Ashtead group

24 June 2008

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2008

Financial summary	Fourth quarter 2008 £m	Fourth quarter 2007 £m	Growth %	Year 2008 £m	Year 2007 £m	Growth %
Total Group (including Technology)						
Revenue[1]	241.9	233.8	+3%	1,002.6	896.1	+12%
Underlying operating profit[1]	42.7	35.7	+20%	197.7	150.5	+31%
Underlying profit before taxation[1]	25.4	15.7	+63%	122.9	81.4	+51%
Underlying earnings per share[1]	3.4p	1.8p	+86%	14.8p	10.3p	+44%
Profit/(loss) before taxation[1]	24.4	(8.0)	n/a	120.3	(36.5)	n/a
Basic earnings/(loss) per share	3.3p	(1.2p)	n/a	14.2p	1.5p	n/a
Continuing activities (excluding Technology)						
Underlying profit before taxation[1]	22.1	13.9	+60%	112.3	75.2	+49%
Underlying earnings per share[1]	2.9p	1.6p	+79%	13.4p	9.5p	+40%
Profit/(loss) before taxation[1]	21.1	(9.8)	n/a	109.7	(42.7)	n/a
Basic earnings/(loss) per share	2.8p	(1.4p)	n/a	12.8p	0.4p	n/a

Highlights

- Strong performance across both core divisions[1]
  - 21% growth in Sunbelt's underlying operating profit to $330.9m
  - 46% growth in A-Plant's underlying operating profit to £30.2m

- Sale of Ashtead Technology for £96m announced on 23 June 2008

- Market conditions remain good in both the UK and the US:
  - physical utilisation in both businesses currently exceeds last year on a larger fleet
  - fleet age and mix at optimum levels
  - business model has flexibility to react quickly and effectively to change

- Net debt to EBITDA of 2.5 times (2007: 2.7 times). With the Technology sale and our anticipated strong cash flow, we are targeting net debt at constant exchange rates at 30 April 2009 of £785m (2008: £963m)

- Final dividend of 1.675p per share proposed, making 2.5p for the year, up 52% on 2007's 1.65p

- £23m spent in the year on share buy-backs. To 20 June, a total of £30m has been spent acquiring 7.5% of the issued capital at an average cost of 73p

[1] See explanatory notes below

Ashtead's chief executive, Geoff Drabble, commented:

We are pleased to report strong results for the year.

In the United States, in the first full year of our ownership of NationsRent, Sunbelt has delivered strong 21% growth in underlying operating profit and established a foundation for further improvement as the full benefits of the acquisition are realised.

In the UK, A-Plant saw strong organic revenue growth and a tight control of infrastructure cost, delivering an excellent 46% improvement in underlying operating profit.

The sale of Ashtead Technology for £96m will allow us to continue to focus on the development of our core businesses and significantly reduce debt.

In May both Sunbelt and A-Plant delivered improved year on year performance. We continue to enjoy high levels of utilisation and expect to benefit further from the momentum established in the Group. Therefore, despite the current economic uncertainty, the Board anticipates the Group continuing to trade in line with its expectations in the coming year.

Contacts:

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Ian Robson	Finance director	)	
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Explanatory notes

a) IFRS requires that, as a disposed business, Ashtead Technology's after tax profits and total assets and liabilities are reported in the Group's accounts as 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. To aid comparability with our previous results announcements and with market expectations, however, the total Group's results above include Ashtead Technology's revenues and profits alongside those of Sunbelt and A-Plant. A reconciliation of these total Group underlying results to the reported results for the year is included in the Review of Results, Balance sheet and Cash flow section of this announcement.

b) 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 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.

c) Divisional comparisons above are on a pro forma basis which includes the NationsRent and Lux Traffic acquisitions throughout the whole of the 2006/7 fiscal year. For this purpose the pre-acquisition results of NationsRent have been derived from its reported 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.

Review of the year

The year was a significant one in terms of the development of the Group both in the US and the UK.

In our first full year of ownership of NationsRent, our transformational US acquisition, we completed the final structural elements of the integration. An integration of this scale can be a distraction and, therefore, delivering a 21% growth in Sunbelt's underlying operating profit over last year's pro forma combined performance was particularly pleasing.

Sunbelt's utilisation improved throughout the year which allowed us to invest in growing the fleet during the fourth quarter. We have, therefore, entered the new fiscal year with a larger, reconfigured fleet, good levels of utilisation and the major distractions of integration behind us. Our focus for the coming year will be on driving organic revenue growth and deriving full benefit from the enlarged, nationwide footprint of our profit centres.

In the UK, A-Plant also performed well, benefiting from a clear sales strategy which delivered strong growth together with infrastructure cost control. As a result, A-Plant delivered an excellent 46% improvement in underlying operating profit. We continue to offer a broad range of plant, tools and specialty products to our customer base, a strategy where we are the clear market leader and one which has significant advantages for our larger customers.

On 23 June we announced the sale of Ashtead Technology for £95.6m. Our strategic review concluded that Ashtead Technology was a non-core, niche business serving different markets and customers to the rest of the Group. The Board believes that the disposal price achieved (5.9 times 2007/8 EBITDA) represents good value for shareholders.

We have continued to invest in our fleet in the US and UK with total capital expenditure for the year of £331.0m. Our rental fleet has now reached an age and mix which we consider optimal for this stage in the economic cycle and, therefore, in the coming year we intend to greatly reduce gross capital expenditure to approximately £230m. The resulting increased free cash flow, together with the proceeds from the Technology sale, should reduce net debt to EBITDA leverage towards the lower end of our 2-3 times target range by April 2009.

Group results

- Total Group revenue (including Ashtead Technology) for the year was £1,002.6m up 11.9% on 2008 at actual exchange rates and 16.2% at constant rates.
- Total Group underlying operating profit for the year at £197.7m (£150.5m) grew 31.4% at actual exchange rates and 37.3% at constant rates whilst, on a pro forma basis, the growth was 22.7% at actual exchange rates and 28.2% at constant rates. This reflected good performance in all three divisions.
- Total Group underlying profit before tax of £122.9m grew 51.1% at actual rates of exchange and by 56.3% at constant rates over last year's £81.4m. Excluding Technology, the underlying profit before tax from continuing operations was £112.3m (2007: £75.2m), growth of 49%.
- Total underlying earnings per share for the year were 14.8p (2007: 10.3p) up 44% at actual rates and 48% at constant rates. On a cash tax basis underlying earnings per share grew 35% to 21.4p (2007: 15.8p).

- This year pre-tax exceptional costs were nil (2007: exceptional costs of £91.5m, mostly relating to the NationsRent acquisition) whilst there was a much reduced charge for amortisation of acquired intangible assets and no fair value remeasurements. Consequently this year's profit before tax from continuing operations (which excludes Ashtead Technology) was £109.7m compared to last year's £42.7m loss. Basic earnings per share (which include Ashtead Technology) were 14.2p (2007: 1.5p).

- Total capital expenditure in the year, including Ashtead Technology, was £331.0m gross (2007: £290.2m) whilst total disposal proceeds were £77.9m (2007: £89.1m) giving net capex of £253.1m (2007: £201.1m)

- Net debt at 30 April 2008 was £963.2m (2007: £915.9m), including £22.9m spent on share buy-backs during the year. The ratio of net debt to total Group underlying EBITDA of £380.0m was 2.5 times at 30 April 2008 (2007: 2.7 times).

- Availability under the $1.75bn asset based loan facility (including suppressed availability of $10m) was $602m at 30 April 2008 ($589m at 30 April 2007) providing substantial assurance that the debt package will remain covenant free

Sunbelt

	Fourth quarter			Year		
	2008	2007	Growth	2008	2007	Growth
	$m	$m		$m	$m	
Revenue						
As reported	356.3	349.4	+2%	1,528.1	1,307.9	+17%
NationsRent	-	-		-	230.7	
Pro forma combined	**356.3**	**349.4**	**+2%**	**1,528.1**	**1,538.6**	**-1%**
Underlying operating profit						
As reported	64.9	59.8	+8%	330.9	253.1	+31%
NationsRent	-	-		-	19.2	
Pro forma combined	**64.9**	**59.8**	**+8%**	**330.9**	**272.3**	**+21%**
Pro forma margin	18.2%	17.1%		21.7%	17.7%	

Sunbelt's performance for the year following the transformational acquisition of NationsRent in August 2006 was excellent.

The focus remained throughout the year on establishing a cost efficient infrastructure for profitable future growth. The success of this work is demonstrated by the operating profit of $330.9m, an increase of 21% on a pro forma basis. Profit margins rose from 17.7% to 21.7%.

These improvements were achieved by above expectation cost reductions with 2007/8 operating costs $82m lower than 2006/7 costs despite significant inflationary pressure in certain key cost areas such as fuel.

Total revenue remained broadly flat at $1.5bn due to our curtailment of the low margin sales of new equipment previously undertaken by NationsRent whilst rental and rental related revenues grew 2% to $1.4bn on a pro forma basis. Within this there were major regional variations, with areas of weakness such as the well publicised challenges in Florida being more than offset by good growth elsewhere.

The 2% pro forma growth in rental and rental related revenues was achieved with a combined fleet that on average was 1% larger than last year measured across the year as a whole. However, the fleet was 1% smaller on average for the first three quarters of the year as we focused on improving physical utilisation which for the full year averaged 68%. In the fourth quarter, physical utilisation was 64% (2007: 62%) whilst the average fleet size grew 6%. We also gained an increased share of larger, longer-running projects which will provide good momentum into the new financial year.

With our enlarged national footprint, we are increasingly targeting larger regional and national accounts where the profile of business is different from our historical mix. Whilst this work tends to be at lower rates, rental periods are longer. This benefits margins by improving average physical utilisation and reducing transactional costs. We intend to continue this strategy of rebalancing our customer mix.

Whilst the current period of economic uncertainty will affect certain sectors of the market in the short term, particularly private commercial investment, other areas such as institutional expenditure and industrial markets are likely to remain more robust. We are a late cycle business with only 5% market share and continue to perform well. These factors, together with self-help available in a number of the acquired profit centres, contribute to our optimism regarding Sunbelt's performance in the coming year.

A-Plant

	Fourth quarter			Year		
	2008	2007	Growth	2008	2007	Growth
	£m	£m		£m	£m	
Revenue						
As reported	55.1	50.2	+10%	214.8	189.9	+13%
Lux Traffic	-	-		-	9.5	
Pro forma combined	**55.1**	**50.2**	**+10%**	**214.8**	**199.4**	**+8%**
Underlying operating profit						
As reported	8.3	5.9	+42%	30.2	20.1	+50%
Lux Traffic	-	-		-	0.6	
Pro forma combined	**8.3**	**5.9**	**+42%**	**30.2**	**20.7**	**+46%**
Pro forma margin	15.1%	11.8%		14.1%	10.4%	

A-Plant performed strongly throughout the year with market share gains generating organic like for like revenue growth of 8%. This growth was achieved by focusing on the value added products and services required by our customers. We are now the market leader in providing a combined plant and tool product offering which has proven particularly attractive to our larger customers. This growth was supported by 8% growth in average fleet size and a specific programme of investment in de-aging which has resulted in a fleet age of 23 months at 30 April 2008, down from 29 months a year ago.

Whilst the focus on major contractors can have a negative impact on our pricing yield, it also provides a number of other opportunities in terms of improved physical utilisation (71% for the year compared to 69% in 2006/7) and reduced infrastructure cost. Our initiative in April 2007 to move to fewer, larger depots has clearly delivered results, with a 46% increase in A-Plant's underlying operating profit to £30.2m. As a result of these actions, margins improved significantly from 10.4% in 2006/7 to 14.1% in 2007/8.

In the fourth quarter the average fleet size grew 12% and we enjoyed average physical utilisation of 74% (2007: 71%). Underlying operating profit grew 42% to £8.4m. We therefore enter the coming year with strong momentum.

Whilst economically there are now areas of difficulty in the UK, notably the residential market and new commercial offices, the overall picture for our served market remains healthy. Infrastructure and utility work remains good and we are well positioned to benefit from major projects such as the Olympics, Crossrail, M25 widening and changes to the energy infrastructure. These factors together with the opportunity to drive further market share gains from A-Plant's current single digit market share give us confidence in the prospects for the year ahead.

Ashtead Technology

	Fourth quarter			Year		
	2008	2007	Growth*	2008	2007	Growth*
	£m	£m		£m	£m	
Revenue	6.9	5.3	+30%	26.5	21.6	+23%
Operating profit	3.3	1.8	+84%	10.6	6.2	+72%
Margin	47.0%	34.0%		40.0%	28.7%	

* At constant exchange rates

In good markets, aided by a very strong oil price, Ashtead Technology continued to deliver excellent revenue and profit growth.

Taxation

The effective tax rate on underlying pre-tax profits for the year was 35% (2007: 35%) and is expected to remain at around 35% in coming years. In addition, there was a £1.6m exceptional tax charge to write down the UK deferred tax asset to reflect the reduction in the rate of UK corporation tax from 30% to 28% effective 1 April 2008.

The tax charge again comprised mostly deferred tax, with cash tax payments only amounting to approximately 5% of profits due to available tax losses and the accelerated tax depreciation available due to the capital intensive nature of the business. Following the introduction of a "like kind exchange" programme at Sunbelt effective from 1 May 2008 and with the benefit of US bonus depreciation as part of the economic stimulus measures introduced earlier this year, the cash tax rate is expected to remain in single digits in 2008/9 and to continue to be well below the effective 35% long term accounting tax rate for several more years.

Earnings per share

Basic earnings per share for the year were 14.2p (2007: 1.5p) and 14.1p (2007: 1.5p) on a fully diluted basis. Underlying earnings per share were 14.8p (2007: 10.3p) whilst, on a cash tax basis, underlying earnings per share were 21.4p (2007: 15.8p).

Underlying earnings per share of 14.8p has now grown 45% at constant exchange rates from the 11.3p delivered in 2005/6, immediately prior to the NationsRent acquisition. This equates to compound annual growth of 20% per annum in earnings at constant exchange rates (14% per annum at actual rates) over the past two years, notwithstanding the enlarged share capital in issue following the NationsRent acquisition.

Return on Investment and Return on Equity

Group return on investment improved to 14.0% (2007: 12.9%), reflecting improving performance in Sunbelt and A-Plant. RoI for Sunbelt was 14.4% (2007: 14.0 %) whilst RoI at A-Plant continued its recently improving trend and was 10.9% (2007: 8.8%). Both businesses therefore now return well above our weighted average cost of capital.

Aided by the beneficial impact of using lower cost, tax deductible debt to finance a significant part of our fleet investment, the after tax return on equity was 19.0% (2007: 15.3%) producing strong accretive returns for shareholders.

Capital expenditure

Capital expenditure in the year totalled £331.0m (2007: £290.2m) including £294.8m on the rental fleet. £168.8m of the rental fleet expenditure was maintenance or replacement expenditure with £126.0m spent for growth. Disposal proceeds totalled £77.9m (2007: £89.1m) giving net expenditure of £253.1m (2007: £201.1m). The average age of the Group's rental fleet at 30 April 2008 was 31 months (2007: 31 months).

Our rental fleet is now at an age and mix which we consider optimum. Accordingly, we expect significantly reduced capital expenditure next year at approximately £230m gross and £175m net of disposal proceeds. Around £180m of the gross expenditure will be for replacement with £50m of investment for growth (3% of current fleet size).

Net debt

Net debt increased to £963m at 30 April 2008 (2007: £916m) reflecting the capital investment in fleet growth and de-ageing and the £23m spent on share buy-backs. However, the ratio of net debt to last twelve months total Group EBITDA of £380m improved to 2.5 times at 30 April 2008. From a leverage position of around 3 times when the NationsRent acquisition closed in August 2006, the Group has therefore, as we had anticipated, already delevered to the mid point of our long term 2-3 times net debt to EBITDA target.

With the US fleet reconfiguration complete and with both the US and UK fleets in excellent shape, we anticipate significant free cash flow in the coming year which we expect to apply largely towards debt pay-down. Together with the Technology sale proceeds we are therefore, by April 2009, targeting net debt, at constant exchange rates, of £785m 2008: £963m) and to be at the lower end of our 2-3 times net debt to EBITDA range.

Dividends

The Board is proposing a final dividend of 1.675p (2007: 1.1p) making 2.5p for the year (2007: 1.65p), an increase of 52%. If approved by shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on 26 September 2008 to shareholders on record at 5 September 2008.

Current trading and outlook

Current trading is in line with our expectations with both Sunbelt and A-Plant delivering improved year on year performance in May.

We continue to enjoy high levels of utilisation and expect to benefit further from the momentum established in the Group. Therefore, despite the current economic uncertainty, the Board anticipates the Group continuing to trade in line with its expectations in the coming year.

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Geoff Drabble and Ian Robson will host a meeting for equity analysts to discuss the results at 9.30am on Tuesday 24 June at the offices of RBS Hoare Govett at 250 Bishopsgate, London EC2M 4AA. 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 (Jane Franklin) at +44 (0)20 7379 5151.

CONSOLIDATED INCOME STATEMENTS

	2008			2007		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items, amortisation and fair value remeasurements+	Exceptional items, amortisation and fair value remeasurements+	Total
Fourth quarter – unaudited	£m	£m	£m	£m	£m	£m
Revenue	235.0	-	235.0	228.5	-	228.5
Staff costs	(70.9)	-	(70.9)	(76.7)	(1.4)	(78.1)
Other operating costs	(80.4)	-	(80.4)	(81.0)	(16.1)	(97.1)
Other income	-	(0.3)	(0.3)	5.1	(0.9)	4.2
EBITDA*	83.7	(0.3)	83.4	75.9	(18.4)	57.5
Depreciation	(44.3)	-	(44.3)	(42.0)	(0.9)	(42.9)
Amortisation of intangibles	-	(0.7)	(0.7)	-	(4.4)	(4.4)
Operating profit	39.4	(1.0)	38.4	33.9	(23.7)	10.2
Investment income	1.1	-	1.1	0.8	-	0.8
Interest expense	(18.4)	-	(18.4)	(20.8)	-	(20.8)
Net financing costs	(17.3)	-	(17.3)	(20.0)	-	(20.0)
Profit/(loss) on ordinary activities before taxation	22.1	(1.0)	21.1	13.9	(23.7)	(9.8)
Taxation:						
- current	3.8	-	3.8	(0.4)	-	(0.4)
- deferred	(10.8)	0.6	(10.2)	(4.6)	6.8	2.2
	(7.0)	0.6	(6.4)	(5.0)	6.8	1.8
Profit/(loss) after taxation from continuing operations	15.1	(0.4)	14.7	8.9	(16.9)	(8.0)
Profit after taxation from discontinued operations	2.8	-	2.8	1.2	-	1.2
Profit/(loss) attributable to equity shareholders	17.9	(0.4)	17.5	10.1	(16.9)	(6.8)
Basic earnings per share	3.4p	(0.1p)	3.3p	1.8p	(3.0p)	(1.2p)
Diluted earnings per share	3.4p	(0.1p)	3.3p	1.8p	(3.0p)	(1.2p)
Year to 30 April 2008 - audited						
Revenue	976.1	-	976.1	874.5	-	874.5
Staff costs	(298.9)	-	(298.9)	(280.1)	(10.1)	(290.2)
Other operating costs	(323.2)	-	(323.2)	(306.5)	(26.5)	(333.0)
Other income	9.7	-	9.7	11.4	(0.9)	10.5
EBITDA*	363.7	-	363.7	299.3	(37.5)	261.8
Depreciation	(176.6)	-	(176.6)	(155.0)	(0.9)	(155.9)
Amortisation of intangibles	-	(2.6)	(2.6)	-	(11.0)	(11.0)
Operating profit	187.1	(2.6)	184.5	144.3	(49.4)	94.9
Investment income	4.3	-	4.3	3.9	-	3.9
Interest expense	(79.1)	-	(79.1)	(73.0)	(68.5)	(141.5)
Net financing costs	(74.8)	-	(74.8)	(69.1)	(68.5)	(137.6)
Profit/(loss) on ordinary activities before taxation	112.3	(2.6)	109.7	75.2	(117.9)	(42.7)
Taxation:						
- current	(5.7)	-	(5.7)	(0.2)	-	(0.2)
- deferred	(33.4)	(0.6)	(34.0)	(26.2)	71.0	44.8
	(39.1)	(0.6)	(39.7)	(26.4)	71.0	44.6
Profit/(loss) after taxation from continuing operations	73.2	(3.2)	70.0	48.8	(46.9)	1.9
Profit after taxation from discontinued operations	7.6	-	7.6	3.9	2.1	6.0
Profit attributable to equity shareholders	80.8	(3.2)	77.6	52.7	(44.8)	7.9
Basic earnings per share	14.8p	(0.6p)	14.2p	10.3p	(8.8p)	1.5p
Diluted earnings per share	14.7p	(0.6p)	14.1p	10.2p	(8.7p)	1.5p

* 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.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2008	2007	2008	2007
	£m	£m	£m	£m
Net profit/(loss) for the period	17.5	(6.8)	77.6	7.9
Net actuarial (loss)/ gain on defined benefit pension schemes	(0.6)	2.5	(0.6)	2.5
Effect of the limitation on net pension asset recognised	(5.8)	-	(5.8)	-
Foreign currency translation differences	0.7	(2.5)	2.0	(13.0)
Tax on items taken directly to equity	(0.9)	1.6	(1.4)	1.6
Total recognised income and expense for the period	10.9	(5.2)	71.8	(1.0)

CONSOLIDATED MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2008	2007	2008	2007
	£m	£m	£m	£m
Total recognised income and expense for the period	10.9	(5.2)	71.8	(1.0)
Dividends paid	(4.4)	(3.0)	(10.5)	(7.0)
Issue of ordinary shares, net of expenses	-	0.7	0.5	148.9
Own shares purchased by the Company	(12.2)	-	(23.3)	-
Own shares purchased by the ESOT	(0.1)	-	(1.6)	(4.9)
Credit in respect of share based payments	0.5	0.4	2.5	2.4
Net (decrease)/ increase in equity shareholders' funds	(5.3)	(7.1)	39.4	138.4
Opening equity shareholders' funds	441.4	403.8	396.7	258.3
Closing equity shareholders' funds	436.1	396.7	436.1	396.7

CONSOLIDATED BALANCE SHEETS AT 30 APRIL

	Audited 2008	2007
	£m	£m
Current assets		
Inventories	22.6	24.2
Trade and other receivables	159.9	163.7
Current tax asset	2.2	2.0
Cash and cash equivalents	1.8	1.1
	186.5	191.0
Assets held for sale	26.8	10.3
	213.3	201.3
Non-current assets		
Property, plant and equipment		
- rental equipment	994.0	920.6
- other assets	136.1	127.4
	1,130.1	1,048.0
Intangible assets - brand names and other acquired intangibles	8.0	9.7
Goodwill	291.9	289.6
Deferred tax asset	19.6	41.7
Defined benefit pension fund surplus	-	5.2
	1,449.6	1,394.2
Total assets	1,662.9	1,595.5
Current liabilities		
Trade and other payables	129.1	166.8
Current tax liability	-	0.7
Debt due in less than one year	7.6	9.0
Provisions	9.1	12.7
	145.8	189.2
Liabilities associated with assets classified as held for sale	6.5	-
	152.3	189.2
Non-current liabilities		
Debt due in more than one year	957.4	908.0
Provisions	18.8	19.6
Deferred tax liability	98.3	82.0
	1,074.5	1,009.6
Total liabilities	1,226.8	1,198.8
Equity shareholders' funds		
Share capital	56.2	56.0
Share premium account	3.6	3.3
Non-distributable reserve	90.7	90.7
Own shares held in treasury by the Company	(23.3)	-
Own shares held in treasury through the ESOT	(7.0)	(8.7)
Cumulative foreign exchange translation differences	(28.2)	(30.2)
Distributable reserves	344.1	285.6
Total equity shareholders' funds	436.1	396.7
Total liabilities and equity shareholders' funds	1,662.9	1,595.5

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 30 APRIL

	Audited			
	2008		2007	
	£m	£m	£m	£m
Cash flows from operating activities				
Cash generated from operations before exceptional items		356.4		319.3
Exceptional items		(9.5)		(19.0)
Cash generated from operations		346.9		300.3
Financing costs paid before exceptional items	(76.4)		(64.2)	
Exceptional financing costs paid	-		(49.8)	
Financing costs paid		(76.4)		(114.0)
Tax paid		(6.4)		(5.0)
Net cash from operating activities		264.1		181.3
Cash flows from investing activities				
Acquisition of businesses		(5.9)		(327.2)
Payments for property, plant and equipment		(351.5)		(308.3)
Proceeds on sale of property, plant and equipment and assets held for sale		92.7		78.5
Net cash used in investing activities		(264.7)		(557.0)
Cash flows from financing activities				
Drawdown of loans		186.7		890.5
Redemption of loans		(143.9)		(641.8)
Capital element of finance lease payments		(7.0)		(9.9)
Purchase of own shares by the Company		(22.9)		-
Purchase of own shares by the ESOT		(1.6)		(4.9)
Dividends paid		(10.5)		(7.0)
Proceeds from issue of ordinary shares		0.5		148.9
Net cash from financing activities		1.3		375.8
Increase in cash and cash equivalents		0.7		0.1
Opening cash and cash equivalents		1.1		1.0
Closing cash and cash equivalents		1.8		1.1

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the year ended 30 April 2008 were approved by the directors on 23 June 2008. This preliminary announcement of the results for the year ended 30 April 2008 contains information derived from the forthcoming 2007/8 Annual Report & Accounts and does not contain sufficient information to comply with International Financial Reporting Standards (IFRS) and does not constitute the statutory accounts for either 2007/8 or 2006/7 for the purposes of section 240(3) of the Companies Act 1985. The 2007/8 results are extracted from the audited accounts for that year which have not yet been filed with Companies House. The comparative figures for 2006/7 have been extracted from the accounts for that year which have been delivered to Companies House except that the income statement has been restated to separate Ashtead Technology as a discontinued operation in accordance with IFRS 5. The auditors' reports in respect of both years were unqualified and do not contain a statement under section 237(2) or (3) of the Companies Act 1985. The results for the year ended and quarter ended 30 April 2008 have been prepared in accordance with relevant IFRS and the accounting policies set out in the Group's Annual Report & Accounts for the year ended 30 April 2007.

The figures for the fourth quarter are unaudited.

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

	2008	2007
Average for the year ended 30 April	2.01	1.91
At 30 April	1.98	2.00

2. Segmental analysis

	Revenue	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
Three months to 30 April	£m	£m	£m	£m
2008				
Sunbelt	179.9	32.9	(0.5)	32.4
A-Plant	55.1	8.3	(0.5)	7.8
Corporate costs	-	(1.8)	-	(1.8)
Continuing operations	235.0	39.4	(1.0)	38.4
Ashtead Technology	6.9	3.3	-	3.3
Total group	241.9	42.7	(1.0)	41.7
2007				
Sunbelt	178.3	30.4	(17.1)	13.3
A-Plant	50.2	5.9	(6.5)	(0.6)
Corporate costs	-	(2.4)	(0.1)	(2.5)
Continuing operations	228.5	33.9	(23.7)	10.2
Ashtead Technology	5.3	1.8	-	1.8
Total group	233.8	35.7	(23.7)	12.0

NOTES TO THE FINANCIAL STATEMENTS

2. Segmental analysis (continued)

Year to 30 April	Revenue	Operating profit before exceptionals and amortisation	Exceptional items and amortisation	Operating profit
	£m	£m	£m	£m
2008				
Sunbelt	761.3	164.9	(2.1)	162.8
A-Plant	214.8	30.2	(0.5)	29.7
Corporate costs	-	(8.0)	-	(8.0)
Continuing operations	976.1	187.1	(2.6)	184.5
Ashtead Technology	26.5	10.6	-	10.6
Total group	1,002.6	197.7	(2.6)	195.1
2007				
Sunbelt	684.6	132.5	(42.3)	90.2
A-Plant	189.9	20.1	(6.9)	13.2
Corporate costs	-	(8.3)	(0.2)	(8.5)
Continuing operations	874.5	144.3	(49.4)	94.9
Ashtead Technology	21.6	6.2	-	6.2
Total group	896.1	150.5	(49.4)	101.1

3. Operating costs

	2008			2007		
Three months to 30 April	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Staff costs:						
Salaries	64.8	-	64.8	69.7	-	69.7
Social security costs	5.3		5.3	6.0	-	6.0
Other pension costs	0.8	-	0.8	1.0	-	1.0
Redundancies and retention bonuses	-	-	-	-	1.4	1.4
	70.9	-	70.9	76.7	1.4	78.1
Other operating costs:						
Vehicle costs	17.1	-	17.1	15.2	-	15.2
Spares, consumables & external repairs	15.0	-	15.0	14.9	-	14.9
Facility costs	10.9	-	10.9	10.8	6.1	16.9
Other external charges	37.4	-	37.4	40.1	10.0	50.1
	80.4	-	80.4	81.0	16.1	97.1
Other income:						
Profit on disposal of fixed assets	-	0.3	0.3	(5.1)	0.9	(4.2)
Depreciation and amortisation:						
Depreciation	44.3	-	44.3	42.0	0.9	42.9
Amortisation of acquired intangibles	-	0.7	0.7	-	4.4	4.4
	44.3	0.7	45.0	42.0	5.3	47.3
	195.6	1.0	196.6	194.6	23.7	218.3

NOTES TO THE FINANCIAL STATEMENTS

3. Operating costs (continued)

Year to 30 April	2008 Before exceptional items and amortisation	2008 Exceptional items and amortisation	2008 Total	2007 Before exceptional items and amortisation	2007 Exceptional items and amortisation	2007 Total
	£m	£m	£m	£m	£m	£m
Staff costs:						
Salaries	271.7	-	271.7	254.4	-	254.4
Social security costs	22.5	-	22.5	21.1	-	21.1
Other pension costs	4.7	-	4.7	4.6	-	4.6
Redundancies and retention bonuses	-	-	-	-	10.1	10.1
	298.9	-	298.9	280.1	10.1	290.2
Other operating costs:						
Vehicle costs	71.0	-	71.0	63.7	-	63.7
Spares, consumables & external repairs	55.7	-	55.7	55.9	-	55.9
Facility costs	40.9	-	40.9	37.5	10.2	47.7
Other external charges	155.6	-	155.6	149.4	16.3	165.7
	323.2	-	323.2	306.5	26.5	333.0
Other income:						
Profit on disposal of fixed assets	(9.7)	-	(9.7)	(11.4)	0.9	(10.5)
	(9.7)	-	(9.7)	(11.4)	0.9	(10.5)
Depreciation and amortisation:						
Depreciation	176.6	-	176.6	155.0	0.9	155.9
Amortisation of acquired intangibles	-	2.6	2.6	-	11.0	11.0
	176.6	2.6	179.2	155.0	11.9	166.9
	789.0	2.6	791.6	730.2	49.4	779.6

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 30 April 2008	Three months to 30 April 2007	Year to 30 April 2008	Year to 30 April 2007
	£m	£m	£m	£m
Senior note redemption costs	-	-	-	42.1
Write off of deferred financing costs relating to debt redeemed	-	-	-	10.5
Acquisition integration costs	-	5.2	-	21.3
Rebranding costs	-	6.9	-	9.4
UK restructuring	0.3	6.2	-	6.2
Other costs	-	1.0	-	2.0
Total exceptional items	0.3	19.3	-	91.5
Amortisation of acquired intangibles	0.7	4.4	2.6	11.0
Fair value remeasurements of embedded Derivatives	-	-	-	15.4
	1.0	23.7	2.6	117.9

NOTES TO THE FINANCIAL STATEMENTS

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

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

	Three months to 30 April 2008 £m	Three months to 30 April 2007 £m	Year to 30 April 2008 £m	Year to 30 April 2007 £m
Staff costs	-	1.4	-	10.1
Other operating costs	-	16.1	-	26.5
Other income	0.3	0.9	-	0.9
Depreciation	-	0.9	-	0.9
Amortisation of acquired intangibles	0.7	4.4	2.6	11.0
Charged in arriving at operating profit	1.0	23.7	2.6	49.4
Net financing costs	-	-	-	68.5
Charged in arriving at profit before tax	1.0	23.7	2.6	117.9

5. Financing costs

	Three months to 30 April 2008 £m	Three months to 30 April 2007 £m	Year to 30 April 2008 £m	Year to 30 April 2007 £m
Investment income:				
Interest and other financial income	-	-	-	0.1
Expected return on assets of defined benefit pension plan	1.1	0.8	4.3	3.8
	1.1	0.8	4.3	3.9
Interest expense:				
Bank interest payable	7.5	9.9	36.1	34.0
Interest payable on second priority senior secured notes	9.0	9.1	35.4	31.7
Interest payable on finance leases	0.3	0.4	1.2	1.6
Non-cash unwind of discount on defined benefit pension plan liabilities	0.7	0.5	2.9	2.5
Non-cash unwind of discount on self insurance provisions	0.2	0.3	1.1	0.7
Amortisation of deferred costs of debt raising	0.7	0.6	2.4	2.5
	18.4	20.8	79.1	73.0
Exceptional costs and fair value remeasurements of embedded derivatives in long term debt	-	-	-	68.5
Total interest expense	18.4	20.8	79.1	141.5
Net financing costs before exceptional items and fair value remeasurements of embedded derivatives	17.3	20.0	74.8	69.1
Net exceptional items and fair value remeasurements of embedded derivatives	-	-	-	68.5
Net financing costs	17.3	20.0	74.8	137.6

6. Taxation

The £39.1m tax charge on the underlying pre-tax profit of £112.3m from continuing operations represents an effective tax rate of 35% (2007: 35%). The £39.1m underlying tax consists of current tax of £nil relating to the UK (2007: £nil), current tax of £5.7m relating to the US (2007: £0.2m), deferred tax of £18.0m relating to the UK (2007: £6.9m), deferred tax of £15.4m relating to the US (2007: £19.3m). In addition, there was a £1.6m exceptional charge reflecting the effect on the UK deferred tax asset of the reduction in the corporation tax rate from 30% to 28% from 1 April 2008.

NOTES TO THE FINANCIAL STATEMENTS

7. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 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 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). These are calculated as follows:

		Three months to 30 April		Year to 30 April	
		2008	2007	2008	2007
Profit for the financial period (£m)					
From continuing operations		14.7	(8.0)	70.0	1.9
From discontinued operations		2.8	1.2	7.6	6.0
From continuing and discontinued operations		17.5	(6.8)	77.6	7.9
Weighted average number of shares (m)	- basic	531.3	551.4	547.0	512.3
	- diluted	532.4	562.1	549.2	519.0
Basic earnings per share					
From continuing operations		2.8p	(1.4p)	12.8p	0.4p
From discontinued operations		0.5p	0.2p	1.4p	1.1p
From continuing and discontinued operations		3.3p	(1.2p)	14.2p	1.5p
Diluted earnings per share					
From continuing operations		2.8p	(1.4p)	12.7p	0.4p
From discontinued operations		0.5p	0.2p	1.4p	1.1p
From continuing and discontinued operations		3.3p	(1.2p)	14.1p	1.5p

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 30 April		Year to 30 April	
	2008	2007	2008	2007
Basic earnings per share	3.3p	(1.2p)	14.2p	1.5p
Exceptional items, amortisation of acquired intangibles and fair value remeasurements	0.2p	4.3p	0.5p	23.0p
Tax on exceptional items, amortisation and fair value remeasurements	(0.1p)	(1.5p)	(0.2p)	(7.2p)
Exceptional deferred tax charge/(credit)	-	0.2p	0.3p	(7.0p)
Underlying earnings per share	3.4p	1.8p	14.8p	10.3p
Other deferred tax	2.1p	1.0p	6.6p	5.5p
Cash tax earnings per share	5.5p	2.8p	21.4p	15.8p

NOTES TO THE FINANCIAL STATEMENTS

8. 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	5.7	6.4	(48.4)	(54.4)
Reclassifications	(0.5)	-	(0.4)	-
Additions	294.8	331.0	256.4	290.2
Acquisitions	2.8	2.8	344.6	385.2
Disposals	(52.8)	(57.7)	(53.1)	(59.0)
Depreciation	(158.8)	(182.3)	(138.4)	(160.7)
	1,011.8	1,148.2	920.6	1,048.0
Transfer to assets held for sale	(17.8)	(18.1)	-	-
At 30 April	994.0	1,130.1	920.6	1,048.0

During the period we reassessed the useful economic lives and residual values of the rental fleet which reduced the depreciation charge by £3.0m.

9. Called up share capital

Ordinary shares of 10p each:

	2008 Number	2007 Number	2008 £m	2007 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	561,687,727	559,898,348	56.2	56.0

In the year ended 30 April 2008, 1,789,379 ordinary shares of 10p each were issued at an average price of 28.4p per share under share option plans raising £0.5m. In addition, during the year the Company purchased 31,758,096 shares at a total cost of £23.3m, which are held in treasury and the ESOT purchased 1,253,962 shares at a total cost of £1.6m.

10. Statement of changes in shareholders' equity

	Share capital £m	Share premium £m	Non distributable reserves £m	Treasury stock £m	Own shares held by ESOT £m	Cumulative foreign exchange translation difference £m	Distributable reserves £m	Total £m
Total recognised income and expense	-	-	-	-	-	2.0	69.8	71.8
Shares issued	0.2	0.3	-	-	-	-	-	0.5
Treasury shares purchased	-	-	-	(23.3)	-	-	-	(23.3)
Dividends paid	-	-	-	-	-	-	(10.5)	(10.5)
Share based payments	-	-	-	-	-	-	2.5	2.5
Vesting of share awards	-	-	-	-	3.3	-	(3.3)	-
Own shares purchased	-	-	-	-	(1.6)	-	-	(1.6)
Net changes in shareholders' equity	0.2	0.3	-	(23.3)	1.7	2.0	58.5	39.4
Opening shareholders' equity	56.0	3.3	90.7	-	(8.7)	(30.2)	285.6	396.7
Closing shareholders' equity	56.2	3.6	90.7	(23.3)	(7.0)	(28.2)	344.1	436.1

NOTES TO THE FINANCIAL STATEMENTS

11. Notes to the cash flow statement

a) Cash flow from operating activities

	Year to 30 April 2008 £m	2007 £m
Operating profit before exceptional items and amortisation:		
- continuing operations	187.1	144.3
- discontinued operations	10.6	6.2
	197.7	150.5
Depreciation		
- continuing operations	176.6	155.0
- discontinued operations	5.7	4.8
EBITDA before exceptional items	380.0	310.3
Profit on disposal of property, plant and equipment	(10.1)	(11.8)
Decrease in inventories	1.7	14.8
(Increase)/decrease in trade and other receivables	(16.1)	7.2
Decrease in trade and other payables	(2.5)	(4.6)
Exchange differences	1.0	1.1
Other non-cash movements	2.4	2.3
Cash generated from operations before exceptional items	356.4	319.3

b) Reconciliation to net debt

	2008 £m	2007 £m
Increase in cash in the period	(0.7)	(0.1)
Increase in debt through cash flow	35.8	238.8
Change in net debt from cash flows	35.1	238.7
Debt acquired	-	232.8
Exchange difference	9.8	(64.7)
Non-cash movements:		
- deferred costs of debt raising	2.4	13.0
- capital element of new finance leases	-	2.5
Movement in net debt in the period	47.3	422.3
Opening net debt	915.9	493.6
Closing net debt	963.2	915.9

c) Analysis of net debt

	1 May 2007 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	30 April 2008 £m
Cash	(1.1)	-	(0.7)	-	(1.8)
Debt due within 1 year	9.0	-	(6.9)	5.5	7.6
Debt due after 1 year	908.0	9.8	42.7	(3.1)	957.4
Total net debt	915.9	9.8	35.1	2.4	963.2

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

d) Acquisitions

	Year to 30 April 2008 £m	2007 £m
Initial consideration	5.9	327.0
Less: cash/overdrafts acquired	-	(6.2)
Attributable costs paid	-	6.4
	5.9	327.2

NOTES TO THE FINANCIAL STATEMENTS

11. Notes to the cash flow statement (continued)

d) Acquisitions (continued)

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 (£3.4m), the intangible asset relating to the supply contract (£1.0m) and goodwill (£1.5m).

12. Contingent liabilities and contingent assets

The Group is subject to periodic legal claims in the ordinary course of its business. However, net of provisions held, the claims outstanding at 30 April 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.

13. Disposal of Ashtead Technology

The Group announced the disposal of its Ashtead Technology division on 23 June 2008 for a cash consideration of £95.6m which, when received, will be applied to reduce outstanding debt. Ashtead Technology has been accounted for as a discontinued operation at 30 April 2008 and accordingly the after tax profit for the year and its assets and liabilities have been shown as single line items within the Group's income statement and balance sheet. The profit after taxation of the business sold comprises:

	2008 £m	2007 £m
Revenue	26.5	21.6
Operating costs	(10.2)	(10.6)
EBITDA	16.3	11.0
Depreciation	(5.7)	(4.8)
Operating profit	10.6	6.2
Net financing costs	-	-
Profit before taxation	10.6	6.2
Taxation	(3.0)	(0.2)
Profit after taxation	7.6	6.0

The £3.0m tax charge consists of a deferred tax charge of £1.7m (2007: credit of £0.8m) relating to the UK, a deferred tax charge of £1.0m relating to the US (2007: £0.8m), a deferred tax charge of £0.1m (2007: nil) and a current tax charge of £0.2m (2007: £0.2m) relating to Singapore.

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 year ended 30 April 2008 are summarised below:

	Revenue		EBITDA		Operating profit	
Three months to 30 April	2008	2007	2008	2007	2008	2007
Sunbelt in $m	356.3	349.4	131.2	122.8	64.9	59.8
Sunbelt in £m	179.9	178.3	66.4	62.6	32.9	30.4
A-Plant	55.1	50.2	19.0	15.7	8.3	5.9
Group central costs	-	-	(1.7)	(2.4)	(1.8)	(2.4)
Total continuing operations	235.0	228.5	83.7	75.9	39.4	33.9
Ashtead Technology	6.9	5.3	4.8	3.0	3.3	1.8
	241.9	233.8	88.5	78.9	42.7	35.7
Net financing costs					(17.3)	(20.0)
Profit before tax, exceptionals and amortisation					25.4	15.7
Exceptional items					(0.3)	(19.3)
Amortisation					(0.7)	(4.4)
Profit/(loss) before taxation					24.4	(8.0)
Year to 30 April						
Sunbelt in $m	1,528.1	1,307.9	598.9	475.0	330.9	253.1
Sunbelt in £m	761.3	684.6	298.4	248.6	164.9	132.5
A-Plant	214.8	189.9	73.2	58.9	30.2	20.1
Group central costs	-	-	(7.9)	(8.2)	(8.0)	(8.3)
Total continuing operations	976.1	874.5	363.7	299.3	187.1	144.3
Ashtead Technology	26.5	21.6	16.3	11.0	10.6	6.2
	1,002.6	896.1	380.0	310.3	197.7	150.5
Net financing costs					(74.8)	(69.1)
Profit before tax, exceptionals and amortisation					122.9	81.4
Exceptional items					-	(106.9)
Amortisation					(2.6)	(11.0)
Profit/(loss) before taxation					120.3	(36.5)

Underlying revenue increased 3.5% to £241.9m (2007: £233.8m) in the quarter ended 30 April 2008 and 11.9% to £1,002.6m (2007: £896.1m) in the year then ended. Underlying operating profit increased 19.9% to £42.8m (2007: £35.7m) in the quarter ended 30 April 2008 and 31.4% to £197.7m (2007: £150.5m) in the year then ended. Underlying profit before tax, exceptionals and amortisation for the quarter increased to £25.4m (2007: £15.7m) and for the year ended 30 April 2008 was £122.9m (2007: £81.4m). After exceptional items and amortisation, the profit before tax for the quarter (including Technology) was £24.4m (2007: loss of £8.0m) and for the year was a profit of £120.3m (2007: loss of £36.5m).

Net financing costs

Net financing costs, before exceptional costs and fair value remeasurements, increased from £69.1m to £74.8m reflecting principally higher average debt levels following the NationsRent acquisition. The average interest rate payable at 30 April 2008 on all of our debt facilities (including the impact of amortisation of deferred debt raising costs) was 6.5%.

Balance sheet

Fixed assets

Capital expenditure in the year was £331.0m of which £294.8m was invested in the rental fleet (2007: £290.2m in total). Expenditure on rental equipment was 89.0% 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	168.4	183.8	352.2	348.2
Sunbelt in £m	85.0	92.8	177.8	174.2
A-Plant	35.0	73.3	108.3	73.8
Continuing operations	120.0	166.1	286.1	248.0
Ashtead Technology	6.0	2.7	8.7	8.4
Total rental equipment	126.0	168.8	294.8	256.4
Delivery vehicles, property improvements & computers			36.2	33.8
Total additions			331.0	290.2

With strong market conditions for the majority of the year, £126.0m of rental equipment capital expenditure was spent on growth (including for reinvestment in connection with the NationsRent fleet reconfiguration) whilst £168.8m was invested in replacement of 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. Investment at A-Plant was high as we invested to de-age and grow its fleet in good market conditions.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2008 was 31 months (2007: 31 months) on a net book value basis. Sunbelt's fleet had an average age of 34 months (2007: 32 months) comprising 38 months for aerial work platforms which have a longer life and 30 months for the remainder of its fleet and A-Plant's fleet had an average age of 23 months (2007: 29 months).

The original cost of the Group's rental fleet and the dollar utilisation for the year ended 30 April 2008 are shown below:

	Rental fleet at original cost			Rental &	Dollar	Physical
	30 April 2008	30 April 2007	Average	related revenues	utilisation	utilisation
Sunbelt in $m	2,314	2,147	2,289	1,422	62%	68%
Sunbelt in £m	1,168	1,074	1,140	709	62%	68%
A-Plant	360	321	346	209	60%	71%
Ashtead Technology	47	39	44	26	60%	
	1,575	1,434	1,530	944	62%	

Dollar utilisation is defined as rental and rental related revenues divided by average fleet at original (or "first") cost. Dollar utilisation at Sunbelt was 62% in the year ended 30 April 2008 (2007 pro forma: 62%). The 60% (2007: 60%) achieved by A-Plant reflects the lower pricing (relative to equipment cost) prevalent in the competitive UK market and its higher physical utilisation. Physical utilisation is time based utilisation which is calculated as the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date.

Assets held for sale

This category comprises the assets of Ashtead Technology which has also been classed as a discontinued operation in the profit and loss account.

Trade receivables

Continued active collection efforts which produced an improved position in the former NationsRent businesses contributed to a reduction in receivable days to 49 days (2007: 54 days). The bad debt charge for the year ended 30 April 2008 as a percentage of total turnover was 0.8% (2007: 0.7%).

Trade and other payables

Group payable days were 70 days in 2008 (2007: 72 days). Capital expenditure related payables at 30 April 2008 totalled £24.1m (2007: £47.0m). 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:

	Year to 30 April	
	2008	2007
	£m	£m
EBITDA before exceptional items	380.0	310.3
Cash inflow from operations before exceptional items	356.4	319.3
*Cash efficiency ratio**	*93.8%*	*102.9%*
Maintenance rental capital expenditure	(195.3)	(213.1)
Non-rental capital expenditure	(35.8)	(32.3)
Proceeds from sale of used rental equipment	92.7	78.5
Tax paid	(6.4)	(5.0)
Free cash flow before interest	211.6	147.4
Financing costs paid	(76.4)	(64.2)
Free cash flow after interest	135.2	83.2
Growth capital expenditure	(120.4)	(62.9)
Dividends paid	(10.5)	(7.0)
Cash flow available for acquisitions, buy-backs & debt paydown	4.3	13.3
Acquisitions and disposals	(5.9)	(327.2)
Issue of ordinary share capital	0.5	148.9
Purchase of own shares by the Company	(22.9)	-
Purchase of own shares by ESOT	(1.6)	(4.9)
Exceptional costs paid (net)	(9.5)	(68.8)
Increase in net debt	(35.1)	(238.7)

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

Cash inflow from operations increased 11.6% to £356.4m and the cash efficiency ratio was 93.8% (2007: 102.9%) as trade receivables normalised following the NationsRent acquisition. Net cash capital expenditure in the year ended 30 April 2008 increased to £258.8m (2007: £229.8m) reflecting investment in de-ageing, in the US fleet reconfiguration and in fleet growth at A-Plant. Tax payments remain low reflecting tax depreciation in excess of book and utilisation of tax losses. Financing costs paid exceed the accounting charge in the income statement due to the timing of interest payments in the year, with accrued unpaid interest at 30 April 2008 totalling only £9.8m (2007: £13.5m).

The Group continues to generate strong free cash flow after interest, with £135.2m (2007: £83.2m) generated in the year. With our expectation of lower growth investment in the coming year, we anticipate delivering significant further deleveraging by April 2009.

Net debt

	2008 £m	2007 £m
First priority senior secured bank debt	556.2	506.1
Finance lease obligations	15.2	22.0
8.625% second priority senior secured notes, due 2015	122.2	120.6
9% second priority senior secured notes, due 2016	271.4	268.3
	965.0	917.0
Cash and cash equivalents	(1.8)	(1.1)
Total net debt	963.2	915.9

Group net debt increased from £915.9m at 30 April 2007 to £963.2m at 30 April 2008, reflecting the investment made in the fleet during the year and the £22.9m spent on share buy-backs. The ratio of net debt to EBITDA was 2.5 times down from 2.7 times at April 2007.

The Group's debt facilities are now committed for a weighted average period of approximately 5 years with the earliest significant maturity being in August 2011. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 6.5%, 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 30 April 2008 availability under the bank facility, including suppressed availability of $10m, was $602m ($589m at 30 April 2007). Although the covenants were therefore not required to be measured at 30 April 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 forthcoming 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. 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 30 April 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 0.7%.

OPERATING STATISTICS

	Profit centre numbers		Staff numbers	
	2008	2007	2008	2007
Sunbelt Rentals	430	445	7,039	7,524
A-Plant	192	201	2,422	2,424
Ashtead Technology	13	13	120	115
Corporate office	-	-	13	14
Group	635	659	9,594	10,077

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