Unaudited results for the third quarter and nine months ended 31 January 2008

Continued strong growth with profits and earnings at record levels

Financial summary	Third quarter			Nine months		
	2008	2007	Growth	2008	2007	Growth
	£m	£m	%	£m	£m	%
Underlying operating profit[1]	40.1	32.1	+25%	155.0	114.8	+35%
Underlying profit before taxation[1]	20.8	11.3	+82%	97.5	65.7	+48%
Underlying earnings per share[1] – basic	2.5p	1.3p	+83%	11.4p	8.5p	+33%
- cash tax	3.8p	2.1p	+80%	15.9p	13.1p	+21%
Profit/(loss) before taxation	20.2	2.1	n/a	95.9	(28.5)	n/a
Basic earnings per share	2.4p	0.3p	n/a	10.9p	2.9p	n/a

[1] See notes below

Highlights

- Strong performance continues at all three divisions
  - 25% growth in Sunbelt's year to date underlying profit
  - 49% growth in A-Plant's year to date underlying profit
- Market conditions remain good in the US and UK
  - utilisation rates improved over the equivalent period last year
  - fleet age and mix at optimum levels
  - business model has flexibility to react quickly and effectively to change
- 5% share buy-back progressing well
  - 4.2% purchased to date at a cost of £18.1m (77p per share)

Ashtead's Chief Executive, Geoff Drabble, commented:

Our three divisions have all continued to perform well in the third quarter. In the US, where our principal markets remain strong, we again increased margins as we continue to drive efficiencies from the enlarged Sunbelt business. At A-Plant the 49% growth in its year to date operating profit is a clear indication of the momentum this business has developed and its good position in the UK market.

Despite the economic uncertainty, our markets in the US and the UK remain good and our experience on the ground suggests that this will continue for the foreseeable future. In the event of changing markets, we have a flexible business model that is able to respond quickly and effectively to market conditions. The Board remains confident in the Group's prospects for the full year and beyond.

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, amortisation of acquired intangibles and non-cash fair value remeasurements of embedded derivatives in long-term debt. The definition of exceptional items is set out in note 4. The reconciliation of underlying basic 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) Pro forma basis includes the NationsRent and Lux Traffic acquisitions throughout the year ended 30 April 2007 rather than from their respective dates of acquisition of 31 August 2006 and 15 October 2006. For this purpose the pre-acquisition results of NationsRent have been derived from its reported financial performance under US GAAP adjusted to exclude the large profits on disposal of rental equipment it reported following the application of US “fresh start” accounting principles and to include an estimated depreciation charge under Ashtead’s depreciation policies and methods.

Geoff Drabble and Ian Robson will host a conference call with equity analysts to discuss the results at 9.30am on Tuesday 4 March. This call 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 which will be used for the call are available for download on the Company’s website. There will also be a conference call for bondholders at 3pm (10am EST).

Please contact the Company’s PR advisers, Maitland (Camilla Vella) at +44 (0)20 7379 5151 for more details if you are an equity analyst or an Ashtead bondholder.

Overview

The third quarter saw a continuation of the trends reported at the half year. All three divisions traded strongly in good market conditions and, as a result, underlying operating profit grew by 25% to £40.1m while underlying pre-tax profits grew by 82% to £20.8m. Underlying basic earnings per share rose 83% to 2.5p.

Nine months underlying pre-tax profits have grown 48% to £97.5m at actual rates of exchange and by 55% at constant rates whilst the nine months underlying earnings per share are up one-third to 11.4p.

Return on Investment ("RoI") for the Group rose to 13.6% for the 12 months ended 31 January 2008 (year to April 2007 - 12.9%). Sunbelt delivered 14.1% RoI whilst A-Plant's RoI was 10.6%. The after tax return on equity was 17.4% (year to April 2007 - 15.3%).

Divisional performance

Sunbelt

	Third quarter			Nine months		
	2008	2007	Growth	2008	2007	Growth
	$m	$m		$m	$m	
Revenue						
As reported	362.7	361.5	Nil%	1,171.8	958.5	+22%
NationsRent	-	-		-	230.7	
Pro forma combined	362.7	361.5	Nil%	1,171.8	1,189.2	-1%
Underlying operating profit						
As reported	69.4	58.1	+19%	266.0	193.3	+38%
NationsRent	-	-		-	19.2	
Pro forma combined	69.4	58.1	+19%	266.0	212.5	+25%
Operating profit margin	19.1%	16.1%		22.7%	17.9%	

Sunbelt's operating profit margin again improved as we continue to enhance the operational efficiency of the business following the NationsRent acquisition. Whilst revenues remain flat in total, this reflects our curtailment of the low margin sales of new equipment undertaken previously by NationsRent. Excluding sales revenues, rental and rental related revenues grew 1.6% in the third quarter to $338m and by 1.3% in the nine months to $1,092m.

Dollar utilisation was 63% at 31 January 2008 compared to a pro forma 62% at 30 April 2007. Fleet size was on average 1% larger in the third quarter than in the previous year whilst physical utilisation for the quarter rose 4% to 66% (2007 - 63%). Rental rates declined 0.5% in the nine months. This includes a decline of 3.5% in the quarter reflecting the high comparative from a year ago when rates initially grew strongly after the NationsRent acquisition. We anticipate that rental rates will return to being broadly flat year on year as we enter the busier summer season.

A-Plant

	Third quarter			Nine months		
	2008	2007	Growth	2008	2007	Growth
	£m	£m		£m	£m	
Revenue						
As reported	51.2	48.2	+6%	159.7	139.7	+14%
Lux Traffic	-	-		-	9.5	
Pro forma combined	51.2	48.2	+6%	159.7	149.2	+7%
Underlying operating profit						
As reported	5.4	3.1	+77%	21.9	14.2	+55%
Lux Traffic	-	-		-	0.6	
Pro forma combined	5.4	3.1	+77%	21.9	14.8	+49%
Operating profit margin	10.6%	6.4%		13.7%	9.9%	

A-Plant grew revenues strongly in mature markets with 6% growth in the third quarter. This growth reflected a 10% increase in average fleet size and a 1% increase in physical utilisation to 68% (2007 - 67%). Like for like rental rates were broadly flat. Third quarter operating costs rose only 1% with the resulting operating leverage producing a 77% rise in third quarter operating profit to £5.4m.

A-Plant continues to benefit from being able to provide its contractor customers with the complete plant and tool product range supported by strong operational delivery and IT support.

Ashtead Technology

	Third quarter			Nine months		
	2008	2007	Growth	2008	2007	Growth
	£m	£m		£m	£m	
Revenue	6.5	5.0	+29%	19.6	16.3	+20%
Operating profit	2.1	1.1	+96%	7.3	4.4	+67%
Operating profit margin	32.5%	21.4%		37.3%	26.9%	

Ashtead Technology again grew its revenues and profits strongly in offshore and onshore markets which remain good. The strategic review of Technology announced in December is progressing well.

Capital expenditure

Capital expenditure for the nine months was £301m (2007 - £236m), more than double the depreciation charge as we invested to de-age our fleets, to complete the reconfiguration of the acquired fleet in the US and to support the top-line growth in the UK. Our capital expenditure guidance for the 2007/8 fiscal year as a whole is unchanged at approximately £320m gross and £260m net of disposal proceeds.

Our rental fleet in all divisions has now reached an age and mix which we consider optimum. Accordingly, we expect significantly reduced capital expenditure next year at approximately £220m gross and £175m net of disposal proceeds. Around £180m of the gross expenditure will be for replacement with £40m of investment for growth (2.5% of current fleet size).

Share repurchase, net debt and leverage

Good progress has been made in implementing the 5% share repurchase announced in December. To 3 March, 4.2% of the issued share capital has been acquired at a cost of £18.1m or 77p per share.

Net debt rose £55m from £931m at the start of the quarter to £986m due to currency translation effects as the US dollar strengthened from $2.08 to $1.99 (£40m effect) and to the £11m spent by the quarter end on the share buy-back. The ratio of net debt to the LTM EBITDA at 31 January 2008 of £370m was 2.7 times, comfortably within our 2-3 times target. With a reduced requirement for replacement capital expenditure in future, we expect to be in the lower half of this range by April 2009 and to continue deleveraging in future periods.

Debt facilities remain committed for the long-term with the first significant maturity being in August 2011. At 31 January 2008, availability under the $1.75bn asset based loan facility was $590m ($589m at 30 April 2007), well in excess of the threshold of $125m at which financial covenants would be measured.

Current trading and outlook

Despite the economic uncertainty, our markets in the US and the UK remain good and our experience on the ground suggests that this will continue for the foreseeable future. In the event of changing markets, we have a flexible business model that is able to respond quickly and effectively to market conditions. The Board remains confident in the Group's prospects for the full year and beyond.

CONSOLIDATED INCOME STATEMENT

Three months to 31 January - unaudited

	2008 Before exceptional items and amortisation of intangibles £m	2008 Exceptional items and amortisation of intangibles £m	2008 Total £m	2007 Before exceptional items, amortisation and fair value remeasurements+ £m	2007 Exceptional items, amortisation and fair value remeasurements+ £m	2007 Total £m
Revenue	237.2	-	237.2	240.0	-	240.0
Staff costs	(74.6)	-	(74.6)	(79.7)	(1.2)	(80.9)
Other operating costs	(78.8)	-	(78.8)	(85.8)	(4.5)	(90.3)
Other income	2.5	0.1	2.6	2.0	-	2.0
EBITDA*	86.3	0.1	86.4	76.5	(5.7)	70.8
Depreciation	(46.2)	-	(46.2)	(44.4)	-	(44.4)
Amortisation of intangibles	-	(0.7)	(0.7)	-	(3.8)	(3.8)
Operating profit	40.1	(0.6)	39.5	32.1	(9.5)	22.6
Investment income	1.0	-	1.0	1.1	-	1.1
Interest expense	(20.3)	-	(20.3)	(21.9)	0.3	(21.6)
Net financing costs	(19.3)	-	(19.3)	(20.8)	0.3	(20.5)
Profit on ordinary activities before taxation	20.8	(0.6)	20.2	11.3	(9.2)	2.1
Taxation:						
- current	0.1	-	0.1	0.1	-	0.1
- deferred	(7.1)	0.2	(6.9)	(4.1)	3.6	(0.5)
	(7.0)	0.2	(6.8)	(4.0)	3.6	(0.4)
Profit attributable to equity shareholders	13.8	(0.4)	13.4	7.3	(5.6)	1.7
Basic earnings per share	2.5p	(0.1)p	2.4p	1.3p	(1.0)p	0.3p
Diluted earnings per share	2.5p	(0.1)p	2.4p	1.3p	(1.0)p	0.3p

Nine months to 31 January - unaudited

	2008 Before exceptional items and amortisation of intangibles £m	2008 Exceptional items and amortisation of intangibles £m	2008 Total £m	2007 Before exceptional items, amortisation and fair value remeasurements+ £m	2007 Exceptional items, amortisation and fair value remeasurements+ £m	2007 Total £m
Revenue	760.7	-	760.7	662.3	-	662.3
Staff costs	(232.0)	-	(232.0)	(206.3)	(8.7)	(215.0)
Other operating costs	(247.4)	-	(247.4)	(231.2)	(10.4)	(241.6)
Other income	10.2	0.3	10.5	6.6	-	6.6
EBITDA*	291.5	0.3	291.8	231.4	(19.1)	212.3
Depreciation	(136.5)	-	(136.5)	(116.6)	-	(116.6)
Amortisation of intangibles	-	(1.9)	(1.9)	-	(6.6)	(6.6)
Operating profit	155.0	(1.6)	153.4	114.8	(25.7)	89.1
Investment income	3.2	-	3.2	3.1	-	3.1
Interest expense	(60.7)	-	(60.7)	(52.2)	(68.5)	(120.7)
Net financing costs	(57.5)	-	(57.5)	(49.1)	(68.5)	(117.6)
Profit/(loss) on ordinary activities before taxation	97.5	(1.6)	95.9	65.7	(94.2)	(28.5)
Taxation:						
- current	(9.7)	-	(9.7)	-	-	-
- deferred	(24.9)	(1.2)	(26.1)	(23.1)	66.3	43.2
	(34.6)	(1.2)	(35.8)	(23.1)	66.3	43.2
Profit attributable to equity shareholders	62.9	(2.8)	60.1	42.6	(27.9)	14.7
Basic earnings per share	11.4p	(0.5)p	10.9p	8.5p	(5.6)p	2.9p
Diluted earnings per share	11.3p	(0.5)p	10.8p	8.4p	(5.5)p	2.9p

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

All results are from continuing operations. Details of risks and uncertainties are given in the Review of Results, Balance sheet and Cash flow which accompany these interim financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Unaudited Three months to 31 January		Unaudited Nine months to 31 January	
	2008	2007	2008	2007
	£m	£m	£m	£m
Net profit for the period	13.4	1.7	60.1	14.7
Tax on items taken directly to equity	(4.0)	-	(0.5)	-
Foreign currency translation differences	6.7	(3.3)	1.3	(10.5)
Total recognised income and expense for the period	16.1	(1.6)	60.9	4.2

CONSOLIDATED MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Unaudited Three months to 31 January		Unaudited Nine months to 31 January	
	2008	2007	2008	2007
	£m	£m	£m	£m
Total recognised income and expense for the period	16.1	(1.6)	60.9	4.2
Issue of ordinary shares, net of expenses	0.1	0.8	0.5	148.2
Treasury shares purchased	(11.1)	-	(11.1)	-
Dividends paid	-	-	(6.1)	(4.0)
Share based payments	2.1	0.6	2.0	2.0
Vesting of share awards	(1.6)	-	-	-
Own shares acquired by ESOT	(0.7)	-	(1.5)	(4.9)
Net increase in equity shareholders' funds	4.9	(0.2)	44.7	145.5
Opening equity shareholders' funds	436.5	404.0	396.7	258.3
Closing equity shareholders' funds	441.4	403.8	441.4	403.8

CONSOLIDATED BALANCE SHEET

	Unaudited 31 January 2008	Unaudited 31 January 2007	Audited 30 April 2007
	£m	£m	£m
Current assets			
Inventories	24.0	32.1	24.2
Trade and other receivables	161.1	158.1	163.7
Current tax asset	-	3.7	2.0
Assets held for sale	-	35.4	10.3
Cash and cash equivalents	2.0	1.2	1.1
	187.1	230.5	201.3
Non-current assets			
Property, plant and equipment			
- rental equipment	1,037.7	946.1	920.6
- other assets	135.8	131.9	127.4
	1,173.5	1,078.0	1,048.0
Intangible assets - brand names and other acquired intangibles	8.7	15.9	9.7
Goodwill	292.7	288.5	289.6
Deferred tax asset	25.6	41.5	41.7
Defined benefit pension fund surplus	5.9	2.4	5.2
	1,506.4	1,426.3	1,394.2
Total assets	1,693.5	1,656.8	1,595.5
Current liabilities			
Trade and other payables	134.9	152.5	166.8
Current tax liability	4.3	0.8	0.7
Debt due in less than one year	7.8	9.5	9.0
Provisions	12.4	14.9	12.7
	159.4	177.7	189.2
Non-current liabilities			
Debt due in more than one year	980.4	963.8	908.0
Provisions	18.9	18.6	19.6
Deferred tax liability	93.4	92.9	82.0
	1,092.7	1,075.3	1,009.6
Total liabilities	1,252.1	1,253.0	1,198.8
Equity shareholders' funds			
Share capital	56.2	55.9	56.0
Share premium account	3.6	2.7	3.3
Non-distributable reserve	90.7	90.7	90.7
Treasury shares	(11.1)	-	-
Own shares held in treasury through the ESOT	(7.2)	(8.6)	(8.7)
Cumulative foreign exchange translation differences	(28.9)	(27.7)	(30.2)
Distributable reserves	338.1	290.8	285.6
Total equity shareholders' funds	441.4	403.8	396.7
Total liabilities and equity shareholders' funds	1,693.5	1,656.8	1,595.5

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited			
	Nine months to 31 January			
	2008		2007	
	£m	£m	£m	£m
Cash flows from operating activities				
Cash generated from operations before exceptional items		265.2		236.2
Exceptional costs paid		(8.1)		(9.7)
Cash generated from operations		257.1		226.5
Financing costs paid before exceptional items	(44.9)		(34.9)	
Exceptional financing costs paid	-		(49.8)	
Financing costs paid		(44.9)		(84.7)
Tax paid		(4.0)		(6.0)
Net cash from operating activities		208.2		135.8
Cash flows from investing activities				
Acquisition of businesses		(5.9)		(327.1)
Payments for property, plant and equipment		(322.4)		(265.6)
Proceeds on sale of property, plant and equipment and assets held for sale		76.6		42.0
Net cash used in investing activities		(251.7)		(550.7)
Cash flows from financing activities				
Drawdown of loans		145.2		883.3
Redemption of loans		(77.2)		(599.5)
Capital element of finance lease payments		(5.4)		(8.0)
Purchase of own shares by the ESOT		(1.5)		(4.9)
Purchase of treasury shares		(11.1)		-
Dividends paid		(6.1)		(4.0)
Proceeds from issue of ordinary shares		0.5		148.2
Net cash from financing activities		44.4		415.1
Increase in cash and cash equivalents		0.9		0.2
Opening cash and cash equivalents		1.1		1.0
Effect of exchange rate changes		-		-
Closing cash and cash equivalents		2.0		1.2

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed financial statements for the nine months ended 31 January 2008 were approved by the directors on 3 March 2008. They have been prepared in accordance with 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 2007. 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 2007 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 nine months ended 31 January	2.02	1.89
At 31 January	1.99	1.96

2. Segmental analysis

	Revenue	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
Three months to 31 January	£m	£m	£m	£m
2008				
Sunbelt	179.5	34.4	(0.6)	33.8
A-Plant	51.2	5.4	-	5.4
Ashtead Technology	6.5	2.1	-	2.1
Corporate costs	-	(1.8)	-	(1.8)
	237.2	40.1	(0.6)	39.5
2007				
Sunbelt	186.8	29.8	(9.0)	20.8
A-Plant	48.2	3.1	(0.3)	2.8
Ashtead Technology	5.0	1.1	-	1.1
Corporate costs	-	(1.9)	(0.2)	(2.1)
	240.0	32.1	(9.5)	22.6
Nine months to 31 January				
2008				
Sunbelt	581.4	132.0	(1.6)	130.4
A-Plant	159.7	21.9	-	21.9
Ashtead Technology	19.6	7.3	-	7.3
Corporate costs	-	(6.2)	-	(6.2)
	760.7	155.0	(1.6)	153.4
2007				
Sunbelt	506.3	102.1	(25.2)	76.9
A-Plant	139.7	14.2	(0.3)	13.9
Ashtead Technology	16.3	4.4	-	4.4
Corporate costs	-	(5.9)	(0.2)	(6.1)
	662.3	114.8	(25.7)	89.1

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 January						
Staff costs:						
Salaries	67.4	-	67.4	71.8	-	71.8
Social security costs	5.9	-	5.9	6.4	-	6.4
Other pension costs	1.3	-	1.3	1.5	-	1.5
Redundancies and retention bonuses	-	-	-	-	1.2	1.2
	74.6	-	74.6	79.7	1.2	80.9
Other operating costs:						
Vehicle costs	17.7	-	17.7	17.3	-	17.3
Spares, consumables & external repairs	12.9	-	12.9	14.6	-	14.6
Facility costs	10.0	-	10.0	14.1	0.1	14.2
Other external charges	38.2	-	38.2	39.8	4.4	44.2
	78.8	-	78.8	85.8	4.5	90.3
Other income:						
Profit on disposal of fixed assets	(2.5)	(0.1)	(2.6)	(2.0)	-	(2.0)
Depreciation and amortisation:						
Depreciation	46.2	-	46.2	44.4	-	44.4
Amortisation of acquired intangibles	-	0.7	0.7	-	3.8	3.8
	46.2	0.7	46.9	44.4	3.8	48.2
	197.1	0.6	197.7	207.9	9.5	217.4
Nine months to 31 January						
Staff costs:						
Salaries	210.6	-	210.6	187.3	-	187.3
Social security costs	17.5	-	17.5	15.3	-	15.3
Other pension costs	3.9	-	3.9	3.7	-	3.7
Redundancies and retention bonuses	-	-	-	-	8.7	8.7
	232.0	-	232.0	206.3	8.7	215.0
Other operating costs:						
Vehicle costs	54.5	-	54.5	48.9	-	48.9
Spares, consumables & external repairs	42.1	-	42.1	42.2	-	42.2
Facility costs	30.3	-	30.3	34.5	4.1	38.6
Other external charges	120.5	-	120.5	105.6	6.3	111.9
	247.4	-	247.4	231.2	10.4	241.6
Other income:						
Profit on disposal of fixed assets	(10.2)	(0.3)	(10.5)	(6.6)	-	(6.6)
Depreciation and amortisation:						
Depreciation	136.5	-	136.5	116.6	-	116.6
Amortisation of acquired intangibles	-	1.9	1.9	-	6.6	6.6
	136.5	1.9	138.4	116.6	6.6	123.2
	605.7	1.6	607.3	547.5	25.7	573.2

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Exceptional items, amortisation and fair value remeasurements related to embedded derivatives

'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. Non-cash fair value remeasurements relate to embedded derivatives within long term debt instruments. 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, amortisation and fair value remeasurements are excluded from underlying profit and earnings per share and are set out below:

	Three months to 31 January		Nine months to 31 January	
	2008	2007	2008	2007
	£m	£m	£m	£m
Senior note redemption costs	-	(0.3)	-	42.0
Write off of deferred financing costs relating to debt redeemed	-	(0.1)	-	10.5
Acquisition integration costs	-	3.1	-	16.1
Rebranding costs	-	2.1	-	2.5
Profit on sale of UK property from closed sites	(0.1)	-	(0.3)	-
Other costs	-	0.6	-	1.1
Taxation	-	-	1.8	(37.3)
Total exceptional items	(0.1)	5.4	1.5	34.9
Amortisation of acquired intangibles	0.7	3.8	1.9	6.6
Fair value remeasurements of embedded derivatives	-	-	-	15.4
Tax on exceptional items, amortisation and fair value remeasurements of embedded derivatives	(0.2)	(3.6)	(0.6)	(29.0)
	0.4	5.6	2.8	27.9

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

	Three months to 31 January		Nine months to 31 January	
	2008	2007	2008	2007
	£m	£m	£m	£m
Staff costs	-	1.2	-	8.7
Other operating costs	-	4.5	-	10.4
Other income	(0.1)	-	(0.3)	-
Amortisation of acquired intangibles	0.7	3.8	1.9	6.6
Charged in arriving at operating profit	0.6	9.5	1.6	25.7
Net financing costs	-	(0.3)	-	68.5
Charged in arriving at profit before tax	0.6	9.2	1.6	94.2
Taxation	(0.2)	(3.6)	1.2	(66.3)
	0.4	5.6	2.8	27.9

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

5. Net financing costs

	Three months to 31 January 2008	Three months to 31 January 2007	Nine months to 31 January 2008	Nine months to 31 January 2007
	£m	£m	£m	£m
Investment income:				
Interest and other financial income	-	0.1	-	0.1
Expected return on assets of defined benefit pension plan	1.0	1.0	3.2	3.0
Total investment income	1.0	1.1	3.2	3.1
Interest expense:				
Bank interest payable	9.8	10.6	28.6	24.1
Interest on second priority senior secured notes	8.7	9.3	26.4	22.6
Interest payable on finance leases	0.2	0.5	0.9	1.2
Non-cash unwind of discount on defined benefit pension plan liabilities	0.7	0.7	2.2	2.0
Non-cash unwind of discount on self insurance provisions	0.4	0.1	0.9	0.4
Amortisation of deferred costs of debt raising	0.5	0.7	1.7	1.9
	20.3	21.9	60.7	52.2
Exceptional costs and fair value remeasurements of embedded derivatives in long term debt	-	(0.3)	-	68.5
Total interest expense	20.3	21.6	60.7	120.7
Net financing costs before exceptional items and fair value remeasurements of embedded derivatives	19.3	20.8	57.5	49.1
Net exceptional items and fair value remeasurements of embedded derivatives	-	(0.3)	-	68.5
Net financing costs	19.3	20.5	57.5	117.6

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 31% in the UK (2007 - 22%) applied to the profit before tax and amortisation of acquired intangibles. The blended effective rate for the Group as a whole is 35%. In addition, an exceptional tax charge of £1.8m has been recognised in the nine months to reflect the reduction in the UK deferred tax asset which arises as a result of the reduction in the UK statutory corporation tax rate from 30% to 28% effective 1 April 2008 which was enacted in the 2007 Finance Act. In the prior year the Group recognised in full, as an exceptional profit, the previously unrecognised UK deferred tax asset of £37.3m.

The tax charge of £35.8m (2007 - credit of £43.2m) comprises a charge for current tax of £9.7m (2007 - £nil) and a charge for deferred tax of £26.1m (2007 - credit of £43.2m). £1.8m (2007 - £37.3m) relates to the exceptional item described above and the remaining charge relates to current year items and comprises of £20.8m (2007 - credit of £2.7m) relating to the US, £13.0m (2007 - credit of £3.2m) to the UK and £0.2m (2007 - £nil) to other jurisdictions.

7. Earnings per share

Basic and diluted earnings per share for the three and nine months ended 31 January 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 by the ESOT over which dividends have been waived and shares held in treasury). Diluted earnings per share is 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 January 2008	Three months to 31 January 2007	Nine months to 31 January 2008	Nine months to 31 January 2007
Profit for the financial period (£m)	13.4	1.7	60.1	14.7
Weighted average number of shares (m) - basic	551.6	550.5	552.1	499.7
- diluted	552.6	557.0	555.0	506.4
Basic earnings per share	2.4p	0.3p	10.9p	2.9p
Diluted earnings per share	2.4p	0.3p	10.8p	2.9p

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 January 2008	Three months to 31 January 2007	Nine months to 31 January 2008	Nine months to 31 January 2007
Basic earnings per share	2.4p	0.3p	10.9p	2.9p
Exceptional items, amortisation of acquired intangibles and fair value remeasurements	0.1p	1.7p	0.6p	18.9p
Deferred tax on exceptional items, amortisation and fair value remeasurements	-	(0.7)p	(0.1)p	(5.8)p
Exceptional deferred tax credit for previously unrecognised UK tax losses	-	-	-	(7.5)p
Underlying earnings per share	2.5p	1.3p	11.4p	8.5p
Other deferred tax	1.3p	0.8p	4.5p	4.6p
Cash tax earnings per share	3.8p	2.1p	15.9p	13.1p

8. Dividends

During the period, a final dividend in respect of the year ended 30 April 2007 of 1.1p (2006 - 1.0p) per share was paid to shareholders.

9. Property, plant and equipment

	2008		2007	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	920.6	1,048.0	559.9	646.7
Exchange difference	3.3	3.7	(35.9)	(40.3)
Reclassifications	(0.2)	0.1	(0.4)	(0.1)
Additions	272.1	301.2	207.9	235.9
Acquisitions	3.3	3.3	349.8	390.3
Disposals	(42.3)	(46.3)	(34.2)	(37.9)
Depreciation	(119.1)	(136.5)	(101.0)	(116.6)
At 31 January	1,037.7	1,173.5	946.1	1,078.0

During the period we reassessed the useful economic lives and residual values of the rental fleet which reduced the depreciation charge for the period by £1.7m.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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	559,215,991	56.2	55.9

Since 30 April 2007, 1,674,378 shares have been issued at an average price of 28.4p per share under the Company's share option plans raising £0.5m. In addition, during the period the Company has purchased 14,814,961 ordinary shares of 10p each at a total cost of £11.1m, which are held as treasury shares.

11. Statement of changes in shareholders' equity

	Share capital £m	Share premium £m	Treasury stock £m	Non distributable reserves £m	Own shares held in treasury (ESOT) £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m	31 January 2007 £m
Total recognised income and expense	-	-	-	-	-	1.3	59.6	60.9	4.2
Shares issued	0.2	0.3	-	-	-	-	-	0.5	148.2
Treasury shares purchased	-	-	(11.1)	-	-	-	-	(11.1)	-
Dividends paid	-	-	-	-	-	-	(6.1)	(6.1)	(4.0)
Share based payments	-	-	-	-	-	-	2.0	2.0	2.0
Vesting of share awards	-	-	-	-	3.0	-	(3.0)	-	-
Own shares purchased	-	-	-	-	(1.5)	-	-	(1.5)	(4.9)
Net changes in shareholders' equity	0.2	0.3	(11.1)	-	1.5	1.3	52.5	44.7	145.5
Opening shareholders' equity	56.0	3.3	-	90.7	(8.7)	(30.2)	285.6	396.7	258.3
Closing shareholders' equity	56.2	3.6	(11.1)	90.7	(7.2)	(28.9)	338.1	441.4	403.8

12. Notes to the cash flow statement

a) Cash flow from operating activities	Nine months to 31 January 2008 £m	2007 £m
Operating profit	153.4	89.1
Depreciation and amortisation	138.4	123.2
Exceptional items	(0.3)	19.1
EBITDA before exceptional items	291.5	231.4
Profit on disposal of property, plant and equipment	(10.2)	(6.6)
Decrease in inventories	0.4	9.4
(Increase)/decrease in trade and other receivables	(7.6)	6.4
Decrease in trade and other payables	(11.8)	(6.1)
Exchange differences	1.0	(0.1)
Other non-cash movements	1.9	1.8
Cash generated from operations before exceptional items	265.2	236.2

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

12. Notes to the cash flow statement (continued)

b) Analysis of net debt

	1 May 2007	Exchange movement	Cash flow	Non-cash movements	31 January 2008
	£m	£m	£m	£m	£m
Cash	(1.1)	-	(0.9)	-	(2.0)
Debt due within 1 year	9.0	-	(5.4)	4.2	7.8
Debt due after 1 year	908.0	6.8	68.0	(2.4)	980.4
Total net debt	915.9	6.8	61.7	1.8	986.2

c) Reconciliation to net debt

	Nine months to 31 January 2008	Nine months to 31 January 2007
	£m	£m
Increase in cash in the period	(0.9)	(0.2)
Increase in debt through cash flow	62.6	275.8
Change in net debt from cash flows	61.7	275.6
Debt acquired	-	232.8
Exchange difference	6.8	(44.7)
Non-cash movements:		
- deferred costs of debt raising	1.7	12.4
- capital element of new finance leases	0.1	2.4
Movement in net debt in the period	70.3	478.5
Opening net debt	915.9	493.6
Closing net debt	986.2	972.1

13. Acquisitions

In November 2007, A-Plant acquired the in-house site accommodation rental fleet of one of its customers and entered into a five year sole supply agreement to provide that customer's site accommodation needs. The consideration paid of £5.9m has been allocated between the fair value of the acquired assets (£3.5m), the intangible asset relating to the supply contract (£1.0m) and goodwill (£1.4m).

14. Contingent liabilities and contingent assets

There have been no significant changes in contingent liabilities from those reported at 30 April 2007. The Group remains subject to periodic legal claims in the ordinary course of its business. However, the claims outstanding at 31 January 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 nine months ended 31 January 2008 are summarised below:

	Revenue		EBITDA		Operating profit	
Three months to 31 January	2008	2007	2008	2007	2008	2007
Sunbelt in $m	362.7	361.5	137.2	121.9	69.4	58.1
Sunbelt in £m	179.5	186.8	67.9	62.7	34.4	29.8
A-Plant	51.2	48.2	16.6	13.2	5.4	3.1
Ashtead Technology	6.5	5.0	3.6	2.4	2.1	1.1
Group central costs	-	-	(1.8)	(1.8)	(1.8)	(1.9)
	237.2	240.0	86.3	76.5	40.1	32.1
Net financing costs					(19.3)	(20.8)
Profit before tax, exceptionals and amortisation					**20.8**	**11.3**
Exceptional income/(costs)					0.1	(5.4)
Amortisation					(0.7)	(3.8)
Profit before taxation					20.2	2.1
Nine months to 31 January						
Sunbelt in $m	1,171.8	958.5	467.7	352.2	266.0	193.3
Sunbelt in £m	581.4	506.3	232.0	186.0	132.0	102.1
A-Plant	159.7	139.7	54.2	43.2	21.9	14.2
Ashtead Technology	19.6	16.3	11.5	8.0	7.3	4.4
Group central costs	-	-	(6.2)	(5.8)	(6.2)	(5.9)
	760.7	662.3	291.5	231.4	155.0	114.8
Net financing costs					(57.5)	(49.1)
Profit before tax, exceptionals and amortisation					**97.5**	**65.7**
Exceptional income/(costs)					0.3	(87.6)
Amortisation					(1.9)	(6.6)
Profit/(loss) before taxation					95.9	(28.5)

In the quarter ended 31 January 2008 revenue decreased 1.2% to £237.2m (2007 - £240.0m) but increased 2.2% at constant rates. This reflects the limiting effect of the weak dollar which, in the third quarter, declined 7.2% from $1.88 = £1 a year ago to $2.02 = £1. EBITDA grew by 12.9% to £86.3m (2007 - £76.5m) and underlying operating profit increased 25.1% to £40.1m (2007 - £32.1m) reflecting margin growth in all three operating divisions. Profit before tax, exceptionals and amortisation for the quarter increased to £20.8m (2007- £11.3m) and, after exceptional items and amortisation, the profit before tax for the quarter was £20.2m (2007- £2.1m).

For the nine months ended 31 January 2008 revenue increased 14.9% to £760.7m (2007 - £662.3m). This reflects the contribution from NationsRent since 31 August 2006 as well as the limiting effect of the weak dollar which, in the nine months, declined 6.5% from $1.89 = £1 a year ago to $2.02 = £1. Underlying EBITDA grew 26.0% to £291.5m (2007 - £231.4m) and operating profit increased 35.1% to £155.0m (2007 - £114.8m) reflecting the inclusion of the acquired NationsRent business throughout the period this year but only for five months in the prior year and the margin improvement delivered in all three divisions. Profit before tax, exceptionals and amortisation for the nine months was £97.5m (2007 - £65.7m) and, after exceptional items and amortisation, the profit before tax was £95.9m (2007 - loss of £28.5m).

Balance sheet

Capital expenditure in the nine months was £301.2m (2007 - £235.9) of which £272.1m (2007 - £207.9) was invested in the rental fleet. Expenditure on rental equipment was 90.3% 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		2007
	Growth	Maintenance	Total	Total
Sunbelt in $m	177.2	161.0	338.2	279.7
Sunbelt in £m	89.2	81.0	170.2	142.9
A-Plant	31.5	63.1	94.6	57.4
Ashtead Technology	5.5	1.8	7.3	7.6
Total rental equipment	126.2	145.9	272.1	207.9
Delivery vehicles, property improvements & computers			29.1	28.0
Total additions			301.2	235.9

£126.2m of the rental equipment capital expenditure was invested for growth with £145.9m spent on replacing existing fleet. The growth proportion is estimated on the basis of the assumption that maintenance capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 January 2008 was 29 months (2007 - 31 months) on a net book value basis. Sunbelt's fleet had an average age of 31 months (2007 - 32 months) comprising 35 months for aerial work platforms which have a longer life and 27 months for the remainder of its fleet and A-Plant's fleet had an average age of 22 months (2007 - 30 months).

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

	Rental fleet at original cost			LTM rental	Dollar
	31 January 2008	30 April 2007	LTM average	revenues	utilisation
Sunbelt in $m	2,323	2,147	2,252	1,411	63%
Sunbelt in £m	1,168	1,074	1,117	700	63%
A-Plant	357	321	337	204	61%
Ashtead Technology	46	39	42	25	59%
	1,571	1,434	1,496	929	

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 January 2008 improved to 63% from a pro forma figure of 62% in the year ended 30 April 2007 as Sunbelt focused on improving the previously low dollar utilisation in the acquired NationsRent profit centres. Dollar utilisation of 61% at A-Plant reflects the lower pricing (relative to equipment cost) prevalent in the competitive UK market and its higher physical utilisation.

Trade receivables

Receivable days at 31 January 2008 were 49 days (2007 - 47 days). The bad debt charge for the nine months ended 31 January 2008 as a percentage of total turnover was 0.8% (2007 - 0.7%).

Trade and other payables

Group payable days were 60 days in 2008 (2007 - 68 days). Capital expenditure related payables at 31 January 2008 totalled £25.3m (2007 - £32.7m). 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:

	Nine months to 31 January 2008 £m	Nine months to 31 January 2007 £m	LTM to 31 January 2008 £m	Year to 30 April 2007 £m
EBITDA before exceptional items	291.5	231.4	370.4	310.3
Cash inflow from operations before exceptional items	265.2	236.2	348.3	319.3
*Cash efficiency ratio**	*91.0%*	*102.1%*	*94.0%*	*102.9%*
Maintenance rental capital expenditure	(172.9)	(119.0)	(267.0)	(213.1)
Non-rental capital expenditure	(28.7)	(26.2)	(34.8)	(32.3)
Proceeds from sale of used rental equipment	76.6	42.0	113.1	78.5
Tax paid	(4.0)	(6.0)	(3.0)	(5.0)
Free cash flow before interest	**136.2**	**127.0**	**156.6**	**147.4**
Financing costs paid	(44.9)	(34.9)	(74.2)	(64.2)
Free cash flow after interest	**91.3**	**92.1**	**82.4**	**83.2**
Growth capital expenditure	(120.8)	(120.4)	(63.3)	(62.9)
Dividends paid	(6.1)	(4.0)	(9.1)	(7.0)
Cash flow before acquisitions, equity issues & buybacks & exceptional costs	**(35.6)**	**(32.3)**	**10.0**	**13.3**
Purchase of treasury shares	(11.1)	-	(11.1)	-
Purchase of own shares by ESOT	(1.5)	(4.9)	(1.5)	(4.9)
Acquisitions	(5.9)	(327.1)	(6.0)	(327.2)
Issue of ordinary share capital	0.5	148.2	1.2	148.9
Exceptional costs paid (net)	(8.1)	(59.5)	(17.4)	(68.8)
Increase in total debt	**(61.7)**	**(275.6)**	**(24.8)**	**(238.7)**

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

Cash inflow from operations increased 12.3% to £265.2m and the cash efficiency ratio was 91.0% (2007 – 102.1%). Last year's cash efficiency ratio was unusually high as that period benefited from cash generated by reducing NationsRent inventory and receivables levels post acquisition. The Group continues to generate strong free cash flow after interest with £91.3m (2007 - £92.1m) generated in the nine months. After growth capital expenditure and equity dividends, the cash inflow in the last year was £10.0m (year to 30 April 2007 - £13.3m).

Net debt

	31 January 2008 £m	31 January 2007 £m	30 April 2007 £m
First priority senior secured bank debt	579.6	552.1	506.1
Finance lease obligations	16.7	24.0	22.0
8.625% second priority senior secured notes, due 2015	121.6	123.2	120.6
9% second priority senior secured notes, due 2016	270.3	274.0	268.3
	988.2	973.3	917.0
Cash and cash equivalents	(2.0)	(1.2)	(1.1)
Total net debt	986.2	972.1	915.9

Reflecting normal seasonal trends, Group net debt increased from £915.9m at 30 April 2007 to £986.2m at 31 January 2008 as we invested in the rental fleet and in receivables. The ratio of net debt to EBITDA was 2.7 times at 31 January 2008. LTM EBITDA before exceptional items was £370.4m.

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 8%, 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 January 2008 availability under the bank facility, including suppressed availability of $45m, was $590m ($589m at 30 April 2007).

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 2007 Annual Report and Accounts on pages 21 to 23. In particular, 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 94% of our debt was denominated in US dollars at 31 January 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 current dollar debt levels and interest rates, every 1% change in the US dollar exchange rate would impact pre-tax profit by 0.8%.

OPERATING STATISTICS

	Profit centre numbers			Staff numbers		
	31 January		30 April	31 January		30 April
	2008	2007	2007	2008	2007	2007
Sunbelt	429	454	445	6,963	7,475	7,524
A-Plant	194	231	201	2,422	2,592	2,424
Ashtead Technology	13	12	13	131	116	115
Corporate office	-	-	-	10	14	14
Group	636	697	659	9,526	10,197	10,077

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