)	(0.8)	(1.2)	(1.6)
Purchase of own shares by the Company	(13.5)	-	(36.4)	(22.9)
Proceeds from issues of ordinary shares	-	0.4	0.1	0.5
Proceeds from re-issue of shares	0.2	-	0.2	-
Reduction/(increase) in total debt	**86.5**	**(48.3)**	**99.7**	**(35.1)**

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

Half year cash inflow from operations increased 9% to £194.9m and the cash efficiency ratio was 93.4% (2007: 87.4%). Tax payments remain low reflecting tax depreciation in excess of book and utilisation of tax losses. Financing costs paid differ from the accounting charge in the income statement due to the timing of interest payments in the year, with accrued unpaid interest at 31 October 2008 totalling £14.9m (2007: £15.5m) and due to non-cash interest charges. As noted above, capital expenditure slowed in the first half with net payments for capital expenditure of £145.8m this year compared to £179.3m in 2007.

As a result the Group generated positive free cash flow (after growth as well as maintenance capital expenditure) in the first half for the first time since the end of the last US slow down in 2004. Including £89.8m generated from the sale of Ashtead Technology (net of disposal costs), the Group generated free cash of £108.6m in the first half compared to the outflow of £41.8m last year.

On a last twelve months basis free cash flow generated totals £65.9m (year to 30 April 2008: £5.3m) whilst total cash generation including the Technology sale is £149.8m (year to 30 April 2008: outflow of £0.6m). Included in the last twelve months' figures are payments for net capital expenditure in the second half of last year of £79.5m. Including the disposal proceeds to be generated as a result of the fleet downsizing programme, we expect a substantially lower net spend in the second half of the current fiscal year with positive implications for the amount of total cash we anticipate generating in the year to 30 April 2009.

Net debt

	31 October		30 April
	2008	2007	2008
	£m	£m	£m
First priority senior secured bank debt	578.4	540.9	556.2
Finance lease obligations	15.3	17.7	15.2
8.625% second priority senior secured notes, due 2015	150.9	116.1	122.2
9% second priority senior secured notes, due 2016	333.0	258.5	271.4
	1,077.6	933.2	965.0
Cash and cash equivalents	(1.9)	(2.0)	(1.8)
Total net debt	1,075.7	931.2	963.2

Net debt at 31 October 2008 was £1,076m (30 April 2008: £963m) which includes a translation increase of £197m due to the strength of the dollar. The Group's underlying EBITDA (excluding Ashtead Technology) for the last twelve months calculated at constant 31 October 2008 exchange rates was £432m. Accordingly the ratio of net debt to EBITDA was 2.5 times at constant exchange rates at 31 October 2008 (30 April 2008: 2.5 times).

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 7%, 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 4.25 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 October 2008 availability under the bank facility, including suppressed availability of $18m, was $764m ($602m at 30 April 2008). Although the covenants were therefore not required to be measured at 31 October 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 97% of our debt was denominated in US dollars at 31 October 2008. At that date dollar denominated debt represented approximately 85% 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 October 2008, a 1% change in the US dollar exchange rate would impact pre-tax profit by 0.7%.

In addition, the market background and current trading and outlook sections 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 October		30 April	31 October		30 April
	2008	2007	2008	2008	2007	2008
Sunbelt	430	441	430	7,007	7,163	7,039
A-Plant	180	195	192	2,361	2,435	2,422
Ashtead Technology	-	13	13	-	129	120
Corporate office	-	-	-	13	11	13
Group	610	649	635	9,381	9,738	9,594

Sunbelt's profit centre numbers include 90 Sunbelt at Lowes stores at 31 October 2008 (90 at 30 April 2008 and 95 at 31 October 2007).

INDEPENDENT REVIEW REPORT TO ASHTEAD GROUP PLC

We have been engaged by the Company to review the condensed interim financial statements for the six months ended 31 October 2008 which comprise the income statement, the balance sheet, the statement of recognised income and expense, the cash flow statement and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board for use in the United Kingdom. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdoms' Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union and the International Accounting Standards Board. The condensed financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union and the International Accounting Standards Board.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements for the six months ended 31 October 2008 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the International Accounting Standards Board and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Registered Auditors
8 December 2008
London, UK