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ASHTEAD GROUP PLC ANNUAL REPORT AND ACCOUNTS 2007

Doing more

At Ashtead we enable individuals and businesses to do more.

We are a global leader in the provision of hire equipment. From hand held powered tools to aerial platforms we provide solutions and systems that support our customers.

But above all it is our people that really make the difference.

HIGHLIGHTS

Continued growth in revenue and profit in all divisions with full year underlying operating profit of £150 5m, up 45% at constant exchange rates

On a pro forma basis Sunbelt's underlying full year operating profit grew by 43% to $272 3m reflecting the progress made to date on the NationsRent integration

On the same pro forma basis, A-Plant delivered underlying operating profit growth of 40% to £20 7m reflecting its strong 11% organic improvement in pro forma revenues

Underlying basic earnings per share declined 3% at constant exchange rates to 10 3p reflecting the expected first year dilution from the NationsRent acquisition

The loss before tax for the year of £36 5m (2006 profit of £81 7m) is after charging exceptional costs, fair value remeasurements and intangible amortisation amounting to £117 9m (2006 £14 2m credit) No further exceptional costs relating to the NationsRent acquisition are expected

Final dividend of 1 1p per share proposed, making 1 65p for the year (2006 1 5p)

* At constant exchange rates

The figures for 2005 2006 and 2007 are reported in accordance with IFRS Figures for 2003 and 2004 are reported under UK GAAP and have not been restated in accordance with IFRS.

Underlying profit is stated before exceptional items, amortisation of acquired intangibles and non-cash fair value remeasurements of embedded derivatives in long term debt.
The definition of exceptional items is set out in note 1 to the attached financial statements.

Reference to pro forma basis throughout this annual report and accounts includes the NationsRent and Lux Traffic acquisitions throughout both periods 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.

OUR BUSINESS

Ashtead Group provides solutions for customers who need a quick, efficient and cost-effective service. We provide equipment that lifts, powers, generates, moves, digs, supports, scrubs, pumps, directs, ventilates – whatever the job needs. We rent equipment on flexible terms so that our customers can focus on what they do best rather than maintaining and servicing equipment they may use only periodically. We make sure the equipment is there when it needs to be and is ready to work immediately and efficiently. Our profit centres are located where they are most required and we guarantee our service. Whether customers need a small hand held tool or power generation for a 30 floor building, our staff are there, able and willing, to help our customers ensure the job gets done.

DESCRIPTION	SUNBELT	A-PLANT	ASHTEAD TECHNOLOGY
	The second largest equipment rental business in the US market, Sunbelt continues to increase its market share rapidly Sunbelt has 445 locations operating in 35 states	The third largest equipment rental company with 201 locations across Britain, operating in a mature, stable market	Renting specialised electronic equipment to the offshore oil and gas sectors and the environmental monitoring and testing industry from 13 locations in the UK, the US, Canada and Singapore
EMPLOYEES	7,524	2,424	115
COUNTRIES OF OPERATION	US	UK	US, UK, Canada, Singapore
REVENUES*	$1,539m	£199m	£22m
PROFITS*	$272m	£21m	£6m
RETURN ON INVESTMENT**	13%	9%	35%

* Revenue and profits include NationsRent and Lux from the beginning of the financial year and not from their respective dates of acquisition.

** Return on Investment is calculated as operating profit divided by net tangible assets employed including goodwill and other intangible assets but excluding debt and deferred tax.

OUR YEAR IN REVIEW

US FOOTPRINT EXTENDED THROUGH ACQUISITION OF NATIONSRENT

In August we completed the $1bn acquisition of NationsRent in the US marking a step change in the size and scope of the Group and making us the second largest equipment rental company in the US and globally The enlarged Sunbelt business now has 445 locations and over $2bn in rental fleet

ACQUISITION OF LUX TRAFFIC CONTROLS

In October we acquired the UK's largest provider of rental traffic systems by acquiring Lux Traffic Controls Limited for £15 5m Over 40 Lux locations were immediately amalgamated into the A-Plant network and when integrated with A-Plant's existing dedicated traffic locations, formed the largest dedicated traffic equipment provider in the UK

NATIONSRENT INTEGRATION MILESTONES ACHIEVED ON OR AHEAD OF SCHEDULE

By October, regional and district management teams had been combined and former NationsRent store staff had migrated to Sunbelt's monthly paid profit share programme The combination of the two point of sale and back office computer systems was achieved ahead of schedule at the beginning of November and the former NationsRent head office was closed on schedule in early December Integration cost savings were running at an annual rate of approximately $48m in the fourth quarter

GEOFF DRABBLE JOINS AS NEW CHIEF EXECUTIVE

Geoff Drabble joined Ashtead Group as chief executive designate in October and succeeded George Burnett as chief executive in January Geoff has been a non-executive director of Ashtead since April 2005 and joined Ashtead full-time from The Laird Group PLC where he had been responsible for its building products division

CHRIS COLE APPOINTED AS CHAIRMAN

In March Christopher Cole, who had been serving as interim non-executive chairman of the Group since 27 October 2006, was appointed permanently as chairman of the Group

ASHTEAD TECHNOLOGY CONTINUES TO EXPAND

Good market conditions have contributed to strong growth at Ashtead Technology which opened its thirteenth store in Philadelphia in April

A-PLANT POSITIONED FOR YET FURTHER IMPROVEMENT

In April A-Plant announced investment in an improved profit centre infrastructure better suited to its customers' needs The focus will be on larger locations offering a broad range of plant and tools supplemented by our speciality profit centres

CHAIRMAN'S STATEMENT

It has been year of change and strategic growth for Ashtead. We achieved good progress in our underlying pre-tax profits which were £81.4m, up 20.6% from last year and supported by a step change in the size of the Group with the acquisition of NationsRent in the US. All our businesses performed well and we continued to build on the progress demonstrated over the last two years. The Board has worked hard in recent years to strengthen the financial position of the Company.

The Board is recommending a 10% increase in the final dividend to 1 1p per share making 1 65p for the year, up 10% on last year's total of 1 5p per share If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 28 September to shareholders on the register on 7 September 2007

I am very pleased to be leading the Board at this exciting time for the Group, but that sentiment is also tinged with sadness as it comes as a result of the untimely death in October of Cob Stenham, our previous chairman I knew Cob well having worked alongside him as senior independent non-executive director since late 2003 Cob provided invaluable advice over a difficult period in the Company's history and will be much missed for his incisiveness and understanding of the issues the Company faced

Last year also saw the retirement of George Burnett who co-founded Ashtead in 1984 when he and a fellow investor purchased what was then a five branch business trading in the south-east of England with revenues of £1m George became Group chief executive in February 2000 and led the Group successfully through several difficult years back to the stability and profit that we have enjoyed recently On behalf of the Board and the Company's shareholders, I would like to thank George for his contribution over more than two decades and wish him well in his retirement

The Board and I are delighted to welcome Geoff Drabble as the new chief executive of the Company Geoff is well known to Ashtead as he has been a non-executive director since 2005 He joined us full time in an executive role at the beginning of October 2006 from The Laird Group PLC where he was head of Laird's building products division and an executive director Geoff was the preferred candidate of the Nomination Committee after an extensive external and internal search He has experience of managing businesses in the US as well as in the UK, and we are already seeing the benefits of his operational expertise

The year saw some other changes in the composition of the Board Firstly Philip Lovegrove retired from the Board having, like George been a director since 1984 The Board would like to thank him for his valuable contribution and advice over many years and wishes him well in his retirement

Following my appointment as chairman, Hugh Etheridge, who has been a director since 2004, and who is Chief Financial Officer of the Waste and Resources Action Programme, has been appointed as our senior independent non-executive director In addition, I would like to welcome Michael Burrow who was appointed in March and Bruce Edwards who was appointed in June as new non-executive directors who were selected carefully for their specific areas of expertise and experience Michael was formerly Managing Director of the Investment Banking Group of Lehman Brothers Europe Limited and brings a significant understanding of the financial markets in which we operate whilst Bruce is responsible currently for Deutsche Post's contract logistics functions having previously been a director of Exel PLC until it was acquired by Deutsche Post

Following these appointments, the Board is now in compliance with all the recommendations of the Combined Code regarding Board composition and importantly, well-balanced to support the Group's strategic performance objectives

The major event for Ashtead in the last year was the acquisition in August 2006 of NationsRent and we are delighted to have found a business whose store network has a complementary fit with our existing US operations The NationsRent locations have already been integrated fully and branded into the Sunbelt network and our ongoing focus is to drive up utilisation rates at the acquired profit centres and thus also in the combined business The acquisition has made Ashtead the second largest equipment rental company in the United States and globally enabling us to benefit from the strong US market and the progressive move underway in that market from ownership to rental

A further important development of the Group in the year was the acquisition of Lux Traffic Controls in the UK Its integration with A-Plant's existing traffic operations has provided the opportunity for higher value-added earnings and helped make us the market leader in traffic management in the UK Ashtead Technology also continued to make excellent progress throughout the year and again presents excellent results

Concurrently with the NationsRent acquisition, the Group renewed and extended its debt facilities providing both the capacity required to conclude the acquisition and significant flexibility for the future Our facilities, a total of \$2 55bn (£1 3bn), are committed for the long term with a weighted average remaining life of 6 25 years at 30 April 2007 and are essentially non-amortising They are also structured in a form appropriate to our business being reliant principally on our asset cover for security

Revenues

£896m
up 40%

Underlying pre-tax profits

£81m
up 21%

Dividends

1.65p
up 10%

As our business expands acting responsibly and fulfilling our obligations as a good corporate citizen become ever more important. We are committed to meeting our social, ethical and environmental commitments, to ensuring the safety of both our employees and our customers, limiting the impact we make on the environment, and giving back to the communities in which we do business We expect to expand our reporting of these important areas in the coming year

The commitment and calibre of our people make the difference in a competitive market and I thank them for their hard work and for their enthusiasm to make Ashtead the preferred supplier in all our markets In addition I welcome our new employees from NationsRent and Lux Traffic and thank them for their contribution to the successful integration of their respective businesses

As we continue to build on the excellent integration and combination of the enlarged Sunbelt business in the US, complemented by continuing improved performance from A-Plant and Ashtead Technology in expected good markets, I am confident we can see further growth in all the Group's activities in the future leading to enhanced shareholder value

CHRIS COLE
CHAIRMAN
25 June 2007

CHIEF EXECUTIVE'S STATEMENT

Ashtead aims to be a leader in the global equipment rental business delivering strong returns for its investors through the exploitation of growth opportunities and by being world class at what we do. We aim to achieve these objectives by generating strong organic growth combined with growth through acquisition as well as delivering high levels of customer satisfaction.

A YEAR OF TRANSITION AND GROWTH

I am delighted to be presenting my first annual report as the new chief executive of Ashtead following the retirement of George Burnett George made an enormous contribution to Ashtead over 22 years and on behalf of all Ashtead employees, I would like to thank him for his unstinting dedication to the Group Having joined Ashtead as a non-executive director in April 2005 and become chief executive designate in October 2006, I was fortunate to have the opportunity of working alongside George to ensure management continuity and a seamless transition

The year also saw a change in chairman following the sad and untimely death of Cob Stenham Cob will be greatly missed by us all both for his professional drive and knowledge and the personal flair that he brought to the business In Chris Cole, however, we have gained a chairman with a deep understanding of construction markets as a result of his position as chief executive of WSP Group plc, together with extensive experience of Ashtead and its management team, having been a director since January 2002

Growth from both organic revenue improvement and acquisition form key elements of our strategy and 2006/7 saw notable activity Our Group revenue for the year was £896m, up 40% on the £638m reported last year During the year we enjoyed organic growth in all markets through a combination of good overall market conditions and market share gains In addition, the Group moved forward significantly with the acquisition of US rental company NationsRent in August 2006 for $1bn, creating the second largest rental company both in the US and globally, serving principally the non-residential construction market October 2006's £15 5m acquisition of Lux Traffic Controls in the UK and its immediate integration with A-Plant's existing traffic management operations makes us the largest provider of rental traffic systems in the UK

Sunbelt's underlying pro forma operating profit	A-Plant's underlying pro forma operating profit	Ashtead Technology's operating profit
$272m	**£21m**	**£6m**
up 43%	up 40%	up 57% at constant exchange rates

THE NATIONSRENT ACQUISITION

The acquisition of NationsRent provided a unique opportunity to make a step change in the size of the Group in North America The acquisition provided scale with very little overlap at profit centre level and allowed us to accelerate our clustering principle in key markets such as Florida, Texas and California In addition it provided us with access to new markets particularly in the US North East and Upper Mid West.

Both businesses used the same computerised point of sale operating system and the age and composition of their fleet was similar to our own We were confident that our business model, based around highly incentivised profit centres operating with a large amount of autonomy would improve the financial return from the NationsRent assets Also, significant recurring cost savings were available from integrating central and regional functions

To date we have achieved all our milestones in terms of the integration and we enter the new financial year with a single business focused on further organic growth The acquisition was funded by a rights issue which raised approximately £150m, drawings under a new $1 75bn senior secured credit facility and $550m of new senior loan notes

DELIVERING PROFITABLE GROWTH

Underlying operating profit at £150 5m was up 35 5% on the £111 1m reported last year On a pro forma basis operating profit was up 34 0% to £161 2m Reflecting the 38% increase in the number of shares outstanding following August's rights issue, we achieved underlying earnings per share of 10 3p (2006 11 3p)

All three divisions, Sunbelt, A-Plant and Ashtead Technology, saw good organic growth in both revenue and underlying operating profit Whilst there are differences in the geographies and markets they serve, the rental business model is the same

There were significant exceptional costs, fair value remeasurements and intangible amortisation totalling £117 9m (2006 credit of £14 2m) The majority of these costs were associated with the funding of the NationsRent transaction and realising the synergy benefits available from the acquisition As all of the structural integration activity is now complete we do not expect any further exceptional costs associated with this transaction in 2007/8

Net borrowings at the year-end were £915 9m (2006 £493 6m) We have stated our policy of managing our financial structure to sustain a net debt to EBITDA ratio in the range of 2 to 3 times in most circumstances As a result of the acquisition, we reached temporarily the upper end of this range By year-end we were at 2 7 times and anticipate reaching the midpoint of the range, based on normal operational activity, in 2007/8

MAINTAINING THE MOMENTUM OF THE GROUP

We expect to continue to develop the Group through a combination of organic growth and acquisition, while ensuring we have both the financial and managerial resource to execute and integrate an acquisition successfully

Realising the organic growth potential from the acquired NationsRent assets will remain a key area of focus in 2008 Utilising the reconfigured fleet, we intend to access a broader customer base than just the pure non-residential contractor which will allow us to both develop new higher return markets and provide an important breadth of revenue generation

CHIEF EXECUTIVE'S STATEMENT
CONTINUED

A-Plant is positioned for yet further improvement. Its existing momentum will be supported by further investment in fleet and an improved profit centre infrastructure. In April, we began to implement a new investment programme for A-Plant. This will involve the restructuring of its profit centre infrastructure over the coming year to create fewer, larger sites with higher levels of activity. These larger pools of equipment and staff will improve operational efficiency and enable A-Plant to meet the needs of its customers better. An exceptional charge of £6.2m was recorded in the fourth quarter in respect of, principally vacant premises costs at the profit centres which will be closed as a result of the new investment plan.

Ashtead Technology will continue to develop both its onshore and offshore markets which remain strong. In offshore, as well as the traditionally strong markets in the North Sea and the Gulf of Mexico, West Africa and Asia are becoming increasingly important. The need for oil and gas exploration to access deeper waters together with the development of new fields will continue to provide opportunities for future growth. The onshore markets in both environmental monitoring and non-destructive testing are developing well. Additionally, the aging of production assets and increasing health and safety requirements in the offshore oil industry will also drive higher levels of maintenance from which we should benefit. Finally, there is a significant opportunity to leverage the onshore business through Sunbelt's locations and industrial customers.

Acquisitions have been, and will continue to form, a key part of our strategy. Acquisitions are made to expand both our geographic footprint and the range of products which we offer. We bring value to our acquisitions by introducing our successful business model and providing the benefit of scale. When appropriate we will continue to look for value-enhancing bolt-on acquisitions to support our clusters in existing geographies. We will look also to develop our specialist businesses following the successful acquisition of Lux Traffic Controls, the leading player in the niche UK traffic market. Our specialist businesses generate higher added value as our customer base looks to outsource their planning and technical requirements as well as renting equipment.

We are a service business and we differentiate ourselves by the strength of our service offering. Central to our service offering are our people and our systems. We now have a 10,000 strong Ashtead team. The nature of our business requires skilled, entrepreneurial individuals working within a highly devolved structure. We achieve this through a dedication to training and an industry leading reward and recognition scheme. The industry generally suffers from high staff turnover particularly within certain job categories and within the first year of employment. We have made good progress in improving our staff retention in recent years with a lower level of leavers as shown in the chart opposite. This will remain a key performance indicator going forward.

We place significant importance on the use of systems to improve our efficiency For example, each of our divisions operates integrated on line point of sale systems which provide significant advantages to our employees and customers due to the visibility these single company-wide systems provide Our extranets allow key aspects of the customer relationship to be managed electronically In addition, in the UK, our on line telematics and tracking system enables qualifying customers to see exactly where major items of equipment are at any time including if they have been stolen Already there have been many instances where these tracking devices have facilitated swift recovery in the event of theft, saving our customers the cost of providing us with a replacement for the lost item

Information technology will play an even greater role in rental in the future, driven by the need to minimise transportation costs and the need for enhanced asset visibility Major projects such as the 2012 Olympics will accelerate this change Ashtead is at the forefront of these changes and we will continue to use our technology as a differentiator

EMPLOYEES

Ashtead is a leader in its industry because of its people and I would like to thank all our employees for their hard work and dedication Our employees are often called upon to help our customers and their management teams through difficult situations, whether that be providing crucial equipment at short notice or getting a facility up and running again after a major incident such as water damage The pride and passion demonstrated by our employees makes our customers know they can depend on us to get things moving

OUTLOOK

Across the Group, the business has developed well in the past year and the NationsRent acquisition provides continuing opportunity from integration benefits and positions us well for further growth The markets for all three divisions remain strong and the drive to rental due to both the financial and operational benefits of outsourcing, will continue, particularly in North America Given the success of the NationsRent integration to date, we are well positioned to achieve further progress in the coming year Ashtead will remain focused on delivery of our objective of creating and growing shareholder value

GEOFF DRABBLE
CHIEF EXECUTIVE
25 June 2007

GETTING THINGS GOING AGAIN AFTER A DISASTER

After a hurricane, a fire, a flood or any kind of disaster, we can respond immediately and provide the equipment and expertise required to clean up, provide power and get the disaster recovery moving ahead at full steam When a four storey apartment building in Boston caught fire, Sunbelt received a Friday night call for help On Saturday morning, Sunbelt delivered critical equipment the contractors needed to begin the recovery process from the damage caused by the fire, smoke and water used to extinguish the fire and dampen the job site Equipment included aerial man lifts, dehumidifiers and generators to supply the power required for lighting, ventilation and interior remediation and restoration equipment. One call was all it took to initiate the entire effort

FACILITATING MAJOR EVENTS

Ashtead is often asked to provide the behind-the-scenes equipment without which many major events would never happen We rent a wide variety of equipment used at rock concerts, music festivals, sporting events and many other venues In Charlotte, North Carolina, Sunbelt plays a critical role in race week, which culminates in NASCAR's longest race, the Coca-Cola 600 With over 150,000 fans, the Coca-Cola 600 is one of the most popular races in the Nextel Cup Series Each year, Lowe's Motor Speedway relies on Sunbelt because they count on its range of equipment and the unparalleled level of service they receive

SUPPORTING THE REDEVELOPMENT OF LONDON'S OLDEST HOSPITALS

Following the award by the UK government of the largest ever Public Finance Initiative contract, rather than maintain and service all the necessary equipment themselves, the contractor turned to A-Plant to fulfil this role The 10 year project to redevelop St Bartholomew's and Royal London hospitals involves investment of more than £1bn A-Plant will be on site permanently during the project, allowing equipment needs to be fulfilled quickly through one point of contact, whether the equipment is for the main contractor or their sub-contractors As well as providing heavy construction equipment, A-Plant is also supplying the personal protection equipment for workers on the site, their goggles, hard hats and gloves to ensure this major project benefits from the full range of our services

ENABLING OUR CUSTOMERS TO CONTROL TRAFFIC

Our A-Plant Lux Traffic division is the UK leader in providing traffic control solutions on a rental basis Whether our customer needs a single set of traffic lights or a complex high speed traffic management system, we provide a complete service from beginning to end We can be called upon to carry out a risk assessment on site, prepare scale drawings, and submit the necessary documents to the local authority for approval prior to installing the necessary equipment, monitoring it throughout the life of the project and dismantling it at the end Safety is a critical component of traffic management and our customers look to us to help them ensure everything works smoothly Our in-house training has proved so effective that we now provide it to outside organisations including the Highways Agency, major utilities, civil engineering contractors and even police authorities

BUSINESS AND FINANCIAL REVIEW

The Group focuses on equipment rental. During 2006/7 approximately 94% of our revenue was derived from equipment rental and rental related services with the balance coming from sales of new equipment, parts and associated goods, such as equipment accessories. We believe that equipment rental offers the opportunity to earn substantially higher returns than those which are earned by equipment dealers whose margins are effectively capped by the equipment manufacturer.

OVERVIEW

Ashtead operates in the US principally under the name Sunbelt and in the UK principally under the name A-Plant In addition, Ashtead Technology serves the global oil industry and operates both offshore and onshore Sunbelt is the second largest equipment rental company in the US and A-Plant is the third largest equipment rental company in the UK, in each case measured by rental revenue

We provide a wide range of rental equipment from small handheld machine tools to extensive pump and power systems used in major disaster situations In addition Ashtead Technology rents mainly electronic survey and testing equipment in the UK, the US, Singapore and Canada We are a service business and it is our network, people and systems that set us apart in our markets At Group level, we are focused on the management of an asset intensive business with the aim of delivering superior financial returns In years to come, we expect to continue to develop our existing operations and to consider both adding new higher return product types to our offering and extending the geographical markets in which we operate

We provide solutions in all manner of situations including

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

We are now the second largest equipment rental group in the world Our performance on a pro forma basis before exceptional items and amortisation was as follows

	As reported £m	NationsRent/Lux £m	2007 pro forma £m	2006 pro forma £m
Revenue	**896 1**	**130 3**	**1,026 4**	997 6
EBITDA	**310 3**	**31 1**	**341 4**	298 2
Operating profit	**150 5**	**10 7**	**161 2**	120 3

In the year to 30 April 2007 we had pro forma revenues of £1,026 4m, pro forma EBITDA of £341 4m and earned a pro forma operating profit of £161 2m Approximately 79% of our pro forma revenue was generated in the US by Sunbelt and approximately 19% was generated in the UK by A-Plant Ashtead Technology accounted for 2% of our pro forma revenue Our pro forma EBITDA and operating profit margins were 33 3% and 15 7% respectively

OUR MARKETS

The US

Sunbelt our US construction and industrial equipment rental division trades exclusively in the United States and operates 445 profit centres grouped into 51 Districts and 11 Regions Sunbelt operates principally in the fast growing US non-residential construction market which, according to figures published by the US Department of Commerce, grew 13% in the year to April 2007 following growth of 10% in the year to April 2006

The recent development of the rental market for construction equipment in the US has been a key driver of demand for our services Rental penetration is assessed as the proportion of manufactured product sold in the US by equipment manufacturers and dealers to the rental sector (who use it to supply the end user on a generally short-term, ad hoc rental basis) The chart above shows the development in rental penetration between 1990 and 2010

We believe that this increased trend to rental in the US has the potential to continue for many years and consequently to support increased demand for our services This view is based not only on the rental penetration in the more mature UK market which is estimated at around 80% but also by the fact that one product type in the US, aerial work platforms, also exhibits around 80% penetration Aerial work platforms are a more recently developed product than other types of construction equipment Consequently, as demand grew, its manufacturers had no established dealer distribution network but instead saw the rental industry as the best means to distribute their product

Given current market conditions, including the impact of increased rental penetration, we expect the rental market to grow by between 5% and 7% in the coming fiscal year

Following the NationsRent acquisition, we are the second largest rental business in the US based on pro forma rental revenues as shown in the table below

Name	Number of locations	Rental revenues $bn	Approx. market share
United Rentals	597	2 3	7%
Sunbelt Rentals	**445**	**1 4**	**4%**
Hertz Equipment Rental Co	242	1 4	4%
RSC	429	1 4	4%

Like ourselves United Rentals, RSC and Hertz are publicly listed businesses Beyond the top four, the market in which Sunbelt operates is characterised

BUSINESS AND FINANCIAL REVIEW
CONTINUED

by a large number of small competitors According to Global Insight and Rental Equipment Register there is an estimated total of 15,000 industry locations in the US and the largest 10 businesses have a 27% share of an estimated $32 8bn market.

Our fleet mix is broadly similar to our large peers However, we differentiate our business both by emphasising smaller equipment types which we believe offer the potential for higher returns and in the manner in which we incentivise our staff

Sunbelt's fleet age at 30 April 2007 was 32 months on a net book value basis comprising 38 months for aerial work platforms which have a longer life and 25 months for the remainder of the fleet. The cost of Sunbelt's fleet by asset category is summarised in the chart above

Future market trends

We expect that Sunbelt's development in coming years will be driven by

- an increase in the size of the market driven by growth in non-residential construction and increased outsourcing to the rental sector of their equipment needs by contractors, and
- the opportunity which exists for us and the other "big four" providers to continue to gain market share from the smaller competitors over whom we enjoy significant operational advantages

We anticipate that increased concerns over health and safety issues in the future will continue to lead contractors to rely on the use of outsourced equipment This is because use of a specialist provides the contractor with the ability to rent exactly the right piece of equipment for the task in hand as well as the assurance that the equipment will be of recent manufacture and maintained by an experienced, specialist workforce

The UK

Our UK business trades under the A-Plant name and rents a similar range of equipment to Sunbelt to a similar profile of general industrial and construction orientated customers A-Plant operates 201 profit centres and serves a more mature market where rental penetration is estimated at approximately 80% Accordingly, market commentators expect the market to be largely stable in future years with growth driven by growth in GDP, together with the need for substantial infrastructure renewal in the UK (sewers, water roads) as well as increased spending in areas such as nuclear power station decommissioning and replacement and the 2012 Olympics The forecast market development is shown in the chart above

A-Plant is the third largest equipment rental business in the UK with its key peers being shown in the table below

Name	Number of locations	Revenue £m	Approx. market share
Speedy Hire	361	336	9%
Hewden Stuart	360	258	7%
A-Plant	**201**	**190**	**5%**
HSS	350	163	4%

A-Plant's fleet is also young and well-maintained like that of Sunbelt with an average age at 30 April 2007 on a net book value basis of 29 months (2006 36 months) The cost of A-Plant's fleet is analysed by asset category in the chart opposite

Future market trends

We expect that A-Plant's development in coming years will be driven by:

- market share gains from the large number of smaller competitors as health and safety concerns continue to drive the customer base to use the larger, more professional and better quality rental providers,
- stable construction markets which are likely to grow slightly faster than the rate of UK GDP because of the need for infrastructure renewal, and
- investment in higher return product areas such as our recent purchase of Lux Traffic Controls

Ashtead Technology

Ashtead Technology operates in two main markets.

- rental of sub-sea survey and positioning equipment to the offshore oil and gas industries, together with rental to the telecommunications cable-laying market, and
- onshore rental of a range of environmental test and measurement, non-destructive testing and remote visual inspection equipment.

Ashtead Technology s offshore activities are conducted globally from three profit centres in Aberdeen (UK), Houston (US) and Singapore, whereas its onshore activities trade through nine profit centres in the US and one in the UK Its fleet by asset category is shown in the chart above

Ashtead Technology's key competitor in both of its markets is a privately owned business

Offshore Seatronics, a Craig Group business also headquartered in Aberdeen
Onshore Pine Environmental based in East Windsor, New Jersey, US

Future market trends

We expect Ashtead Technology's development in coming years will be driven by

- the increasing importance of new markets such as West Africa and Asia and the need for oil and gas exploration to access deeper waters together with the development of new fields,
- on-going development of both environmental monitoring and non-destructive testing in the onshore market, and
- higher levels of maintenance required in the offshore oil and gas industry as it exploits aging assets in an environment of increasing health and safety concerns

OUR STRATEGY

Ashtead aims to be a leader in the global equipment rental business delivering strong returns for its investors through the exploitation of growth opportunities and by being world class at what we do We aim to achieve these objectives by generating strong organic growth combined with growth through acquisition as well as delivering high levels of customer satisfaction

We believe that the Group's key strengths lie in its ability to manage and incentivise its staff to deliver strong returns on investment from a capital asset base comprising large numbers of individually modest value assets and in the computer systems it has developed to facilitate this These skills were first applied successfully in the UK through A-Plant and then in the US where Sunbelt has now grown to be four times larger than A-Plant in a substantially larger market They have also been applied in Ashtead Technology whose product range is very different but where the Group's core skills are also relevant. In years to come, we believe that it may be appropriate for the Group to continue to broaden the product types and geographical markets in which it applies its key strengths

Acquisitions

We made two important acquisitions in 2006, NationsRent in the US and Lux Traffic Controls in the UK. Our acquisitions strategy is based on expanding our market share either by geography or by product category particularly if such a product category is of a more specialist nature and hence delivers a higher rental value

NationsRent

In August 2006 Sunbelt acquired NationsRent Companies, Inc , the sixth largest provider of equipment rental services in the US, for an initial consideration (including acquired debt) of approximately $1bn The combined business is now the second largest rental company in the US, serving principally the private non-residential construction market.

The acquisition was funded by a rights issue which raised approximately £150m, drawings under a new $1 75bn senior secured credit facility and $550m of new senior loan notes The NationsRent locations have already been integrated fully into the Sunbelt network. The two companies' profit centre networks integrated together well with very little overlap and the

BUSINESS AND FINANCIAL REVIEW
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NationsRent network has increased the number of major markets in which we have a clustered presence from 18 to 31 In addition to the good fit of rental locations the acquisition offered the opportunity for realising significant cost savings from combining central and regional/district functions The integration programme concluded at the end of January and has delivered cost savings at an annual rate of $48m in the fourth quarter

Lux Traffic Controls
The £15 5m acquisition of Lux Traffic Controls Limited, when combined with A-Plant's existing traffic systems rental business makes A-Plant the largest provider of rental traffic systems in the UK and extends significantly our penetration of this attractive market. Lux's network of 44 locations has been integrated fully with A-Plant and we have already achieved significant back office cost savings The acquisition formed part of our strategic plan to develop our specialist businesses and delivered a market leading position in the UK traffic systems rental market

OUR BUSINESS MODEL

The Group focuses on equipment rental. During 2006/7 approximately 94% of our revenue was derived from equipment rental and rental related services with the balance coming from sales of new equipment, parts and associated goods, such as equipment accessories We believe that equipment rental offers the opportunity to earn substantially higher returns than those which are earned by equipment dealers whose margins are effectively capped by the equipment manufacturer

The Group believes that this focused and dedicated approach improves the effectiveness of its rental sales force by encouraging them to build and reinforce relationships with customers and to concentrate on strong, whole-life returns from our rental fleet rather than on short-term returns from sales of equipment In contrast, many of our competitors in the equipment rental industry, especially in the US, follow a mixed business approach, providing rentals, selling new equipment and trading used equipment.

Our most important financial objective is to deliver return on investment (RoI)[1] well ahead of our cost of capital. In particular, we drive RoI by the incentivisation of our people to deliver superior returns Through our monthly paid profit share programmes, all our staff have the opportunity to enhance their earnings based on the returns delivered by the profit centre in which they work.

Although RoI has been impacted by the acquisition in August 2006 of the lower margin NationsRent business the chart opposite shows that, through the last cycle since our fiscal year ending April 2004, the Group has earned an average RoI (including goodwill) of 12% – ahead of our cost of capital We believe that this performance compares favourably with our peers

The Group strives to maximise its return on investment through a combination of measures In addition to our monthly profit share programme, we encourage effective management of invested capital by·
- maintaining a concentration of higher-return (often specialised) equipment within the overall rental equipment fleet,
- promoting the transfer of equipment to locations where maximum utilisation rates and returns can be obtained,
- monitoring the amount of invested capital at each of our profit centres, and
- empowering regional and local managers to adapt pricing policies in response to local demand in order to maximise the overall return achieved from our investment in our rental fleet

We also manage the size and composition of our rental fleet by continuing to assess and dispose of older or underperforming equipment and adapting the level of our capital expenditure to economic activity levels

Our operating model is key to the way we deliver these returns and encompasses the following elements
- Our local management teams are strong and highly incentivised, producing superior financial returns and high quality standards Many of our most senior people started their careers by working in the front line at a profit centre
- Our large sales forces are incentivised to target higher return rental opportunities as well as a high volume of contracts overall. We believe that our sales force commission plans are amongst the best in the industry

(1) Return on investment is defined as underlying operating profit divided by the weighted average capital employed (shareholders funds plus net debt and deferred tax, less the pension fund surplus and other financial assets – derivatives)

- In the US we achieve scale through a "clustered market" approach of grouping our rental locations into clusters of three to 15 locations in each of our developed markets throughout the US Sunbelt has developed such "clustered markets" in 31 major cities including Washington DC, Dallas, Houston, Charlotte, Atlanta, Orlando and Seattle This strategic approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets
- In the smaller geography of the UK our strategy is focused on having sufficient profit centres to allow us to offer a full range of equipment on a nationwide basis As described elsewhere we are investing in the profit centre infrastructure over the coming year to create fewer, larger sites with higher levels of activity These larger pools of equipment and staff will improve operational efficiency and enable A-Plant to meet the needs of its customer better
- We aim to operate a wide range of equipment within our rental fleets to maximise the extent to which we can fulfil our customers' needs
- We offer a full service solution for our customers Our product range includes specialist equipment types such as pump & power, scaffolding and traffic management systems which involve providing service expertise as well as equipment.
- We invest heavily in our computerised point of sale and service systems. We use these systems not only to help us manage our business to deliver strong financial returns but also to meet the needs of our customers We deployed one of the first extranets in the industry to provide qualifying customers with complete information on the equipment they have on rent and on the status of their account More recently we have deployed mobile data capture devices to record the time of delivery and the customer's signature electronically allowing us to systematically monitor and report on on-time deliveries We also use electronic tracking systems to monitor and secure the location and usage of large equipment

Customers

Our business is highly diverse In the year to April 2007 we dealt with over 800,000 customers In Sunbelt we wrote 2 million rental contracts with an average value of $670 per contract and issued over 3 2 million invoices Our UK business, A-Plant, though smaller is almost as diverse It wrote 540,000 rental contracts and issued 1 1 million invoices in the year to April 2007 In the UK we have focused in recent years on building deeper relationships with our larger customers, with our largest 150 accounting for 42% of our 2006/7 revenues

Our customers range in size and scale from multinational businesses, through strong local contractors to individual do-it-yourselfers We have loyal customers, many of whom we have dealt with for many years Our experience is that we gain a large amount of repeat business and our operating methods and focus on customer service aim to support and enhance this. We guarantee our service worldwide and believe that we are unique amongst our peers in the US in offering our customers the Sunbelt guarantee under which we voluntarily accept penalties if we fail to meet our commitments to customers

BUSINESS AND FINANCIAL REVIEW
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We believe that our focus on customer service and its guarantee assists us in distinguishing ourselves from our competitors and helps us to deliver superior financial returns

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

As a large portion of our customer base comes from the commercial construction and industrial sectors, the Group is dependent on the level of commercial construction or industrial activity The factors which influence this activity include
- the strength of the US and UK economies over the long term including the level of government spending,
- the level of interest rates, and
- demand within business that drives the need for commercial construction or industrial equipment.

However, the Group's geographical scale and diversified customer base assist in mitigating the adverse impact of these factors on the Group's performance through
- reducing the impact of localised economic fluctuations on our overall financial performance,
- reducing our dependence on any particular customer or group of customers; and
- enabling us to meet the needs of larger customers who have a wide range of equipment needs

Suppliers

As the second largest equipment rental company in the world, the Group purchases large amounts of equipment, parts and other items from its suppliers, most of whom operate globally The Group's capital expenditure on rental equipment for 2006/7 was £256 4m The Group believes that its scale and this level of capital expenditure enables it to negotiate favourable pricing, warranty and other terms with its suppliers which provide it with a competitive advantage over smaller operators

Across our rental fleet we seek generally to carry equipment from one or two manufacturers in each product range and to limit the number of model types of each product We believe that having a standardised fleet results in lower costs because we obtain greater discounts by purchasing spare parts in bulk and reduce maintenance costs through more focused, and therefore reduced, training requirements for our workshop staff We are also able to share spare parts better between profit centres which helps to minimise the risk of over stocking We purchase equipment from suppliers with strong reputations for product quality and reliability and maintain close relationships with these suppliers to ensure good after purchase service and support. However, we believe the Group has sufficient alternative sources of supply for the equipment it purchases in each of its product categories

People

In a service business, we believe that it is always the people which make the difference Across the Group, we employ thousands of dedicated personnel who every day of the week provide our customers with the service they require At 30 April 2007 the disposition of our staff was

	Sunbelt	A-Plant	Technology	Corporate	Total
Number of staff	7,524	2 424	115	14	10 077

We motivate and reward our people through our local profit share programmes These are based at the store level and apply to all personnel at the store irrespective of length of service They are generally paid monthly which gives immediate returns for good performance Payment of profit share at any profit centre is based on that profit centre's performance and is dependent on the level of its return on assets Senior management is remunerated separately using similar criteria while the sales force is incentivised based on sales volumes and a broad measure of return on investment determined by reference to equipment type and discount level.

We invest heavily in training and in the past year focused our efforts particularly on the staff who joined the Group on 31 August 2006 with the NationsRent acquisition Sunbelt trained over 1,300 NationsRent staff in a combination of offsite classroom training and on the job training in our methods, operating culture and systems

Environment, health and safety
Ashtead is committed to ensuring the highest standards of health and safety in our day to day operations We are also focused increasingly on expanding efforts to limit the environmental impact of our work. Health and safety concerns for our customers are a key driver for our business as it is a factor contributing to the decision to rent rather than purchase equipment which then has to be maintained and serviced regularly Further information on our environment, health and safety policies and procedures can be found in the section on corporate responsibility within the Directors' Report.

Risks and uncertainties
Seasonality and cyclicality
Our revenue and operating results depend significantly on activity in the commercial construction industry in the US and the UK Commercial construction activity tends to decrease in the winter and during extended periods of inclement weather and increase in the summer and during extended periods of mild 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 This results in changes in demand for our rental equipment. In addition, the commercial construction industries in the US and the UK are cyclical industries with activity levels that tend to increase in line with GDP growth and decline during an economic downturn The seasonality and cyclicality of the equipment rental industry results in variable demand and therefore, our revenue and operating results will fluctuate from period to period The Group's flexible business model allows it to modify the use of free cash flow according to the economic cycle, as described elsewhere in this review

Currency translation
Our reporting currency is the pound sterling However, a majority of our assets liabilities, revenue and costs are denominated in US dollars We have arranged our financing such that approximately 98% of our debt is denominated in US dollars so that we have a natural partial offset between our dollar-denominated net assets and earnings and our dollar-denominated debt and interest expense Fluctuations in the value of the US dollar with respect to the pound therefore have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds This impact is greatest on our revenue

BUSINESS AND FINANCIAL REVIEW
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and operating profits but less significant on our profits before and after tax which are stated after deduction of our largely dollar-denominated interest expense

In the year ended 30 April 2007, the depreciation of the dollar against the pound reduced our total revenue by approximately 5 6% and our pre-tax profits by approximately 3 7% in each case compared to the exchange rates ruling during the year ended 30 April 2006

Accordingly throughout this Business and Financial Review, we also present the changes in our reported results in one period as compared to the equivalent prior period at constant exchange rates, which assumes that the US dollar amounts for both periods were consolidated and translated at the average exchange rate applied in the financial statements for the year ended 30 April 2007

Environmental and safety matters
Our operations are subject to numerous laws governing environmental protection and occupational health and safety matters These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality Under these laws, we may be liable for among other things the cost of investigating and remediating contamination at our sites as well as sites to which we send hazardous wastes for disposal or treatment regardless of fault, and also fines and penalties for non-compliance Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment, dispose of solid and hazardous waste and wastewater from equipment washing, and store and dispense petroleum products from underground and above-ground storage tanks located at some of our locations We take our environmental and health and safety responsibilities seriously and have stringent policies and procedures in place at all our profit centres to help minimise undue impact on the environment and keep our employees safe

Based on the conditions currently known to us, we do not believe that any pending or likely remediation and compliance costs will have a material adverse effect on our business

Acquisitions
Our strategy is based on organic growth and growth through acquisition The opportunity to grow through acquisition depends on the availability of suitable businesses at an acceptable price It is the Group's practice to obtain external advice on acquisitions and undertake full due diligence to ensure the acquired business is understood fully In addition, we seek to minimise the risks associated with the integration and achieving financial and operational synergies through the development of detailed integration plans The price paid and performance of the acquired business post acquisition will impact our results in future periods

Legal proceedings
The Group is party to certain legal proceedings arising in the ordinary course of business The results of such proceedings cannot be predicted with certainty, but we do not believe any of these matters are material to our financial condition or results of operations

FINANCIAL REVIEW
Presentation of financial information
Revenue
Our revenue is a function of our rental rates and the size, utilisation and mix of our equipment rental fleet. The prices we charge are affected in large measure by utilisation and the relative attractiveness of our rental equipment, while utilisation is determined by market size and our market share, as well as general economic conditions Utilisation is time based utilisation which is calculated as the original cost of equipment on rent as a percentage of the total original cost of equipment in the fleet at the measurement date In the US, we measure time utilisation on those items in our fleet with an original cost of $7,500 or more which constituted 87% of our US serialised rental equipment at 30 April 2007 In the UK, time utilisation is measured for all our serialised rental equipment. The size, mix and relative attractiveness of our rental equipment fleet is affected significantly by the level of our capital expenditure

The main components of our revenue are
- revenue from equipment rentals, including related revenues such as the fees we charge for equipment delivery, erection and dismantling services for our scaffolding rentals, fuel provided with the equipment we rent to customers, and loss damage waiver fees, and
- revenue from sales of new merchandise, including sales of parts and revenues from a limited number of sales of new equipment.

The proceeds we generate from the disposal of used rental equipment do not form part of revenue Instead we show the gain relative to book value in our income statement as other income In the year ended 30 April 2007, the underlying gain on sale of property, plant and equipment was £11 8m (2006 £9 1m)

Operating costs
The main components of our operating costs before exceptional costs are
- staff costs – staff costs at our profit centres as well as at our central support offices represent the largest single component of our total costs Staff costs consist of salaries, profit share and bonuses, social security costs, and other pension costs and comprised 37 6% of our total operating costs in the year ended 30 April 2007
- other operating costs – comprised 41 3% of total costs in the year ended 30 April 2007 These costs include
  - spare parts, consumables and outside repair costs – costs incurred for the purchase of spare parts used by our workshop staff to maintain and repair our rental equipment as well as outside repair costs,
  - facilities costs – rental payments on leased facilities as well as utility costs and local property taxes relating to these facilities,
  - vehicle costs – costs incurred for the maintenance and operation of our vehicle fleet, which consist of our delivery trucks, the light commercial vehicles used by our mobile workshop staff and cars used by our sales force, profit centre managers and other management staff; and
  - other costs – all other costs incurred in operating our business, including the costs of new equipment and merchandise sold advertising costs and bad debt expense
- depreciation – the depreciation of our property, plant and equipment including rental equipment, comprised 21 1% of total costs in the year ended 30 April 2007

A large proportion of our costs are fixed in the short to medium term, and material adjustments in the size of our cost base typically result only from openings or closures of one or more of our profit centres Accordingly, our business model is such that small increases or reductions in our revenue can result in little or no change in our costs and often therefore have a disproportionate impact on our profits We refer to this feature of our business as "operational leverage"

Critical accounting policies

We prepare and present our financial statements in accordance with applicable International Financial Reporting Standards (IFRS) In applying many accounting principles, we need to make assumptions, estimates and judgements These assumptions, estimates and judgements are often subjective and may be affected by changing circumstances or changes in our analysis Changes in these assumptions, estimates and judgements have the potential to materially affect our results We have identified below those of our accounting policies that we believe would most likely produce materially different results were we to change underlying assumptions, estimates and judgements These policies have been applied consistently

Useful lives of property, plant and equipment

We record expenditures for property, plant and equipment at cost. We depreciate equipment using the straight-line method over its estimated useful economic life (which ranges from 3 to 20 years with a weighted average life of 8 years) We use an estimated residual value of 10% of cost in respect of most types of our rental equipment, zero for scaffolding and similar equipment, 15% for aerial work platforms and 20% for steel site accommodation units We establish our estimates of useful life and residual value with the objective of allocating most appropriately the cost of property plant and equipment to our income statement over the period we anticipate it will be used in our business

We may need to change these estimates if experience shows that the current estimates are not achieving this objective If these estimates change in the future, we may then need to recognise increased or decreased depreciation expense Our total depreciation expense in the year ended 30 April 2007 was £160 7m

Impairment of assets

Goodwill is not amortised but is tested annually for impairment at 30 April each year Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment. In the case of goodwill impairment is assessed at the level of the Group's three reporting units The recoverable amount is the higher of an asset s fair value less costs to sell and value in use

Management necessarily applies its judgement in estimating the timing and value of underlying cash flows within the value in use calculation as well as determining the appropriate discount rate Subsequent changes to the magnitude and timing of cash flows could impact the carrying value of the respective assets

Self-insurance

We establish provisions at the end of each financial year to cover our estimate of the discounted liability for uninsured retained risks on unpaid claims arising out of events occurring up to the end of the financial year The estimate includes events incurred but not reported at the balance sheet date The provision is established using advice received from external actuaries who help us extrapolate historical trends and estimate the most likely level of future expense which we will incur on outstanding claims These estimates may, however change based on varying circumstances, including changes in our experience of the costs we incur in settling claims over time Accordingly, we may be required to increase or decrease the provision held for self-insured retained risk. At 30 April 2007, the total provision for self-insurance recorded in our consolidated balance sheet was £20 8m (2006 £15 8m)

Pensions

We account for the cost of pension plans for employees by charging the expected cost of providing pensions over the period during which we benefit from the employees' services In respect of defined benefits plans, actuarial valuations are made regularly and the contributions payable are adjusted in light of these valuations However, these adjustments may be significant and may result in an increase or decrease in the cost of providing the defined benefit pensions In the year ended 30 April 2007 the total pension cost was £4 7m of which £1 1m was in respect of defined benefit plans

Revenue recognition

Revenue represents the total amount receivable for the provision of goods and services to customers net of returns and value added tax Rental revenue, including loss damage waiver fees, is recognised on a straight line basis over the period of the rental contract. Because the terms and conditions of a rental contract can extend across financial reporting period ends, the Group records unbilled rental revenue and deferred revenue at the beginning and end of the reporting periods so rental revenue is appropriately stated in the financial statements

Revenue from rental equipment delivery and collection is recognised when delivery or collection has occurred

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

BUSINESS AND FINANCIAL REVIEW
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Full year 2007 results compared with prior year

	2007			2006		
	Before exceptional items amortisation and fair value remeasurements £m	Exceptional items, amortisation and fair value remeasurements £m	Total £m	Before exceptional items amortisation and fair value remeasurements £m	Exceptional items amortisation and fair value remeasurements £m	Total £m
Revenue	**896 1**	**–**	**896 1**	638 0	–	638 0
Staff costs	**(284 6)**	**(10 1)**	**(294 7)**	(200 1)	(0 3)	(200 4)
Other operating costs	**(313 0)**	**(26 5)**	**(339 5)**	(222 3)	(1 3)	(223 6)
Other income	**11 8**	**(0 9)**	**10 9**	9 1	15 0	24 1
EBITDA*	**310 3**	**(37 5)**	**272 8**	224 7	13 4	238 1
Depreciation	**(159 8)**	**(0 9)**	**(160 7)**	(113 6)	–	(113 6)
Amortisation	**–**	**(11 0)**	**(11 0)**	–	–	–
Operating profit	**150 5**	**(49 4)**	**101 1**	111 1	13 4	124 5
Net financing costs	**(69 1)**	**(68 5)**	**(137 6)**	(43 6)	0 8	(42 8)
Profit before taxation	**81 4**	**(117 9)**	**(36 5)**	67 5	14 2	81 7
Taxation						
– current	**(0 4)**	**–**	**(0 4)**	(0 1)	(5 4)	(5 5)
– deferred	**(28 3)**	**73 1**	**44 8**	(21 0)	0 4	(20 6)
Profit for the period	**52.7**	**(44 8)**	**7 9**	46 4	9 2	55 6

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

FULL YEAR 2007 RESULTS COMPARED WITH PRIOR YEAR

Revenue increased 48 2% at constant 2007 exchange rates to £896 1m and by 40 5% at actual rates EBITDA before exceptional items grew by 46 2% at constant exchange rates to £310 3m and by 38 1% at actual rates Total EBITDA increased 14 6% at actual rates to £272 8m

Before exceptional items and amortisation, operating profit increased to £150 5m, an increase of 44 7% at constant exchange rates and 35 5% at actual rates After substantial exceptional items and amortisation relating principally to the NationsRent acquisition, operating profit declined £23 4m from £124 5m to £101 1m in 2006/7 Return on investment reduced to 12 9% from 14 7% in 2005/6 reflecting the acquisition of the lower margin NationsRent business Return on investment excluding capitalised goodwill was 16 3% (2006 18.0%)

Divisional performance

Divisional results are summarised opposite and are stated before exceptional items

Sunbelt

On a reported basis revenue increased 59 8% in the year to $1,307 9m reflecting principally the NationsRent acquisition The table opposite shows a pro forma performance comparison assuming that NationsRent had been acquired as of 1 May 2005

Sunbelt's pro forma combined revenues grew 8% in 2006/7 reflecting

- good growth in rental and rental related revenues outside the hurricane affected areas of 9 6%,
- significant impact from hurricane related revenues in the year to 30 April 2006 which was not repeated in the year to 30 April 2007 when no major hurricane reached landfall in the US As a result rental and rental related revenues in the main hurricane affected states of Florida, Alabama, Mississippi and Louisiana rose only 5 7% over the previous year, and
- the application of the Sunbelt business model at NationsRent following the acquisition which resulted in a reduction of $3 6m or 4 8% in new equipment sales revenues

Divisional performance

	Revenue		EBITDA		Operating profit	
	2007	2006	2007	2006	2007	2006
Sunbelt in $m	**1,307 9**	818 7	**475 0**	307 9	**253 1**	175 5
Sunbelt in £m	**684 6**	461 2	**248 6**	173 4	**132 5**	98 9
A-Plant	**189 9**	160 7	**58.9**	48 9	**20 1**	13 9
Ashtead Technology	**21 6**	16 1	**11 0**	8 0	**6 2**	4 0
Group central costs	**–**	–	**(8.2)**	(5 6)	**(8 3)**	(5 7)
	896 1	638 0	**310 3**	224 7	**150 5**	111 1

Sunbelt

	Revenue		EBITDA		Operating profit	
	2007 $m	2006 $m	2007 $m	2006 $m	2007 $m	2006 $m
Sunbelt – as reported	**1,307 9**	818 7	**475 0**	307 9	**253 1**	175 5
NationsRent	**230 7**	605 8	**57 1**	127 4	**19 2**	14 9
Pro forma combined	**1,538 6**	1,424 5	**532 1**	435 3	**272 3**	190 4
Pro forma margin			**34 6%**	30 6%	**17 7%**	13 4%

Pro forma dollar utilisation for the year to 30 April 2007 was 62% and compares to 59% in the previous year

On a pro forma basis operating costs (excluding depreciation) rose 1.8% in the period to $1,006 5m This reflected increased personnel costs and higher maintenance costs to service current activity levels as well as growth in fuel and insurance costs offset by an early contribution from cost savings resulting from the integration of the regional and back office functions and from the profit centre mergers.

Reflecting these developments, pro forma EBITDA for the year grew 22 2% to $532 1m and the pro forma EBITDA margin improved to 34 6% from 30 6% in 2006 Pro forma divisional operating profit grew 43 1% to $272 3m representing a margin of 17 7% (2006 13 4%)

Returning now to the reported results which include NationsRent only from its 31 August 2006 acquisition date, operating profit grew 44 2% to $253 1m whilst the operating profit margin declined from 21 4% in 2005/6 to 19 4% This decline reflected the inclusion of the less profitable NationsRent business from 1 September 2006

In the coming year we expect that the opportunity to raise revenues at the acquired NationsRent profit centres by reducing the large dollar utilisation gap identified above between the two companies' performance together with the realisation of the regional and head office integration cost savings (estimated at $48m in a full year) will enable Sunbelt to raise its operating profit margin from that reported in the year to 30 April 2007 Approximately $25m of the integration cost savings were realised in the results for the year to 30 April 2007

Return on investment including capitalised goodwill reduced to 14 0% from 17 2% in 2006 Excluding capitalised goodwill, return on investment reduced to 18 7% from 23 1% in 2006 These reductions reflect the consolidation in this year's reported results of the underperforming NationsRent business

Sunbelt's results in sterling reflected the factors discussed above and the weak US dollar

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A-Plant

	Revenue		EBITDA		Operating profit	
	2007 £m	2006 £m	**2007 £m**	2006 £m	**2007 £m**	2006 £m
A-Plant – as reported	**189 9**	160 7	**58.9**	48 9	**20 1**	13 9
Lux Traffic	**9 5**	18 4	**1 1**	1 7	**0 6**	0 9
Pro forma combined	**199 4**	179 1	**60 0**	50 6	**20 7**	14 8
Pro forma margin			**30 1%**	28 3%	**10 4%**	8 2%

A-Plant

A-Plant s revenue for the year was £189 9m compared to £160 7m last year This reflected same store growth of approximately 11% and the acquisition of Lux Traffic Controls Limited on 16 October 2006 The pro forma combined performance of A-Plant and Lux is shown above

On a pro forma combined basis, revenue grew 11% to £199 4m This reflected the restructuring of A-Plant's sales force undertaken in 2005/6 which contributed to a significantly improved performance Rental rates, average fleet size and utilisation for the year all improved with average utilisation of 69% for the year (2006 65%), rate growth of 1% and a fleet size which grew 5%

A-Plant's sales operations are now structured in a single national organisation to serve the differing requirements of national, regional and local customers in a more focused way Senior sales management resources have been increased as has the size of the sales force to ensure that A-Plant can address the needs of a UK construction market which continues to show solid growth The emphasis placed by customers on health and safety continues to increase and is driving further outsourcing activity coupled with a need for the rental equipment provider to be able to monitor and measure its performance across a range of key performance indicators These trends are benefiting A-Plant which, with its national presence and established IT systems, is one of only a few providers able to meet national customers' needs Revenues from its largest 150 customers continued to grow and represented 42% of the year's total.

Operating costs before depreciation grew in line with the revenue growth whilst the depreciation charge reflected the 5% growth in average fleet size Consequently pro forma EBITDA for the year increased 18 5% to £60 0m representing an EBITDA margin of 30 1% compared to 28 3% in 2006 Pro forma divisional operating profit increased 40 4% to £20 7m representing a margin of 10 4% (2006 8 2%)

On a reported basis the operating profit was £20 1m and the operating margin was 10 6% (2006 8 6%)

Return on investment increased to 8 8% from 7 0% in 2006 Excluding goodwill, return on investment increased to 9 3% from 7 1% in 2006

Ashtead Technology

Revenue for the year grew 38 9% at constant exchange rates to £21 6m and by 34 2% at actual exchange rates Divisional operating profit increased by 57 3% at constant exchange rates to £6 2m and by 53 0% at actual exchange rates This reflects increased investment by the oil majors which is delivering higher offshore exploration and construction activity as well as continued growth in Ashtead Technology's onshore environmental business Investment for future growth included new profit centres in Baton Rouge and Philadelphia Return on investment was 35 1% (2006 29 4%)

Exceptional items and fair value remeasurements of embedded derivatives

In addition to the trading results discussed above, the consolidated income statement includes significant exceptional costs relating to the acquisitions of NationsRent and Lux as well as to the programme to improve A-Plant's operational efficiency The key elements of these costs are

	NationsRent £m	Lux £m	UK restructuring £m	Other £m	Total £m
Debt redemption costs paid at closing	42 1	–	–	–	42 1
Non-cash financing costs	25 9	–	–	–	25 9
Integration & closure costs	31 5	0 5	6 2	0 7	38 9
	99 5	0 5	6 2	0 7	106 9
Paid in cash in the year	60 1	0 4	0 4	0 7	61 6
Payable in future years					
– in less than one year	9 8	0 1	0 6	–	10 5
– in more than one year	2 0	–	3 8	–	5 8
Non-cash items	27 6	–	1 4	–	29 0
	99 5	0 5	6 2	0 7	106 9

NationsRent debt redemption costs relate to the premia payable on redeeming (a) the outstanding NationsRent secured bonds and (b) the outstanding Ashtead 12% senior secured notes. These amounts were paid in cash on 31 August 2006 but are required to be expensed in the income statement and not taken to cost of acquisition because Ashtead made the decision to redeem in order to facilitate the financing of the acquisition

Non-cash costs relating to NationsRent comprise (a) the non-cash write off of the value placed on the early prepayment option in the Ashtead notes, and (b) the write off of deferred financing costs on the Ashtead debt redeemed in the acquisition refinancing

NationsRent integration and closure costs comprise (a) redundancies and severance costs of £7 2m to deliver the head office and regional integration cost savings, (b) retention bonuses of £2 0m paid largely to redundant staff to retain them until their services were no longer required, (c) provision for future rent on facilities vacated in Fort Lauderdale and in the merged profit centres (£6 2m), (d) rebranding costs of £9 4m for the NationsRent profit centres and fleet, and (e) £6 7m of other costs

Lux integration costs totalled £0 5m. UK restructuring costs relate principally to a provision of £4 5m to write off leasehold improvements and for future rent and rates on facilities vacated in the UK as we invest in larger, better quality premises which will serve a larger area with a bigger fleet than the facilities they replace and accordingly provide greater efficiency through increased scale

Of the total exceptional costs incurred of £106 9m, £29 0m are non-cash items whilst £61 6m of the cash items had been paid by year-end with £16 3m to be paid in future periods £10 5m of this amount, mostly relating to the rebranding programme and to NationsRent redundancy payments deferred for six months under the US tax code will be paid in 2007/8 The remainder mostly relating to vacant property provisions, will be payable over the following two to three years

Amortisation of acquired brand names and other acquired intangibles
£11 0m of intangible amortisation, relating mostly to the NationsRent acquisition was incurred in the year This included the amortisation of the acquired NationsRent brand name (appraised cost – £9 4m) over the period from acquisition until 30 April 2007 when the rebranding of the acquired fleet and properties was essentially completed and the name was no longer in use

Net financing costs
Net financing costs for the year increased to £137 6m from £42 8m in 2006 due primarily to the additional debt taken on in the NationsRent acquisition and to the exceptional financing costs incurred in delivering the new debt structure

Before exceptional costs and fair value remeasurements, net financing costs increased from £43 6m to £69 1m reflecting higher average debt levels following the NationsRent acquisition and slightly higher average interest rates Compared to the previous year, the average interest rate benefited from the repayment of the remaining 12% notes and from a lower margin under our first priority asset based senior secured loan facility, but these benefits have been offset by increases in US dollar interest rates payable under our floating rate senior facility The average interest rate payable at 30 April 2007 on all of our debt facilities (including the impact of amortisation of deferred debt raising costs) was 8%

(Loss)/profit before taxation
Reflecting the large exceptional items there was a loss before taxation of £36 5m compared with a profit of £81 7m in 2006 Underlying profit before tax was £81 4m compared to last year s £67 5m After taxation, the profit for the year was £7 9m compared to £55 6m in 2006

Taxation
Overall for the year the effective accounting tax rate on the underlying profit was 35% whilst the cash tax rate on the same basis remained minimal.

Following the refinancing of the Group at the time of the NationsRent acquisition and the improved trading results at A-Plant, the Group has recognised, as an exceptional profit, a previously unrecognised UK deferred tax asset of £35 9m The remaining tax credit for the year of £8.5m comprises a charge on profits before tax, exceptional items and intangible amortisation of £28 7m and a deferred tax credit of £37.2m on the exceptional items and intangible amortisation The £28 7m underlying tax charge consists of a current tax charge of £0 1m relating to Singapore (2006 £0 1m), a current tax charge of £0 3m relating to the US (2006 £0 4m), a deferred tax charge of £6 0m relating to the UK (2006 credit of £2 9m), a deferred tax charge of £22 2m relating to the US (2006 charge of £23 5m), and a deferred tax charge of £0 1m relating to Singapore (2006 £nil)

The Group anticipates that the value of its UK deferred tax asset will reduce by £2 8m due to the proposed introduction of a lower rate of corporation tax in 2007/8

As a result of the available tax losses in NationsRent (which can be used against the profits from the combined business) and the further tax loss this year, attributable largely to the exceptional integration and refinancing costs, as well as the substantial tax losses still available in the UK, the Group does not expect to have to make significant tax payments in the year to 30 April 2008 and believes that it will still benefit from a cash tax liability which is likely to be significantly lower than the accounting tax provision for a number of years thereafter

Earnings per share
Underlying basic earnings per share were 10 3p whilst basic earnings per share were 1 5p These compare to 11 3p and 13 5p a year ago with the reduction in the underlying EPS attributable to the fact that 156 million new ordinary shares were issued in the period (mostly in the rights issue at the time of the NationsRent acquisition) whereas, as yet, there has been insufficient time to deliver all the planned acquisition and integration benefits. On a cash tax basis, earnings per share before exceptional items were 15 8p (2006 16 4p) Cash tax earnings per share comprises earnings before exceptional items, fair value remeasurements and deferred tax, divided by the weighted average number of shares in issue Cash tax earnings per share is considered to be a relevant measure of earnings per share as most of the deferred tax liability is not expected to crystallise in the foreseeable future

Dividends
The directors are proposing to shareholders at the Annual General Meeting that a final dividend of 1 1p per share be paid making a total for the year of 1 65p per share (2006 1 5p) The proposed final dividend for this year will, if approved by shareholders, be paid on 28 September 2007 to shareholders on the register on 7 September 2007

BALANCE SHEET

Property, plant and equipment
Principal amongst our property, plant and equipment is the rental equipment fleet which comprises an extensive range of general construction equipment, supplemented by more specialised product groups such as pumps, welding equipment, power generation equipment, aerial work platforms, scaffolding, shoring equipment and temporary

BUSINESS AND FINANCIAL REVIEW
CONTINUED

accommodation units The table below analyses capital expenditure in the year between expenditure on the rental fleet and total expenditure

	2007		2006	
	Rental equipment £m	Total £m	Rental equipment £m	Total £m
Opening balance	**559 9**	**646 7**	452 9	537 1
Exchange difference	**(48 4)**	**(54 4)**	16 3	18 6
Additions	**256 4**	**290 2**	201 8	220 2
Acquisitions at fair market value	**344 6**	**385 2**	32 2	35 3
Reclassifications	**(0 4)**	–	0 3	–
Disposals at net book value	**(53 1)**	**(59 0)**	(47 4)	(50 9)
Depreciation	**(138 4)**	**(160 7)**	(96 2)	(113 6)
Closing balance	**920 6**	**1,048 0**	559 9	646 7

	2007			2006
	Growth	Maintenance	Total	Total
Sunbelt in $m	**102 2**	**246 0**	**348 2**	257 9
Sunbelt in £m	**51 2**	**123 0**	**174 2**	141 9
A-Plant	**17 1**	**56 7**	**73 8**	52 1
Ashtead Technology	**6 4**	**2 0**	**8 4**	7 8
Total rental equipment	**74 7**	**181 7**	**256 4**	201 8
Other fixed assets			**33 8**	18 4
Total additions			**290 2**	220 2

Capital expenditure was increased significantly in the year reflecting the growth of the business following the NationsRent acquisition £74 7m of the fleet expenditure was for growth with the remainder being spent to replace existing equipment This 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 in that period Replacement expenditure included £10m on reconfiguring the acquired NationsRent fleet to reduce the proportion of lower returning assets and increase the proportion of higher returning assets Expenditure on A-Plant's rental fleet was also increased from £52 1m to £73 8m as performance improved

Disposal proceeds amounted to £89 1m (2006 £63 7m) in the year, including £19 2m from reconfiguration disposal proceeds. Excluding the reconfiguration programme, disposals of £69 9m generated a profit on disposal of £11 8m (2006 £9 1m) at a margin of 20% (2006 18%) above book value The markets we use for disposing of used rental equipment continue to be healthy No gain or loss was recognised on the reconfiguration disposals as these were treated as assets held for sale from the date of acquisition and recorded at the acquisition date at net sale proceeds.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2007 was 31 months on a net book value basis (2006 37 months) At the same date Sunbelt's fleet had an average age of 32 months (2006 38 months) comprising 38 months for aerial work platforms which have a longer life and 25 months for the rest of its fleet whilst A-Plant's fleet had an average age of 29 months (2006 36 months)

In the year ending 30 April 2008 gross capital expenditure is expected to be approximately £275m including NationsRent fleet reconfiguration spend rolled over from 2006/7 Disposal proceeds of approximately £50m are expected to give net capital expenditure of approximately £225m

Assets held for sale
This category comprises the remaining NationsRent equipment identified as held for sale as part of the programme to reshape its fleet to contain a similar proportion of higher returning assets to Sunbelt The lower returning equipment is in the process of being disposed of and has been treated as an asset held for sale, on which no depreciation has been charged, since the acquisition date

Trade and other receivables
Receivable days increased to 54 days (2006 49 days) This reflected the fact that the NationsRent receivables collected more slowly than those of Sunbelt The bad debt charge as a percentage of total revenue was 0 7% in both 2007 and 2006

Trade and other payables
Group payable days increased to 72 days at 30 April 2007 from 57 days at 30 April 2006 with the increase attributable to increased payment periods agreed with certain suppliers of rental equipment following the NationsRent acquisition Capital expenditure related payables at 30 April 2007 totalled £47 0m (2006 £30 0m) Payment periods for purchases other than rental equipment vary between 7 and 60 days and for rental equipment between 30 and 120 days

Other provisions
Other provisions of £32 3m (2006 £18 3m) relate principally to the provision for self-insured retained risk under the Group's self-insurance policies as well as to the vacant property provisions discussed under exceptional items above The Group s business exposes it to claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved The Group carries insurance covering a wide range of potential claims at levels it believes are sufficient to cover existing and future claims. Our liability insurance programmes provide that we can recover only the liability related to any particular claim in excess of an agreed excess amount of typically between $500,000 and $2m depending on the particular liability programme In certain, but not all, cases this liability excess amount is subject to an annual cap, which limits the Group's maximum liability in respect of these excess amounts to such annual cap Our insured liability coverage is limited to a maximum of £100m per occurrence

Pensions
The Group operates a number of pension plans for the benefit of its employees, for which the overall charge included in the financial statements was £4 7m (2006 £2 8m) Amongst these, the Group now has just one defined benefit pension plan which covers approximately 280 employees in the UK and which was closed to new members in 2001 All our other pension plans are defined contribution plans

The Group's defined benefit pension plan was, measured in accordance with IAS 19, Employee Benefits, £5 2m in surplus at 30 April 2007 During the year asset values increased by £0 9m over and above the expected return on plan assets of £3 8m included in the income statement In addition, the required market linked discount rate increased from 5 0% in 2006 to 5 5% in 2007, reducing the value of liabilities by £3 9m while we also we strengthened the mortality assumptions to the "medium cohort" which increased the value of liabilities by £2 3m Accordingly, there was a net gain of £2 5m in the year which was credited direct to the statement of recognised income and expense

Under the medium cohort assumptions, the life expectancy for a plan member is as follows

	Male	Female
Pensioner aged 65 in 2007	86 7	89 0
Pensioner aged 65 in 2020	87 5	89 7

CASH FLOW AND NET DEBT

The Group's flexible business model allows us to focus on generating free cash flow When the economy is expanding, we utilise this free cash flow to increase investment in our rental fleet to support revenue, EBITDA and earnings growth and reduce the age of our rental fleet. In a less favourable economic environment, we reduce the rate at which we invest in new equipment and increase the age of our rental fleet which consequently increases free cash flow

Free cash flow in the year ended 30 April 2007 (which is defined to exclude exceptional costs and which comprises our net cash inflow from operations excluding exceptional items, less net maintenance capital expenditure, interest and tax) is summarised below

	2007 £m	2006 £m
EBITDA before exceptional items	**310 3**	224 7
Cash inflow from operations before exceptional items	**319 3**	215 2
Maintenance rental capital expenditure	**(213 1)**	(149 9)
Non-rental capital expenditure	**(32 3)**	(16 8)
Proceeds from sale of used rental equipment	**78.5**	50 4
Tax paid	**(5 0)**	(2 8)
Free cash flow before interest	**147 4**	96 1
Financing costs paid	**(64 2)**	(38 7)
Free cash flow after interest	**83 2**	57 4
Growth capital expenditure	**(62.9)**	(62 6)
Acquisitions and disposals	**(327.2)**	(44 2)
Issue of ordinary share capital	**148 9**	70 9
Dividends paid	**(7 0)**	(2 0)
Purchase of own shares by ESOT	**(4 9)**	(2 8)
Pension plan funding	**–**	(17 1)
Exceptional costs paid	**(68 8)**	(2 2)
Increase in total debt	**(238 7)**	(2 6)

Cash inflow from operations reflected principally the growth in reported EBITDA before exceptional items Consequently, cash inflow from operations increased 48 4% to £319 3m and the cash efficiency ratio was 102 9% (2006 95 8%) as we continued to convert almost all our EBITDA into cash Cash efficiency was enhanced by the reductions we effected in the level of inventory at NationsRent.

Net maintenance rental capital expenditure increased to £134 6m (2006 £99 5m) as we again spent ahead of depreciation to reduce the age of our rental fleets Proceeds from the sale of property, plant and equipment, principally used equipment, rose 55 8% to £78 5m (2006 £50 4m) and represented 37% (2006 34%) of maintenance capital expenditure Expenditure on non-rental capital expenditure (principally leasehold improvements, vehicles and computer equipment) was £32 3m with the increase over last year's £16 8m reflecting principally higher delivery truck replacements as we continue to migrate our delivery fleet from off balance sheet leased vehicles to owned vehicles Cash tax payments in the year were £5 0m Financing costs (excluding exceptional financing costs) paid were broadly in line with the accounting charge, the principal difference being non-cash financing costs

Acquisition and disposal expenditure of £327 2m relates to the acquisitions of NationsRent and Lux with the majority of the proceeds from the issue of share capital of £148 9m relating to the rights issue in connection with the NationsRent acquisition The NationsRent acquisition was completed on 31 August 2006 and in addition to the equity issue included the issue of $550m of new second lien 9% senior secured notes due 2016 The proceeds of the rights issue and the debt issue were applied, together with drawings under the Group's $1 75bn senior credit facility, to fund the acquisition, including refinancing the acquired debt, repaying our previous $800m senior credit facility and redeeming £78m of 12% second priority senior secured loan notes due 2014

Payments for exceptional items of £68 8m differ from the exceptional income statement expense of £91 5m due to (a) the inclusion in exceptional payments of £7 2m of interest paid at closing on the NationsRent debt redeemed which was expensed prior to acquisition, (b) non-cash items of £13 6m included in the income statement expense, and (c) accrued integration costs of £16 3m which have not yet been paid

Based on current projections, the Group expects to be able to fund its cash requirements relating to its operations from existing sources of cash including its committed borrowing facilities for at least the next 12 months It expects that the principal needs for cash relating to existing operations over the next 12 months will be to

- fund operating expenses and working capital,
- fund the purchase of rental equipment and other capital expenditures, and
- service outstanding debt.

While emphasising primarily internal growth the Group also expects to continue to expand through making acquisitions that it would expect to fund by using cash, share capital and/or the assumption of debt

BUSINESS AND FINANCIAL REVIEW
CONTINUED

Net debt

	2007 £m	2006 £m
First priority senior secured bank debt and overdraft	**506 1**	263 2
Finance lease obligations	**22 0**	23 2
12% second priority senior secured notes, due 2014	**–**	75 5
8 625% second priority senior secured notes, due 2015	**120 6**	132 7
9% second priority senior secured notes, due 2016	**268 3**	–
	917 0	494 6
Cash at bank and in hand	**(1 1)**	(1 0)
Total net debt	**915 9**	493 6

Net debt at 30 April 2007 was £915 9m (2006 £493 6m) Measured at constant (30 April 2007) exchange rates, the increase in net debt from 30 April 2006 was £442 1m Although net debt has increased, largely due to the NationsRent acquisition, the significant growth in EBITDA has resulted in the ratio of net debt to pro forma EBITDA before exceptional items reducing from 3 2 times at the time of the NationsRent acquisition to 2 7 times at 30 April 2007

Bank loan facility
On 31 August 2006, the Group agreed a new $1 75bn first priority asset based senior secured loan facility ("the ABL facility") The ABL facility consists of a $1 5bn revolving credit facility and a $250m term loan and is secured by a first priority interest in substantially all of the Group's assets Pricing is based on the ratio of funded debt to EBITDA according to a grid which varies depending on leverage, from LIBOR plus 200bp to LIBOR plus 175bp for term borrowings and from LIBOR plus 225bp to LIBOR plus 150bp for revolver borrowings At 30 April 2007 the Group's borrowing rate was LIBOR plus 175bp on both the term loan and the revolver loan

The ABL facility carries minimal amortisation of 1% per annum ($2 5m) on the term loan and is committed until August 2011

The ABL facility includes a springing covenant package under which quarterly financial performance covenants are tested only if the availability under the facility is less than $125m These covenants comprise a maximum ratio of total debt to EBITDA and a minimum fixed charge ratio (the ratio of EBITDA less capital expenditure net of disposal proceeds to the sum of cash interest, taxes, distributions to equity holders and scheduled principal debt repayments) Available liquidity under the ABL facility at 30 April 2007 was £295m ($589m) As the ABL facility is asset based the maximum amount available to be borrowed (which includes drawings in the form of standby letters of credit) depends on asset values (receivables, inventory, rental equipment and real estate) which are subject to periodic independent appraisal

Because liquidity at 30 April 2007 much exceeded the $125m springing covenant level, together with the fact that neither of the Group's other debt facilities (the senior secured notes due 2015 and 2016) contain regularly measured financial covenants, the Group does not have any quarterly monitored financial performance covenants to adhere to currently and does not expect to have to adhere to them in the coming year

8 625% second priority senior secured notes due 2015 having a nominal value of $250m
On 3 August 2005 the Group, through its wholly owned subsidiary Ashtead Holdings plc, issued $250m of 8 625% second priority senior secured notes due 1 August 2015 The notes are secured by second priority security interests over substantially the same assets as the first priority senior secured credit facility and are guaranteed by Ashtead Group plc

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

Under the terms of both the 8 625% and 9% notes the Group is, subject to important exceptions, restricted in its ability to incur additional debt, pay dividends, make investments, sell assets, enter into sale and leaseback transactions and merge or consolidate with another company Interest is payable on the 8 625% notes on 1 February and 1 August of each year and on the 9% notes on 15 February and 15 August of each year Both senior secured notes are listed on the Official List of the UK Listing Authority

Minimum contracted debt commitments
The table opposite summarises the maturity of the Group s debt and also shows the minimum annual commitments under off balance sheet operating leases at 30 April 2007 by year of expiry

Operating leases relate principally to properties (most of which are leased) which constituted 97 8% (£232 0m) of our total minimum operating lease commitments There are also a few remaining operating leases relating to the vehicle fleet and plant and machinery which constituted the remaining 2 2% (£5 3m) of such commitments

Except for the off balance sheet operating leases described above, £18 6m ($37 2m) of standby letters of credit issued at 30 April 2007 under the first priority senior debt facility relating to the Group's self-insurance programmes and a $0 6m performance guarantee utilised by Sunbelt, we have no material commercial commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet

TREASURY POLICIES
The Group reports in sterling and pays dividends in sterling It is the role of the Group treasury function to manage and monitor the Group s internal and external funding requirements and financial risks in support of the Group's corporate objectives. Treasury activities are governed by policies and procedures approved by the Board and monitored by the Finance and Administration Committee In particular, the Board of directors or, through delegated authority, the Finance and Administration Committee, approves any derivative transactions Derivative transactions are only undertaken for the purposes of managing interest rate risk and currency risk. The Group does not trade in financial instruments The Group maintains treasury

Minimum contracted debt commitments

	Payments due by year						
	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m	Thereafter £m	Total £m
Bank and other debt[1]	13	14	13	12	5009	–	5061
Finance leases[2]	77	57	55	30	01	–	220
8625% senior secured notes[3]	–	–	–	–	–	1206	1206
90% senior secured notes[4]	–	–	–	–	–	2683	2683
	90	71	68	42	5010	3889	9170
Cash at bank and in hand	(11)	–	–	–	–	–	(11)
Net debt	79	71	68	42	5010	3889	9159
Operating leases[5]	352	295	214	170	142	1200	2373
Total	431	366	282	212	5152	5089	11532

1 Represents the scheduled maturities of our bank and other debt for the periods indicated
2 Represents the future minimum lease payments under our finance leases
3 Represents the carrying value of the $250m second priority secured notes
4 Represents the carrying value of the $550m second priority secured notes
5 Represents the minimum payments to which we were committed under operating leases

control systems and procedures to monitor liquidity, currency, credit and financial risks

Liquidity

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

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility At 30 April 2007, availability under this facility was $589m (£295m) Furthermore the Group seeks to maintain leverage at an average of 2 to 3 times net debt to EBITDA over the economic cycle

46% of the Group s drawn debt is at a fixed rate Also, the Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates However, at 30 April 2007, the Group had no such outstanding swap agreements. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility The interest rates currently applicable to this variable rate debt are LIBOR as applicable to the currency borrowed (US dollars or pounds) plus 175bp for both term borrowings and revolver borrowings

At 30 April 2007, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £5m for each one percentage point change in interest rates applicable to the variable rate debt. The amount of the Group's variable rate debt may fluctuate as a result of changes in the amount of debt outstanding under the revolving tranches of the senior secured credit facility

Currency exchange risk management

The Group's reporting currency is the pound sterling However, a majority of our assets, liabilities, revenue and costs is denominated in US dollars The Group has arranged its financing such that approximately 98% of its debt is also denominated in US dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense

Based upon the level of US operations and of the US dollar-denominated debt balance and US interest rates at 30 April 2007, a 1% change in the US dollar-pound exchange rate would impact our pre-tax profits by 08% At 30 April 2007, the Group had no outstanding foreign exchange contracts

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

Credit risk management

The Group's principal financial assets are cash and bank balances and trade and other receivables The Group's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies The Group has no significant concentration of credit risk, with exposure spread over a large number of customers

IAN ROBSON
FINANCE DIRECTOR
25 June 2007

BOARD OF DIRECTORS

1 Chris Cole
Non-executive Chairman
Aged 60, Chris Cole has been a director since January 2002 and was appointed as non-executive Chairman from 1 March 2007 at which time he stepped down as Chairman of the Remuneration Committee, a role he had performed since September 2003 Mr Cole is Chairman of the Nomination Committee and a member of the Finance and Administration Committee Mr Cole is Chief Executive of WSP Group plc

EXECUTIVE DIRECTORS

2 Geoff Drabble
Chief Executive
Aged 47, Geoff Drabble was appointed as Chief Executive on 1 January 2007 having served as Chief Executive designate from 2 October 2006 Mr Drabble was previously an executive director of The Laird Group PLC where he was responsible for its Building Products division Prior to joining The Laird Group, Mr Drabble held a number of senior management positions at Black & Decker Mr Drabble is Chairman of the Finance and Administration Committee and a member of the Nomination Committee

3 Ian Robson
Finance Director
Aged 48, Ian Robson has been Finance Director since June 2000 Prior to June 2000 Mr Robson held a series of senior financial positions at Reuters Group plc for four years Before joining Reuters Group plc, Mr Robson was a partner at Price Waterhouse (now PricewaterhouseCoopers LLP) Mr Robson is a member of the Finance and Administration Committee

4 Cliff Miller
President and Chief Executive Officer, Sunbelt
Aged 44, Cliff Miller was appointed President and Chief Executive Officer of Sunbelt and as one of our directors in July 2004 Mr Miller has more than 20 years' experience in the rental industry and joined the Group in 1996 with the acquisition of McLean Rentals. From that time until 2003 he was Vice President responsible for Sunbelt's North-Eastern division Subsequently, he was one of two Executive Vice Presidents responsible for all of Sunbelt's front line operations before assuming his current role in 2004

5 Sat Dhaiwal
Chief Executive Officer, A-Plant
Aged 38, Sat Dhaiwal has been Chief Executive Officer of A-Plant and a director since March 2002 Mr Dhaiwal was Managing Director of A-Plant East, one of A-Plant's four operational regions, from May 1998 to March 2002 Before that he was an A-Plant trading director from 1995 and, prior to 1995, managed one of A-Plant's profit centres Mr Dhaiwal has some 20 years' experience in the equipment rental industry

NON-EXECUTIVE DIRECTORS

6 Hugh Etheridge
Senior independent non-executive director
Aged 57, Hugh Etheridge has been a director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees since January 2004 Mr Etheridge was appointed as senior independent non-executive director on 1 March 2007 Mr Etheridge is Chief Financial Officer of the Waste and Resources Action Programme ("WRAP") a non-profit organisation established by the UK Government to promote sustainable waste management. Before joining WRAP, Mr Etheridge was Finance Director of Waste Recycling Group plc and, prior to that, of Matthew Clark plc

7 Gary Iceton
Independent non-executive director
Aged 57, Gary Iceton was appointed as a non-executive director and a member of the Audit and Nomination Committees effective from 1 September 2004 Mr Iceton also became Chairman of the Remuneration Committee on 1 March 2007 Until 2000 he was a director of St Ives plc and Chairman and Chief Executive of its Books Division More recently, he was Chairman of Jarrold Limited and, prior to that, Chief Executive Officer of Amertrans

8 Michael Burrow
Independent non-executive director
Age 54, Michael Burrow was appointed as a non-executive director and member of the Audit and Remuneration Committees effective from 1 March 2007 Mr Burrow was formerly Managing Director of the Investment Banking Group of Lehman Brothers Europe Limited

9 Bruce Edwards
Independent non-executive director
Age 52, Bruce Edwards was appointed as a non-executive director on 8 June 2007 Mr Edwards is the Global Chief Executive Officer for Exel Supply Chain at Deutsche Post World Net, following its acquisition of Exel PLC in December 2005 Prior to the acquisition Mr Edwards was a director of Exel PLC and Chief Executive of its Americas businesses Mr Edwards is also a non-executive director of Greif Inc, a NYSE-listed packaging and container manufacturer He is an American citizen and lives in Columbus, Ohio

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

DIRECTORS' REPORT

The directors present their report and the audited accounts for the financial year ended 30 April 2007

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding and management company The principal activity of the Group is the rental of equipment to industrial and commercial users mainly in the non-residential construction sectors in the US and the UK

TRADING RESULTS AND DIVIDENDS

The Group's consolidated loss before taxation for the year was £36 5m (2006 profit of £81 7m) A review of the Group's performance and future development, including the principal risks and uncertainties facing the Group, is given in the Business and Financial Review on pages 14 to 31 These disclosures form part of this report The Group paid an interim dividend of 0 55p per ordinary share in February and the directors recommend the payment of a final dividend of 1 1p per ordinary share, to be paid on 28 September 2007 to those shareholders on the register at the close of business on 7 September 2007, making a total dividend for the year of 1 65p (2006 1 5p)

SHARE CAPITAL AND MAJOR SHAREHOLDERS

Details of the Company's share capital are given in note 18 to the financial statements So far as the Company is aware, the only holdings of 3% or more of the issued share capital of the Company as at 22 June 2007 (the latest practicable date before approval of the financial statements) are as follows

	%
Aviva plc	7 3
Barclays Bank plc	6 9
Legal and General plc	4 0
Lloyds TSB Group plc	3 4
UBS AG	3 1

Details of directors' interests in the Company's ordinary share capital and in options over that share capital are given in the Directors' Remuneration Report on pages 40 to 48 Details of all shares subject to option are given in the notes to the financial statements on page 74

DIRECTORS AND DIRECTORS' INSURANCE

Details of the directors of the Company are given on pages 32 and 33 Each of the directors as at the date of approval of this report confirms, as required by section 234 of the Companies Act 1985 that to the best of their knowledge and belief

(1) there is no significant information known to the director relevant to the audit of which the Company's auditors are unaware, and
(2) each director has taken reasonable steps to make himself aware of such information and to establish that the Company's auditors are aware of it

The Company has maintained insurance throughout the year to cover all directors against liabilities in relation to the Company and its subsidiary undertakings

POLICY ON PAYMENT OF SUPPLIERS

Suppliers are paid in accordance with the individual payment terms agreed with each of them The number of Group creditor days at 30 April 2007 was 72 days (30 April 2006 57 days) which reflects the terms agreed with individual suppliers There were no trade creditors in the Company's balance sheet at any time during the past two years

POLITICAL AND CHARITABLE DONATIONS

Charitable donations in the year amounted to £52,839 in total (2006 £29,914) No political donations were made in either year

CORPORATE RESPONSIBILITY

The Group is committed to the highest standards of corporate responsibility It places a high priority on compliance with all legislative and regulatory requirements, and on the maintenance of high ethical standards, across the Group We seek continually to improve our performance in terms of employee development and health and safety in particular, as without the highest standards in these areas, our business model simply would not work. Over the coming year we intend to formalise and coordinate these individual corporate responsibility initiatives across all our territories and to increase the reporting of these at Group level.

Employees

Our employees are our greatest asset and we place enormous value on the welfare and commitment of our employees as well as the superior level of service they provide for our customers At 30 April 2007, the total number of employees worldwide was 10,077 Our employees all benefit from extensive on the job training schemes and are highly incentivised to deliver superior standards of work and customer service We have taken action consistently through the year to maintain and develop arrangements aimed at involving employees in its affairs For example, monthly meetings are held at profit centres to discuss the previous month's performance We pride ourselves on many of our staff remaining with us throughout their careers, something which is increasingly uncommon in the commercial world A significant number of our most senior operational staff started out at entry level within our profit centres and their continuity of employment is testament to the Group's focus on employee development throughout their careers We are committed to ensuring equal opportunities for all our staff We make every reasonable effort to give disabled applicants, and existing employees becoming disabled, opportunities for work, training and career development in keeping with their aptitudes and abilities

Health and safety

In all our markets we have extensive programmes to develop and maintain the highest standards of health and safety for both our employees and our customers. A copy of the relevant formal statement of the Group's policy on health and safety is on display at profit centres in the UK and the US We make a considerable annual investment in ensuring that our equipment meets or exceeds the latest safety standards We also employ an internal health and safety audit team to ensure that the correct health and safety precautions are in place throughout every aspect of our business Education is key to improving safety standards across the industries that we serve The Group is at the forefront of the drive to promote higher standards and educate our customers and employees about new and improved methods to ensure a safe operating environment.

Safeguarding the environment

The Group is committed to minimising any risk or negative impact our business may have on the environment. During the course of its business, the Group impacts the environment principally through the disposal of waste oils, lubricants and through fuel emissions, as well as through the disposal of effluent. Across our territories, our operating philosophy involves a commitment to

- reduce the quantity of waste we produce and to dispose of it correctly,
- supply and run correctly maintained equipment to reduce both fuel and noise pollution
- purchase and supply, where possible, equipment which is energy and noise efficient,
- encourage the use of recycled materials where these are financially viable including encouraging suppliers to improve the environmental standards of their products,
- maximise transport efficiency for both environmental and commercial benefit,
- ensure that our fuel storage facilities, both fixed and mobile, conform to relevant guidance to reduce the risk of contamination,
- establish optimal procedures to deal with oil or fuel spillage including notifying the relevant enforcing authority; and
- identify and correctly handle potentially hazardous waste material in accordance with the regulations in each of our territories

We expect to report more fully on our environmental initiatives in next year's Annual Report.

Customers and suppliers

We set out to apply a "Customer First' culture and aim to build partnerships to enable our customers to do more, more effectively, over the long term. We try to put our customers' needs first in everything, from concept and planning through to delivery and post-contract, and offer a range of benefits such as our pioneering extranet facility giving qualifying customers on-line real-time account tracking. We have a national account management function in both the US and UK and offer preferred or sole supplier agreements, whereby customers can reduce their equipment supplier bases with bespoke arrangements that can provide significant savings in time and money as well as enhancing safety. In addition, we invest heavily in new equipment, selecting only brand leaders as suppliers, building long-term relationships with them to ensure we offer the highest quality equipment.

Contributing to the community

The Group recognises the importance of giving back to the communities where we do business. We have a number of community programmes across both the US and the UK as well as individual initiatives at a number of our profit centres.

AUDITORS

Deloitte & Touche LLP has indicated its willingness to continue in office and in accordance with section 385 of the Companies Act 1985, a resolution concerning its re-appointment and authorising the directors to fix its remuneration will be proposed at the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 2 30 pm on Tuesday, 25 September 2007. Notice of the meeting is set out in the document accompanying this Report and Accounts. In addition to the adoption of the 2006/7 Report and Accounts, the declaration of a final dividend, resolutions dealing with the appointment and re-election of directors and the resolution dealing with the approval of the Directors' Remuneration Report, there are four other matters which will be considered at the Annual General Meeting. These relate to the reappointment of Deloitte & Touche LLP as auditors, the ability for the directors to unconditionally allot shares up to approximately one-third of the Company's share capital, the disapplication of pre-emption rights in relation to the previous resolution and empowering the Company to buy back up to 5% of its issued share capital. These resolutions update for a further year similar resolutions approved by shareholders in previous years.

By order of the Board

ERIC WATKINS
COMPANY SECRETARY
25 June 2007

CORPORATE GOVERNANCE REPORT

The revised Combined Code on corporate governance was published in July 2003 by the Financial Reporting Council ("the 2003 FRC Code") following a review of the role and effectiveness of non-executive directors by Sir Derek Higgs and a review of audit committees by a group led by Sir Robert Smith

The Company is committed to maintaining high standards of corporate governance The Board recognises that it is accountable to the Company's shareholders for corporate governance and this statement describes how the Company has applied the relevant principles of the 2003 FRC Code

The Company complied throughout the year with the provisions of the 2003 FRC Code on corporate governance except that the composition of the Board and sub-committees did not comply with the independence provisions as described below Following recent changes to the Board, it and its sub-committees are now in compliance with the FRC Code 2003

THE BOARD

The Company's Board comprises the non-executive chairman the chief executive, the finance director, the executive heads of Sunbelt and A-Plant, the senior independent non-executive director and three other non-executive directors Short biographies of the directors are given on page 33

The chairman undertakes leadership of the Board by agreeing Board agendas and encourages its effectiveness by the provision of timely, accurate and clear information on all aspects of the Group's business to enable the Board to take sound decisions and promote the success of the business The chairman, assisted by other directors, reviews the effectiveness of each member of the Board no less than annually and facilitates constructive relationships between the executive and non-executive directors through both formal and informal meetings

The chairman ensures that all directors are briefed properly to enable them to discharge their duties effectively All newly appointed directors undertake an induction to all parts of the Group's business Additionally, detailed management accounts are sent monthly to all Board members and in advance of all Board meetings, an agenda and appropriate documentation in respect of each item to be discussed is circulated

The chairman facilitates effective communication with shareholders through both the Annual General Meeting and by individual meetings with major shareholders to develop an understanding of the views of the investors in the business. He also ensures that shareholders have access to other directors, including non-executive directors, as appropriate

The chief executive's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed The chief executive undertakes the leadership and responsibility for the direction and management of the day-to-day business and conduct of the Group In doing so, the chief executive's role includes, but is not restricted to, implementing Board decisions, delegating responsibility and reporting to the Board regarding the conduct, activities and performance of the Group The chief executive chairs the Sunbelt, A-Plant and Ashtead Technology board meetings and sets policies and direction to maximise returns to shareholders

All directors are responsible under the law for the proper conduct of the Company's affairs. The directors are also responsible for ensuring that the strategies proposed by the executive directors are discussed in detail and assessed critically to ensure they conform with the long-term interests of shareholders and are compatible with the interests of employees, customers and suppliers The Board has reserved to itself those matters, which reinforce its control of the Company These include treasury policy, acquisitions and disposals, appointment and removal of directors or the company secretary, appointment and removal of the auditors and approval of the annual accounts

Regular reports and briefings are provided to the Board, by the executive directors and the company secretary, to ensure the directors are suitably briefed to fulfil their roles The Board normally meets six times a year and there is contact between meetings to advance the Company's activities It is the Board's usual practice to meet at least annually at the offices of Sunbelt and A-Plant The directors also have access to the company secretary and are able to seek independent advice at the Company's expense

The Board's terms of reference are available for inspection at the Annual General Meeting

All directors are subject to election by shareholders at the first Annual General Meeting after their appointment and to re-election thereafter at intervals of no more than three years Non-executive directors are appointed for specified terms not exceeding three years and are subject to re-election and the provision of the Companies Act relating to the removal of a director

In accordance with the Company's articles of association, Mr Dhaiwal, Mr Ethendge and Mr Iceton will offer themselves for retirement and re-election to the Board at the next Annual General Meeting As this will be the first Annual General Meeting since their appointment to the Board, Mr Burrow and Mr Edwards will also offer themselves for election

NEW CHIEF EXECUTIVE

Mr Drabble's selection as the Group's new chief executive was announced in June 2006 Prior to his appointment the Nomination Committee led an extensive search considering both internal and external candidates for the role in the light of Mr Burnett's decision to retire at the end of December 2006 This search was supported by an external search firm and resulted in the conclusion that Mr Drabble was the candidate best suited for the position

NON-EXECUTIVE DIRECTORS

During the last year the composition of the Board did not comply with the requirement of the FRC Code that at least half the Board, excluding the chairman, should comprise independent non-executive directors In addition, for a short period following his appointment as chairman, and whilst he was interim chairman, Mr Cole was a member of the Remuneration and Audit Committees Following the retirement as a director of Mr Lovegrove on 30 April 2007 and the appointment of Mr Edwards as a director on 8 June 2007, the Board and sub-committee composition is in compliance with the FRC Code 2003

In the recruitment of non-executive directors, it is the Group's practice to utilise the services of an external search consultancy and this was the case with the selection of Mr Burrow and Mr Edwards who were engaged following an extensive search for individuals with relevant financial and operational experience

An external search consultancy was not, however, used in the recruitment of the chairman Following the untimely death of the Group's previous chairman the Board accepted the recommendation of the Nomination Committee that Chris Cole, the Group's senior independent non-executive director since September 2003 be appointed as interim chairman with effect from October 2006 After giving the matter due consideration and having worked with Mr Cole in his capacity as non-executive director since January 2002 and latterly as interim chairman, the Board took the view that considering Mr Cole's long-term knowledge of the Group's business and his experience as chief executive of an international plc he had both the knowledge and breadth of experience required to fulfil the role as Group chairman Having satisfied itself that Mr Cole could devote the requisite time to the role of chairman the Board, supported by the Nomination Committee, concluded that no advantage would be gained by utilising the services of an external search agency in searching for other candidates with this experience and instead determined to appoint Mr Cole as chairman

Before appointment, non-executive directors are required to assure the Board that they can give the time commitment necessary to fulfil properly their duties, both in terms of availability to attend meetings and discuss matters on the telephone and meeting preparation time The non-executives' letters of appointment are available for inspection at the Annual General Meeting

The non-executive directors (including the chairman) meet as and when required in the absence of the executive directors to discuss and appraise the performance of the Board as a whole and the performance of the executive directors In accordance with the FRC Code, the non-executive directors, led by the senior independent non-executive director, also meet annually in the absence of the chairman to discuss and appraise his performance

PERFORMANCE EVALUATION

The performance of the chairman, the chief executive, the Board and its committees is evaluated, amongst other things, against their respective role profiles and terms of reference The executive directors are evaluated additionally against the agreed budget for the generation of revenue, profit and value to shareholders

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

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises Mr Etheridge (chairman), Mr Iceton and Mr Burrow who was appointed on 1 March 2007 In accordance with the recommendation of the Smith Committee, the Company's non-executive chairman, Mr Cole, is not a member of the Audit Committee and stepped down from the committee following his appointment as chairman By invitation, the Group's finance director, Mr Robson, and its director of financial reporting, Mr Pratt, normally attend the committee's meetings, as do representatives of our internal and external auditors Other directors are usually also invited to be present if available

As is required by its terms of reference, the Audit Committee meets on at least four occasions each year to review the draft quarterly and annual financial statements prior to their publication, to consider the key accounting estimates and judgements contained therein and to consider reports from both the internal and external auditors which include audit plans and the key findings of their work. The Audit Committee also keeps the Group's accounting policies under review, evaluates the effectiveness of the Group's internal controls and financial reporting policies and is responsible for dealing with any matter brought to its attention by the auditors. The Audit Committee also keeps under review the effectiveness of both internal and external audit as well as the independence of the external auditors including the type of, and associated fees for, non-audit services

The principal non-audit fees paid to the Company's auditors, Deloitte & Touche LLP, for the year relate to their work in connection with the NationsRent and Lux acquisitions The Audit Committee is satisfied that the nature of work undertaken and the level of non-audit fees did not impair their independence

The Audit Committee's terms of reference, which were reviewed during the year, are available for inspection at the Annual General Meeting

CORPORATE GOVERNANCE REPORT
CONTINUED

Remuneration Committee
The Remuneration Committee comprises Mr Iceton (chairman from 1 March 2007), Mr Etheridge and Mr Burrow

The Remuneration Committee meets as and when required during the year to set the compensation packages for the executive directors, to establish the terms and conditions of the executive directors' employment and to set remuneration policy generally Mr Cole and Mr Drabble normally attend the meetings of the Committee to assist it in its work. The Committee also engages remuneration consultants to advise it in its work as and when required

None of the members of the Remuneration Committee is currently or has been at any time one of the Company's executive directors or an employee None of the executive directors currently serves, or has served, as a member of the Board of directors of any other company, which has one or more of its executive directors serving on the Company's Board or Remuneration Committee

The Remuneration Committee's terms of reference are available for inspection at the Annual General Meeting

Nomination Committee
The current members of the Nomination Committee are Mr Cole (chairman), Mr Drabble Mr Etheridge, Mr Iceton and Mr Burrow (appointed on 1 March 2007) The Nomination Committee meets as and when required to recommend proposed changes to the structure and composition of the Board of directors Mr Stenham was also a member until his death in October and Mr Burnett and Mr Lovegrove were members until their respective retirements

The Nomination Committee's terms of reference are available for inspection at the Annual General Meeting

Attendance at Board and committee meetings held between 1 May 2006 and 30 April 2007

	Board	Audit	Remuneration	Nomination
Number of meetings held	6	4	2	4
Mr Cole[1]	6	3	2	4
Mr Stenham[2]	3	–	–	2
Mr Burnett[3]	5	–	–	3
Mr Dhaiwal	6	–	–	–
Mr Drabble[4]	6	–	1	3
Mr Miller	5	–	–	–
Mr Robson	6	–	–	–
Mr Burrow[5]	1	1	–	1
Mr Etheridge	6	4	2	4
Mr Iceton	6	4	2	3
Mr Lovegrove	6	–	–	3

1 Mr Cole stepped down from the Audit Committee on 1 March 2007
2 Mr Stenham died on 22 October 2006
3 Mr Burnett retired from the Company on 31 December 2006
4 Mr Drabble stepped down from the Remuneration Committee on 2 October 2006.
5 Mr Burrow was appointed as non-executive director from 1 March 2007

Finance and Administration Committee
The Finance and Administration Committee comprises Mr Cole, Mr Drabble and Mr Robson and is chaired by Mr Drabble Mr Cole replaced Mr Stenham on this committee on the latter's death The Board of directors has delegated authority to this committee to deal with routine financial and administrative matters between Board meetings The committee meets as necessary to perform its role and has a quorum requirement of two members with certain matters requiring the presence of Mr Cole, non-executive chairman, including, for example, the approval of material announcements to the London Stock Exchange

INTERNAL CONTROL
The directors acknowledge their responsibility for the Group's system of internal control and confirm they have reviewed its effectiveness In doing so, the Group has taken note of the guidance for directors on internal control, Internal Control Guidance for Directors on the Combined Code (the Turnbull Guidance)

The Board confirms that there is a process for identifying, evaluating and managing significant risks faced by the Group This process has been in place for the full financial year and is ongoing It is kept under regular review by the executive directors and is considered periodically by the Board and accords with the Turnbull Guidance

The Board considers that the Group's internal control system is designed appropriately to manage, rather than eliminate the risk of failure to achieve business objectives Any such control system however, can only provide reasonable and not absolute assurance against material misstatement or loss

The Group reviews the risks it faces in its business and how these risks are managed These reviews are conducted in conjunction with the management teams of each of the Group's businesses and are documented in an annual report. The reviews consider whether any matters have arisen since the last report was prepared which might indicate omissions or inadequacies in that assessment. They also consider whether, as a result of changes in either the internal or external environment, any new significant risks have arisen The executive directors reviewed the draft report for 2007, which was then presented to, discussed and approved by the Audit Committee on 8 May 2007 and then by the Group Board on 17 May 2007

Before producing the statement on internal control for the annual report and accounts for the year ended 30 April 2007 the Board reconsidered the operational effectiveness of the Group's internal control systems. In particular, through the Audit Committee it received reports from the operational audit teams and considered the status of implementation of internal control improvement recommendations made by the Group's internal auditors and its external auditors The control system includes written policies and control procedures, clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against budgets and latest forecasts

In a group of the size, complexity and geographical diversity of Ashtead, minor breakdowns in established control procedures can occur There are supporting policies and procedures for investigation and management of control breakdowns at any of the Group's profit centres or elsewhere The Audit Committee also meets regularly with the external auditors to discuss their work.

In relation to internal financial control, the Group's control and monitoring procedures include

- the maintenance and production of accurate and timely financial management information, including a monthly profit and loss account and selected balance sheet data for each profit centre,
- the control of key financial risks through clearly laid down authority levels and proper segregation of accounting duties at the Group's accounting support centres,
- the preparation of a monthly financial report to the Board including income statements for the Group and each subsidiary, balance sheet and cash flow statement,
- the preparation of an annual budget and periodic update forecasts which are reviewed by the executive directors and then by the Board,
- a programme of rental equipment inventories and full inventory counts conducted at each profit centre by equipment type independently checked on a sample basis by our operational auditors and external auditors,
- detailed internal audits at the Group's major accounting centres undertaken by internal audit specialists from a major international accounting firm,
- comprehensive audits at the profit centres generally carried out annually by internal operational audit A summary of this work is provided annually to the Audit Committee and
- a review of arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have also elected to prepare financial statements for the Company in accordance with IFRS Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulations.

IAS 1, Presentation of Financial Statements, requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows This requires the representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's Framework for the Preparation and Presentation of Financial Statements In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards Directors are also required to

- properly select and apply accounting policies,
- present information including accounting policies, in a manner that provides relevant, reliable comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985

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

GOING CONCERN

After making appropriate enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements In forming this view the directors have reviewed the Group's budgets and cash flow forecasts for a period of more than 12 months from the date of the approval of these financial statements and considered the sufficiency of the Group's banking facilities described on pages 30 and 31 of the Business and Financial Review

By order of the Board

ERIC WATKINS
COMPANY SECRETARY
25 June 2007

DIRECTORS' REMUNERATION REPORT

INTRODUCTION

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration As required by the Regulations, a resolution to approve the report will be proposed at the forthcoming Annual General Meeting of the Company

The Regulations require the auditors to report to the Company's members on the "auditable part" of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations) The report has therefore been divided into separate sections for audited and unaudited information

UNAUDITED INFORMATION

Remuneration Committee

The Company has established a Remuneration Committee ("the Committee") in accordance with the recommendations of the Combined Code The members of the Committee are Mr Iceton (chairman), Mr Etheridge and Mr Burrow None of the Committee members has any personal financial interests, other than as shareholders, in the matters to be decided

The Group's chief executive, Mr Drabble, normally attends the meetings of the Committee to advise on operational aspects of the implementation of existing policies and policy proposals, except where his own remuneration is concerned, as does the non-executive chairman, Mr Cole The company secretary acts as secretary to the Committee Under Mr Iceton's direction, the company secretary and Mr Drabble have responsibility for ensuring the Committee has the information relevant to its deliberations In formulating its policies, the Committee has access to professional advice from outside the Company, as required, and to publicly available reports and statistics External professional advice was obtained in the year from The Zygos Partnership who assisted also in the recruitment of non-executive directors

Remuneration policy for executive directors

Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre needed to achieve the Group's objectives and to reward them for enhancing value to shareholders The main elements of the remuneration package for executive directors and senior management are

- basic annual salary and benefits in kind,
- annual performance related bonus plan,
- share related incentives, and
- pension arrangements

In assessing all aspects of pay and benefits, the Company compares packages offered by similar companies, which are chosen having regard to

- the size of the company (revenues, profits and number of people employed),
- the diversity and complexity of its businesses
- the geographical spread of its businesses, and
- their growth, expansion and change profile

In making the comparisons, the Company takes into consideration also the Group's significant operations in the US where the Company has a number of large, successful competitors who compete with it for top management talent

The Committee implements its remuneration policies by the design of reward packages for executive directors comprising the appropriate mix of salary, performance related annual cash incentive bonuses and share related incentives None of the executive directors holds any outside appointments

Basic salary

An executive director's basic salary is normally determined by the Committee before the start of the year and when an individual changes position or responsibility In deciding appropriate levels, the Committee considers the Group as a whole and seeks to be competitive but fair, using information drawn from both internal and external sources

Annual performance related bonus plan

Under the annual performance related bonus plan for executive directors, payments for the year to 30 April 2007 were related directly to financial and personal performance targets and were subject to a cap of 150% of salary for Mr Burnett, Mr Drabble, Mr Robson and Mr Miller and 100% of salary for Mr Dhaiwal. The Committee establishes the objectives that must be met for each financial year if a cash incentive bonus for that year is to be paid In determining bonus parameters the Committee's objective is to set targets that reflect appropriately challenging financial performance measures

For the year ended 30 April 2007, the targets relating to Mr Burnett and Mr Dhaiwal were met in full and accordingly they received 100% of their maximum bonus entitlements The targets for Mr Drabble, Mr Robson and Mr Miller were met in part and accordingly, they received 73%, 73% and 67% of their maximum bonuses respectively

Share related incentives
Details of the Company's existing arrangements are set out below

Previous plans
Executive share option schemes
Until 2002, it was the Committee's policy to make regular awards under the Company's executive share option plans to senior staff The value of the shares underlying the options awarded was assessed by reference to a number of factors including the employee's salary, seniority and length of service as well as both the Company's and the individual's performance in the year prior to the award This plan lapsed in October 2006

Investment Incentive Plan
The Investment Incentive Plan is a long-term incentive plan which provided for senior management, who so elected, to invest all or a portion of their annual cash bonuses in shares of the Company and, thus, become eligible for matching awards in the form of shares which only vest subject to demanding performance conditions The Company did not make any awards under this plan in 2005/6 or 2006/7 The Company does not intend to make any further awards under this plan

Matching awards were made in respect of investment shares acquired by participants with all or part of their bonus for the previous financial year The matching awards only vest, in whole or part, based on annual growth in the Company's earnings per share ("EPS") in the three year period following the award over that of the year ended 30 April immediately prior to the date of the award and on the Company's Total Shareholder Return ("TSR") performance relative to a comparator group In respect of the remaining available matching awards the relevant performance period is the three years from 19 August 2004 (when the share price was 48 5p) to 18 August 2007 The comparator group comprises all of the FTSE 250 mid-cap stocks other than investment trusts

The above performance conditions were chosen because they were felt to align most closely the interests of senior management with the interests of shareholders, by rewarding management for achieving superior relative total shareholder return performance compared with the FTSE 250 as a whole, excluding investment trusts. At the time the awards were made, the FTSE 250 was considered to be the Stock Exchange index most appropriate to the size and scale of the Company's operations

Vesting of the matching awards is based on the following required performance grid

TSR performance against peer group

Real EPS growth performance	Below Median TSR	Median	63rd Percentile	75th Percentile
upper range RPI + 7% p.a	1 0 x Match	2 0 x Match	2 5 x Match	3 0 x Match
target range RPI + 5% p.a	0 75 x Match	1 5 x Match	2 0 x Match	2 5 x Match
minimum range RPI + 3% p a	0 5 x Match	1 0 x Match	1 5 x Match	2 0 x Match
	No matching award vests			

Vesting operates on a scaled basis for performance between the target levels shown in the grid above Performance is measured at the end of the three year performance period when the awards either vest in full or part or lapse completely For performance measurement purposes earnings per share is based on the profit before exceptional items measured under consistently applied accounting policies and using a 30% standardised tax rate

Current plan
Performance Share Plan
The Performance Share Plan is a long-term incentive plan under which executive directors and other members of the senior management team may annually receive a conditional right to acquire shares ("performance shares"), the vesting of which depends on the satisfaction of demanding performance conditions

The maximum award of performance shares that may be made in any financial year of the Company is limited under the rules of the Plan, to shares with a market value equal to 100% of the participant's base salary at the time the award is made

The extent to which the 2004 and 2005 awards vest depends as to 50% of the award on growth in EPS over the three year vesting period which runs for the awards granted in 2004 for the three years ending 30 April 2007 and for the awards granted in 2005 for the three years ending 30 April 2008

DIRECTORS' REMUNERATION REPORT
CONTINUED

For the 2004 award, 50% of the award for EPS growth vests in full if EPS for 2006/7 is 8p or greater and lapses if EPS is 5p or lower EPS for the year ended 30 April 2007 has exceeded the upper threshold, consequently, the 50% element of the 2004 awards relating to EPS growth will vest in full. The equivalent thresholds for the 2005 award in the 2007/8 year are 9 1p and 7 7p Awards are scaled for performance between these points EPS for this purpose is calculated on the Group's profit before exceptional items less a standardised 30% tax charge The EPS targets noted above have not yet been adjusted by the Committee to reflect the impact of the Group's subsequent application of International Financial Reporting Standards but this will be considered by the Committee at the time the awards mature

The vesting of the other 50% of the awards is dependent upon the Company's TSR performance over the three years commencing on award date (5 October 2004 for the 2004 awards and 16 August 2005 for the 2005 awards) against the relevant index. For the 2004 awards this was the FTSE Smallcap index (excluding investment trusts) whilst, for the 2005 awards, it was the constituents of the FTSE 250 index (excluding investment trusts)

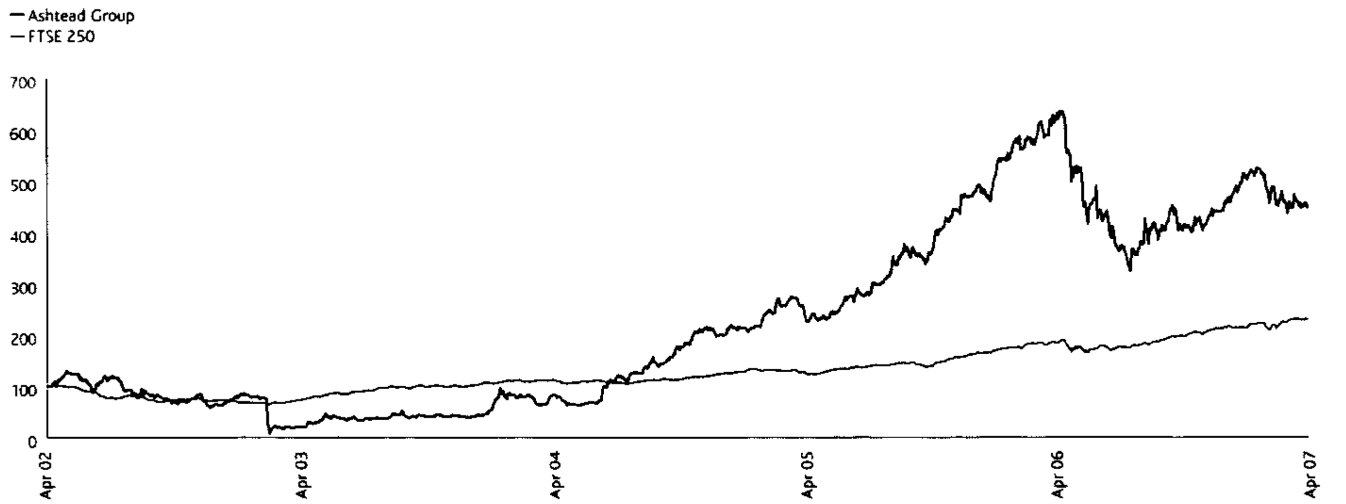
The part of each award linked to TSR vests in full if the Company's TSR growth over the three year vesting period ranks it in the top 25% of participants in the relevant index and will lapse if the Company's relative TSR growth is ranked at or below 50% of participants in the relevant index over the three year vesting period If relative TSR performance is between these points, the TSR linked part of the award is scaled on a pro rata basis

The extent to which the 2006 awards vest depends entirely on the growth in EPS over the three year vesting period which runs for the three years ending 30 April 2009 For the 2006 award, the award vests in full if EPS for 2008/9 is 19p or greater and lapses if EPS is 16 8p or lower Awards are scaled for performance between these points EPS for this purpose is calculated on the Group's profit before exceptional items less a standardised 30% tax charge

Employee Share Ownership Trust
The Group has established an Employee Share Ownership Trust (ESOT) to hold shares in the Company to satisfy potential awards under the Investment Incentive Plan and the Performance Share Plan At 30 April 2007, the ESOT held a beneficial interest in 8,290,747 shares The ESOT owned directly 4,932,329 of these shares and a further 3,358,418 shares were registered in the name of Investment Incentive Plan or Performance Share Plan participants on terms which require that the award shares are transferred back to the ESOT to the extent that the performance targets are not met

Relative performance
The following graph compares the Company's TSR performance with the FTSE 250 index (excluding investment trusts) over the five years ended 30 April 2007, the Stock Exchange index the Committee considers to be the most appropriate to the size and scale of the Company's operations

Total Return Index



Source Datastream

Directors' pension arrangements

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

Under the terms of his contract, Mr Robson is entitled to retire at age 60 on a pension equal to one-thirtieth of his final salary for each year of pensionable service He is a member of the Company's Retirement Benefits Plan, which is a defined benefits scheme Following the change in pension plan and Inland Revenue regulations effective 6 April 2006, the Company has agreed with the trustees of the Retirement Benefits Plan that the Retirement Benefits Plan is responsible for Mr Robson's entire pension, part of which was previously provided by the Company Mr Robson's contract also contains early retirement provisions allowing him to retire and draw a pension based on actual years of service, but without deduction for early payment which take effect once he has completed 10 years service with the Company (or at anytime after age 50 if there is a change of control) Mr Robson pays contributions equal to 7 5% of his salary to the Retirements Benefits Plan

Mr Dhaiwal's pension benefits are also provided entirely through the Ashtead Group plc Retirement Benefits Plan His pension rights accrue at the rate of one-sixtieth of salary (as defined) for each year of pensionable service and his normal retirement date is at age 65 Mr Dhaiwal also pays contributions equal to 7 5% of his salary to the Retirement Benefits Plan

The Retirement Benefits Plan also provides that

- in the event of death in service or death between leaving service and retirement while retaining membership of the plan a spouse's pension equal to 50% of the member's deferred pension calculated at the date of death plus a return of his contributions,
- in the event of death in retirement, a spouse's pension equal to 50% of the member's pension at the date of death,
- an option to retire at any time after age 50 with the Company's consent. Early retirement benefits are reduced by an amount agreed between the Actuary and the Trustees as reflecting the cost to the plan of the early retirement In 2010, Government regulations raise the minimum early retirement age to 55, and
- pension increases in line with the increase in retail price inflation up to a limit of currently 5% a year in respect of service since 1997

In February 2006, Mr Miller ceased contributing to Sunbelt's 401K defined contribution pension plan and joined Sunbelt's deferred compensation plan Under the deferred compensation plan Mr Miller has elected to defer 6% of his annual salary and a proportion of his annual performance bonus, which is retained by Sunbelt in an account designated for his benefit to be paid to him on retirement. Sunbelt provides a co-match at the rate of $1 for every $1 deferred up to $12,500 per annum and Mr Miller s deferred salary account is also credited annually with an "investment return" equivalent to that earned by members of Sunbelt's 401K pension plan

Executive directors' service agreements

The service agreements between the Company and Mr Drabble (dated 6 July 2006), Mr Robson (dated 4 August 2000), Mr Dhaiwal (dated 8 July 2002) and Mr Miller (dated 5 July 2004) are terminable by either party giving the other 12 months' notice The service agreements for each of the executive directors all contain non-compete provisions appropriate to their roles in the Group

Following his retirement on 31 December 2006 and in the light of the death of Mr Stenham during the year arrangements were made with Mr Burnett for him to be available to the Company as reasonably required until 31 December 2007 He will receive £70,000 under these consultancy arrangements.

Remuneration policy for non-executive directors

The remuneration of the non-executive directors is determined by the Board within limits set out in the Articles of Association None of the non-executive directors has a service contract with the Company and their appointment is therefore terminable by the Board at any time

An ordinary resolution concerning the Group's remuneration policies will be put to shareholders at the forthcoming Annual General Meeting

DIRECTORS' REMUNERATION REPORT
CONTINUED

AUDITED INFORMATION
Directors' emoluments

The emoluments of the directors, excluding pension benefits, which are included in staff costs in note 3 to the financial statements, were as follows

Name	Salary £ 000	Fees £ 000	Performance related bonus £ 000	Benefits in kind[i] £ 000	Other allowances[ii] £ 000	Total emoluments 2007 £ 000	Total emoluments 2006 £ 000
Executive							
GB Burnett	285	–	428	1	9	723	870
SS Dhaiwal	200	–	200	1	8	409	287
G Drabble	239	13	438	15	130	835	27
C Miller	262	–	262	7	26	557	505
SI Robson	300	–	330	1	11	642	570
Non-executive							
AWP Stenham	–	70	–	–	8	78	148
C Cole	–	67	–	–	–	67	33
M Burrow	–	6	–	–	–	6	–
HC Etheridge	–	39	–	–	–	39	32
GI Iceton	–	33	–	–	–	33	27
PA Lovegrove	–	32	–	–	–	32	27
	1,286	260	1,658	25	192	3,421	2,526
2006	1,105	279	1,061	7	74		2,526

(i) Benefits in kind comprise the taxable benefit of company owned cars, private medical insurance and subscriptions

(ii) Other allowances include car allowances, a contribution to Mr Stenham s office costs, reimbursement of travel and accommodation costs for Mr Miller who continues to reside in Virginia but is based at Sunbelt s head office in Charlotte and the payment of 40% of salary in lieu of pension contributions and a contribution to relocation costs for Mr Drabble

Upon commencement of his employment with the Company, Mr Drabble was awarded 378,000 Ashtead ordinary shares to compensate him for his foregone option arrangements with his previous employer These shares were awarded to him in October 2006 when the market price was 145 6p and the value of the shares awarded was £550,000 Mr Drabble sold 182,683 of these shares at a market price of 142 75p on 8 November 2006 to fund the income tax and national insurance due on the share award

As part of his joining arrangements it was agreed that Mr Drabble would also receive an additional bonus payment of £175 000 to compensate him for the loss of his accrued bonus with his previous employer payable concurrently with his 2006/7 bonus Consequently the bonus of £438,000 shown in the table above for Mr Drabble comprises his regular earned bonus for the year to 30 April 2007 of 110% of salary (£263,000) plus the special bonus of £175 000

Key management

In accordance with IAS 24, Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly The Group's key management comprise the Company's executive and non-executive directors

Compensation for key management was as follows

	2007 £ 000	2006 £ 000
Salaries and short-term employee benefits	**3,421**	2,526
Post-employment benefits	**56**	45
National insurance and social security	**382**	214
Share-based payments	**1,176**	400
	5,035	3,185

Directors' pension benefits

	Age at 30 April 2007 Years	Accrued pensionable service at 30 April 2007 Years	Contributions paid by the director £'000	Accrued annual pension at 30 April 2007 £'000	Increase in annual pension during the year: Excluding inflation £'000	Increase in annual pension during the year: Total increase £'000	Transfer value of accrued pension at 30 April 2007 £'000	Transfer value of accrued pension at 30 April 2006 £'000	Increase in transfer value over the year £'000
SS Dhaiwal	38	13	15	38	5	6	199	155	29
SI Robson	48	7	22	66	15	17	831	579	230

Notes.

(1) The transfer values represent the amount which would have been paid to another pension scheme had the director elected to take a transfer of his accrued pension entitlement at that date and have been calculated by the scheme's actuaries in accordance with Actuarial Guidance Note GN11 published by the Institute of Actuaries and the Faculty of Actuaries. They are not sums paid or due to the directors concerned

(2) The increase in transfer value in the year is stated net of the members' contributions

In the year to 30 April 2007, Mr Miller deferred $30,000 of his annual salary and $100,000 of his 2005/6 bonus in the Sunbelt deferred compensation plan and consequently Sunbelt allocated $12,500 by way of its co-match contribution At 30 April 2007, Mr Miller's account was also credited with the annual investment return of $32,769 At 30 April 2007 the total gross amount deferred relating to Mr Miller in the plan, including allocated investment return was $191,784 or £95,897

Directors' interests in shares

The directors of the Company are shown below together with their beneficial interests in the share capital of the Company (excluding interests in shares held subject to forfeiture if performance conditions under the Company's Investment Incentive Plan and Performance Share Plan are not achieved – see below)

	30 April 2007 Number of ordinary shares of 10p each	30 April 2006* Number of ordinary shares of 10p each
M Burrow	**–**	–
C Cole	**42,082**	23,333
SS Dhaiwal	**174,512**	48,393
G Drabble	**211,357**	11,666
HC Etheridge	**–**	–
G Iceton	**39,082**	23,333
C Miller	**254,559**	33,000
SI Robson	**591,250**	430,000

* or date of appointment for Mr Burrow

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

DIRECTORS' REMUNERATION REPORT
CONTINUED

Investment Incentive Plan and Performance Share Plan awards

Conditional awards of matching shares under the IIP and of shares under the PSP held by executive directors are shown in the table below

		IIP Held at 30 April		PSP Held at 30 April	
		2007*	2006	2007*	2006
G Burnett	– granted in 2004/5	**193,570**	178,554	**329,803**	304,219
	– granted in 2005/6	–	–	**286,164**	263,965
SS Dhaiwal	– granted in 2004/5	**55,305**	51,015	**145,192**	133 929
	– granted in 2005/6	–	–	**120,349**	111,013
	– granted in 2006/7	–	–	**90,468**	n/a
G Drabble	– granted in 2006/7	–	–	**264,943**	n/a
C Miller	– granted in 2004/5	–	–	**190,144**	175,394
	– granted in 2005/6	–	–	**155,198**	143,159
	– granted in 2006/7	–	–	**174,047**	n/a
SI Robson	– granted in 2004/5	**221,227**	204,066	**200,364**	184 821
	– granted in 2005/6	–	–	**173,837**	160,352
	– granted in 2006/7	–	–	**193,861**	n/a

* or date of retirement for Mr Burnett

The Company s Employee Share Option Trust has conditionally transferred shares to Mr Burnett, Mr Dhaiwal, Mr Drabble and Mr Robson in respect of substantially all of the options awarded to them under the Company's Investment Incentive Plan and the Performance Share Plan on conditions under which the shares are automatically returned to the trust in the event that the performance conditions underlying the awards are not achieved

Following the £152m equity rights issue in August 2006, the interests of all participants in the Company's share-based remuneration plans were adjusted on a neutral basis for the dilutive effect of the rights issue This involved uplifting the outstanding awards and option grants by 8 41% and, where applicable reducing the exercise price by 7 76% to ensure the option holders maintained the same economic interest in the Company

Following Mr Burnett's retirement on 31 December 2006, the Committee determined that, in accordance with the rules of the plans Mr Burnett's IIP and PSP awards should be released to him as he was a "good' leaver and this has occurred subsequently

Directors' interests in share options

	Options at 1 May 2006	Rights issue	Granted/ (exercised) during year	Options at 30 April 2007*	Exercise price	Earliest normal exercise date	Expiry
Discretionary schemes							
GB Burnett	200,000	16,810	(216,810)	–	122 00p	Feb 2000	Feb 2007
	350,000	29,418	–	379,418	169 92p	Feb 2001	Feb 2008
	166,700	14,011	–	180,711	159 12p	Feb 2002	Feb 2009
	300,000	25,216	–	325,216	94 55p	Aug 2003	Aug 2010
	90,000	7,564	–	97,564	115 31p	Feb 2004	Feb 2011
SS Dhaiwal	40,000	3,362	(43,362)	–	122 00p	Feb 2000	Feb 2007
	32 500	2,731	–	35,231	169 92p	Feb 2001	Feb 2008
	50,000	4,202	–	54,202	159 12p	Feb 2002	Feb 2009
	35,000	2,941	–	37,941	115 31p	Feb 2004	Feb 2011
	28,000	2,353	(30,353)	–	38 28p	Feb 2005	Feb 2012
	150,000	12,608	(162,608)	–	45 66p	Aug 2005	Aug 2012
C Miller	30,000	2,521	(32,521)	–	122 00p	Feb 2000	Feb 2007
	24,000	2,017	–	26,017	169 92p	Feb 2001	Feb 2008
	13,350	1,122	–	14,472	159 12p	Feb 2002	Feb 2009
	50,000	4,202	(54,202)	–	94 09p	Feb 2003	Feb 2010
	35,000	2,941	(37,941)	–	94 55p	Aug 2003	Aug 2010
	50,000	4,202	(54 202)	–	115 31p	Feb 2004	Feb 2011
	100,000	–	(100,000)	–	41 50p	Feb 2005	Feb 2012
SI Robson	29,500	2 479	–	31,979	93 79p	Aug 2003	Aug 2010
	195,500	16,432	–	211,932	94 55p	Aug 2003	Aug 2010
	230,000	19,332	–	249,332	115 31p	Feb 2004	Feb 2011
	300,000	25,216	–	325,216	38 28p	Feb 2005	Feb 2012
SAYE scheme							
GB Burnett	24,029	–	(24,029)	–	24 27p	May 2006	Oct 2006
	10,792	907	–	11,699	28 36p	Oct 2007	Mar 2008
SS Dhaiwal	24 029	–	(24,029)	–	24 27p	May 2006	Oct 2006
	10,792	907	–	11,699	28 36p	Oct 2007	Mar 2008
	–	–	4,960	4,960	122 13p	Sept 2009	Feb 2010
SI Robson	40,049	3,368	–	43,417	22 39p	May 2008	Oct 2008
	10,792	907	–	11,699	28 36p	Oct 2007	Mar 2008

* or date of retirement for Mr Burnett, who has 12 months from the date of retirement to exercise options under the discretionary schemes and six months under the SAYE scheme

DIRECTORS' REMUNERATION REPORT
CONTINUED

Details of share options exercised by the executive directors in the year are as follows

	Number exercised	Option price p	Market price at date of exercise p	Gain £ 000
Executive share options				
GB Burnett	216,810	122 00	171 50	107
SS Dhaiwal	43,362	122 00	153 25	13
	30,353	38 28	153 25	35
	162,608	45 66	153 25	175
	236,323			223
C Miller	32,521	122 00	178 00	18
	54 202	94 09	178 00	45
	37 941	94 55	178 00	32
	54 202	115 31	178 00	34
	100,000	41 50	140 75	99
	278,866			228
SAYE scheme				
GB Burnett	24,029	24 27	200 00	42
SS Dhaiwal	24,029	24 27	200 00	42

Note
(1) On 14 December 2006 Mr Dhaiwal exercised his rights in respect of 236 323 share options of which 161,391 were sold and the balance of 74 932 shares was retained by Mr Dhaiwal
(2) On 1 August 2006 Mr Miller exercised his rights in respect of 100 000 share options and retained the shares On 2 February 2007 Mr Miller exercised his rights in respect of 178 866 share options of which 107 182 were sold to meet the exercise costs and commission charges in respect of the exercise The balance of 71 684 shares was retained by Mr Miller

Exercise of certain of the above listed discretionary option awards were subject to performance conditions when originally granted, all of which have been met subsequently The market price of the Company's shares at the end of the financial year was 155p and the highest and lowest closing prices during the financial year were 222p (adjusted for the rights issue) and 112p respectively

Mr Dhaiwal also holds 54 202 units in the Company's Cash Incentive Scheme which were granted to him on 22 February 2000 when he was not a director The performance criteria related to this award have been satisfied and accordingly Mr Dhaiwal may exercise the award in whole or in part at any time prior to 22 February 2010 When the award is exercised Mr Dhaiwal will be paid in cash an amount equal to the difference between the mid market price of Ashtead Group plc shares on the day of exercise and 94 09p multiplied by the number of units exercised The resultant sum will be paid to Mr Dhaiwal in cash less applicable taxes

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

GARY ICETON
CHAIRMAN, REMUNERATION COMMITTEE
25 June 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC

We have audited the Group and individual Company financial statements (the "financial statements") of Ashtead Group plc for the year ended 30 April 2007 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated Statement of Recognised Income and Expense and the related notes 1 to 28 These financial statements have been prepared under the accounting policies set out therein We have also audited the information in the Directors Remuneration Report that is described as having been audited

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation We also report to you whether in our opinion the information given in the Directors Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business and Financial Review that is cross referred from the Trading results and dividends section of the Directors' Report

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited

OPINION

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 April 2007 and of its profit for the year then ended,
- the individual Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 30 April 2007
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation, and
- the information given in the Directors' Report is consistent with the financial statements

SEPARATE OPINION IN RELATION TO IFRSs

As explained in note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board Accordingly, in our opinion the Group financial statements give a true and fair view in accordance with IFRSs, of the state of the Group's affairs as at 30 April 2007 and of its profit for the year then ended

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
London
25 June 2007

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2007

	Notes	2007 Before exceptional items, amortisation and fair value remeasurements+ £m	2007 Exceptional items, amortisation and fair value remeasurements+ £m	2007 Total £m	2006 Before exceptional items and fair value remeasurements £m	2006 Exceptional items and fair value remeasurements+ £m	2006 Total £m
Revenue	2	**896 1**	–	**896 1**	638 0	–	638 0
Staff costs		**(284 6)**	**(10 1)**	**(294 7)**	(200 1)	(0 3)	(200 4)
Other operating costs		**(313 0)**	**(26 5)**	**(339 5)**	(222 3)	(1 3)	(223 6)
Other income		**11 8**	**(0 9)**	**10 9**	9 1	15 0	24 1
EBITDA*		**310 3**	**(37 5)**	**272 8**	224 7	13 4	238 1
Depreciation		**(159 8)**	**(0 9)**	**(160 7)**	(113 6)	–	(113 6)
Amortisation		–	**(11 0)**	**(11 0)**	–	–	–
Operating profit	2 3	**150 5**	**(49 4)**	**101 1**	111 1	13 4	124 5
Investment income		**3 9**	–	**3 9**	2 7	7 8	10 5
Interest expense		**(73 0)**	**(68 5)**	**(141 5)**	(46 3)	(7 0)	(53 3)
Net financing costs	4	**(69 1)**	**(68 5)**	**(137 6)**	(43 6)	0 8	(42 8)
(Loss)/profit on ordinary activities before taxation		**81 4**	**(117 9)**	**(36 5)**	67 5	14 2	81 7
Taxation							
– current	6	**(0 4)**	–	**(0 4)**	(0 1)	(5 4)	(5 5)
– deferred	6 17	**(28 3)**	**73 1**	**44 8**	(21 0)	0 4	(20 6)
		(28 7)	**73 1**	**44 4**	(21 1)	(5 0)	(26 1)
Profit attributable to equity shareholders		**52 7**	**(44 8)**	**7 9**	46 4	9 2	55 6
Basic earnings per share	8	**10 3p**	**(8 8p)**	**1 5p**	11 3p	2 2p	13 5p
Diluted earnings per share	8	**10 1p**	**(8 6p)**	**1 5p**	11 0p	2 2p	13 2p

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

\+ Fair value remeasurements relate to embedded derivatives in long term debt.

The Group's results are all derived from continuing operations

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 APRIL 2007

	2007 £m	2006 £m
Profit for the financial year	**7 9**	55 6
Actuarial gain on defined benefit pension schemes	**2 5**	0 2
Foreign currency translation differences	**(13 0)**	15 4
Tax on items taken directly to equity	**1 6**	–
Total recognised income and expense for the year	**(1 0)**	71 2

CONSOLIDATED MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30 APRIL 2007

	2007 £m	2006 £m
Total recognised income and expense for the year	**(1 0)**	71 2
Issue of ordinary shares, net of expenses	**148 9**	70 9
Dividends paid	**(7 0)**	(2 0)
Credit in respect of share-based payments	**2 4**	1 3
Own shares acquired by ESOT	**(4 9)**	(2 8)
Net increase in equity shareholders' funds in the year	**138 4**	138 6
Equity shareholders' funds at the beginning of the year	**258 3**	119 7
Closing equity shareholders' funds	**396 7**	258 3

CONSOLIDATED BALANCE SHEET
AT 30 APRIL 2007

	Notes	2007 £m	2006 £m
Current assets			
Inventories	9	**24 2**	12 7
Trade and other receivables	10	**163 7**	110 4
Current tax asset		**2 0**	–
Assets held for sale		**10 3**	–
Cash and cash equivalents	23(c)	**1 1**	1 0
		201 3	124 1
Non-current assets			
Property, plant and equipment			
– rental equipment	11	**920 6**	559 9
– other assets	11	**127 4**	86 8
		1,048 0	646 7
Intangible assets – brand names and other acquired intangibles	12	**9 7**	–
Goodwill	12	**289 6**	149 0
Deferred tax asset	17	**41 7**	2 9
Other financial assets – derivatives	15	–	15 4
Defined benefit pension fund surplus	22	**5 2**	1 7
		1,394 2	815 7
Total assets		**1,595 5**	939 8
Current liabilities			
Trade and other payables	13	**166 8**	99 1
Current tax liabilities		**0 7**	3 3
Debt due within one year	14	**9 0**	10 6
Provisions	16	**12.7**	7 0
		189 2	120 0
Non-current liabilities			
Debt due after more than one year	14	**908 0**	484 0
Provisions	16	**19 6**	11 3
Deferred tax liabilities	17	**82.0**	66 2
		1,009 6	561 5
Total liabilities		**1,198 8**	681 5
Equity shareholders' funds			
Share capital	18	**56 0**	40 4
Share premium account	19	**3 3**	3 2
Non-distributable reserve	19	**90 7**	90 7
Own shares held in treasury through the ESOT	19	**(8 7)**	(4 2)
Cumulative foreign exchange translation differences	19	**(30 2)**	(17 2)
Distributable reserves	19	**285 6**	145 4
Total equity shareholders' funds		**396 7**	258 3
Total liabilities and equity shareholders' funds		**1,595 5**	939 8

These financial statements were approved by the Board on 25 June 2007

G Drabble
Chief Executive

SI Robson
Finance Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2007

		2007		2006	
	Notes	£m	£m	£m	£m
Cash flows from operating activities					
Cash generated from operations before exceptional items	23(a)		**319 3**		215 2
Exceptional items			**(19 0)**		11 1
Pension payment			**-**		(17 1)
Cash generated from operations			**300 3**		209 2
Financing costs paid before exceptional items		**(64 2)**		(38 7)	
Exceptional financing costs paid		**(49 8)**		(13 3)	
Financing costs paid			**(114 0)**		(52 0)
Tax paid			**(5 0)**		(2 8)
Net cash from operating activities			**181 3**		154 4
Cash flows from investing activities					
Acquisition of businesses	23(e)		**(327 2)**		(57 0)
Disposal of businesses			**-**		12 8
Payments for property, plant and equipment			**(308 3)**		(229 3)
Proceeds on sale of property, plant and equipment			**78 5**		50 4
Net cash used in investing activities			**(557 0)**		(223 1)
Cash flows from financing activities					
Drawdown of loans			**890 5**		257 5
Redemption of loans			**(641 8)**		(244 0)
Capital element of finance lease payments			**(9 9)**		(12 1)
Purchase of own shares by the ESOT			**(4 9)**		(2 8)
Dividends paid			**(7 0)**		(2 0)
Proceeds from issue of ordinary shares			**148 9**		70 9
Net cash from financing activities			**375 8**		67 5
Increase/(decrease) in cash and cash equivalents			**0 1**		(1 2)
Opening cash and cash equivalents			**1 0**		2 1
Effect of exchange rate changes			**-**		0 1
Closing cash and cash equivalents			**1 1**		1 0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below These policies have been applied consistently to all the years presented, unless otherwise stated

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS Accordingly, the Group complies with all IFRS, including those adopted for use in the European Union The financial statements have been prepared under the historical cost convention, modified for certain items carried at fair value as stated in the accounting policies A summary of the more important accounting policies is set out below

The Group has adopted early the following interpretations as at 30 April 2007

- IFRIC 9 Reassessment of embedded derivatives
- IFRIC 10 Interim reporting and impairments
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

At the date of authorisation of these financial statements, IFRS 7, Financial Instruments Disclosures and the related amendment to IAS 1, Presentation of Financial Statements, on capital disclosures and IFRS 8 Operating Segments, were in issue but not yet effective and have not been applied Adoption will have no material impact on the financial statements of the Group except for additional disclosures when the standards come into effect for the years ending 30 April 2008 and 30 April 2010, respectively

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period The principal management estimates and assumptions are discussed in more detail in the Business and Financial Review Actual results could differ from these estimates

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and all its subsidiaries for the year to 30 April each year The results of businesses acquired or sold during the year are incorporated for the periods from or to the date on which control passed and acquisitions are accounted for under the acquisition method Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date Profit and loss accounts and cash flows of overseas subsidiary undertakings are translated into sterling at average rates of exchange for the year The exchange rates used in respect of the US dollar are

	2007	2006
Average for year	**1 91**	1 78
Year-end	**2 00**	1 82

Exchange differences arising from the retranslation of the opening net investment of overseas subsidiaries and the difference between the inclusion of their profits at average rates of exchange in the Group income statement and the closing rate are recognised directly in a separate component of equity Other exchange differences are dealt with in the income statement

Revenue

Revenue represents the total amount receivable for the provision of goods and services to customers net of returns and value added tax Rental revenue, including loss damage waiver fees, is recognised on a straight line basis over the period of the rental contract Because the terms and conditions of a rental contract can extend across financial reporting period ends, the Group records unbilled rental revenue and deferred revenue at the end of the reporting periods so rental revenue is appropriately stated in the financial statements

Revenue from rental equipment delivery and collection is recognised when delivery or collection has occurred

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

Current/non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents and assets expected to be realised in, or intended for sale or consumption in the course of the Group s operating cycle and those assets receivable within one year from the reporting date All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date All other liabilities are classified as non-current liabilities

1 ACCOUNTING POLICIES CONTINUED

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost (including transportation costs from the manufacturer to the initial rental location) less accumulated depreciation and any provisions for impairment In respect of aerial work platforms, cost includes rebuild costs when the rebuild extends the asset's useful economic life and it is probable that incremental economic benefits will accrue to the Group Rebuild costs include the cost of transporting the equipment to and from the rebuild facility Additionally depreciation is not charged while the asset is not in use during the rebuild period

Leased assets

Finance leases are those leases which transfer substantially all the risks and rewards of ownership to the lessee Assets held under finance leases are capitalised within property, plant and equipment at the fair value of the leased assets at inception of the lease and depreciated in accordance with the Group s depreciation policy Outstanding finance lease obligations are included within debt. The finance element of the agreements is charged to the income statement on a systematic basis over the term of the lease

All other leases are operating leases, the rentals on which are charged to the income statement on a straight line basis over the lease term

Depreciation

Leasehold properties are depreciated on a straight line basis over the life of each lease Other fixed assets, including those held under finance leases are depreciated on a straight line basis applied to the opening cost to write down each asset to its residual value over its useful economic life The rates in use are as follows

	Per annum
Freehold property	2%
Rental equipment	5% to 33%
Motor vehicles	16% to 25%
Office and workshop equipment	20%

Residual values are estimated at 10% of cost in respect of most types of rental equipment, zero for scaffolding and similar equipment, 15% for aerial work platforms and high reach forklifts and 20% for steel site accommodation units

Gains and losses from the sale of used equipment are recognised in the income statement as other income on transfer of title in the equipment to the purchaser except in the case of sales of rental equipment lost when in the possession of the rental customer which are recognised when the loss is notified by the customer Gains or losses in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment are accounted for at the lower of transaction value or fair value based on independent appraisals If the trade-in price of a unit of equipment exceeds the fair market value of that unit, the excess is accounted for as a reduction of the cost of the related purchase of new rental equipment

Repairs and maintenance

Costs incurred in the repair and maintenance of rental and other equipment are charged to the income statement as incurred

Intangible assets

Business combinations and goodwill

Acquisitions are accounted for using the purchase method Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired including any intangible assets other than goodwill Adjustments to the fair values of assets acquired made within 12 months of acquisition date are accounted for from the date of acquisition

For business combinations prior to 1 May 2004, but after 30 April 1999, goodwill is included at its deemed cost, which represents the amount recorded under UK GAAP at the time as subsequently amortised up to 30 April 2004 Under UK GAAP goodwill arising on acquisitions prior to 30 April 1999 was eliminated against reserves The accounting treatment of business combinations occurring up to 30 April 2004, the date of transition to IFRS, has not been reconsidered as permitted under IFRS 1, First Time Adoption of International Financial Reporting Standards.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Other intangible assets

Other intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition Internally generated intangible assets are not capitalised Amortisation is charged on a straight-line basis over the expected useful life of each asset The NationsRent brand name had a fair value of £9 4m and was amortised fully over the eight month period to 30 April 2007, reflecting the decision by the Group not to use the NationsRent name Contract related intangible assets are amortised over the life of the contract. Amortisation rates for other intangible assets are as follows

	Per annum
Brand names (excluding NationsRent)	8 3%
Customer lists	10 to 20%

Impairment of assets

Goodwill is not amortised but is tested annually for impairment as at 30 April each year Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment. In the case of goodwill impairment is assessed at the level of the Group's three reporting units

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

In respect of assets other than goodwill an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised Impairment losses in respect of goodwill are not reversed

Taxation

The tax charge for the period comprises both current and deferred tax Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill

Deferred tax liabilities are not recognised for temporary differences arising on investment in subsidiaries where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Inventories

Inventories, which comprise new equipment, fuel, merchandise and spare parts, are valued at the lower of cost and net realisable value

Trade receivables

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

Trade payables

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

Cash and cash equivalents

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

1 ACCOUNTING POLICIES CONTINUED

Employee benefits

Defined contribution pension plans

Obligations under the Group's defined contribution plans are recognised as an expense in the income statement as incurred

Defined benefit pension plans

The Group's obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value and the fair value of plan assets is deducted The discount rate is the yield at the balance sheet date on AA rated corporate bonds The calculation is performed by a qualified actuary using the projected unit credit method

Actuarial gains and losses are recognised in full in the period in which they arise through the statement of recognised income and expense The increase in the present value of plan liabilities arising from employee service during the period is charged to operating profit The expected return on plan assets and the expected increase during the period in the present value of plan liabilities due to unwind of the discount are included in investment income and interest expense, respectively

Share-based compensation

The fair value of awards made under share-based compensation plans is measured at grant date and spread over the vesting period through the income statement with a corresponding increase in equity The fair value of share options and awards is measured using an appropriate valuation model taking into account the terms and conditions of the individual scheme The amount recognised as an expense is adjusted to reflect the actual awards vesting except where any change in the awards vesting relates only to market based criteria not being achieved

Insurance

Insurance costs include insurance premiums which are written off to the income statement over the period to which they relate and an estimate of the discounted liability for uninsured retained risks on unpaid claims incurred up to the balance sheet date The estimate includes events incurred but not reported at the balance sheet date This estimate is discounted and included in provisions in the balance sheet.

Investment income and interest expense

Investment income comprises interest receivable on funds invested, fair value gains on derivative financial instruments and the expected return on plan assets in respect of defined benefit pension plans

Interest expense comprises interest payable on borrowings, amortisation of deferred finance costs, fair value losses on derivative financial instruments and the expected increase in plan liabilities in respect of defined benefit pension schemes

Financial instruments

Details of the Group's treasury policies are set out in the Business and Financial Review on pages 30 and 31

Derivatives

The Group uses a limited number of derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates These are principally swap agreements used to manage the balance between fixed and floating rate finance on long-term debt and forward contracts for known future foreign currency cash flows The Group does not hold or issue derivative instruments for speculative purposes

All derivatives are held at fair value in the balance sheet within trade and other receivables or trade and other payables Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss Changes in the fair value of any derivative instruments that are not hedge accounted are recognised immediately in the income statement.

Secured notes

The Group's secured notes contain early prepayment options, which constitute embedded derivatives in accordance with IAS 39, Financial Instruments Recognition and Measurement At the date of issue the liability component of the notes is estimated using prevailing market interest rates for similar debt with no prepayment option and is recorded within borrowings The difference between the proceeds of the note issue and the fair value assigned to the liability component, representing the embedded option to prepay the notes is included within "Other financial assets – derivatives" The interest expense on the liability component is calculated by applying the effective interest rate method The embedded option to prepay is fair valued using an appropriate valuation model and fair value remeasurement gains and losses are included in investment income and interest expense respectively

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Convertible debt

Convertible debt is regarded as a compound instrument, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recorded within borrowings The difference between the fair value of the convertible debt at issue and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group is included in equity

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument The difference between this amount and the interest paid is added to the carrying amount of the convertible debt

Exceptional items

Exceptional items are those items that are material and non-recurring in nature that the Group believes should be disclosed separately to assist in the understanding of the financial performance of the Group

Earnings per share

Earnings per share is calculated based on the profit for the financial year and the weighted average number of ordinary shares in issue during the year For this purpose the number of ordinary shares in issue excludes shares held by the ESOT and shares registered in the name of employees but, subject to forfeiture if performance targets are not achieved, in respect of which dividends have been waived Diluted earnings per share is calculated using the profit for the financial year and the weighted average diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive) during the year

Underlying earnings per share comprises basic earnings per share adjusted to exclude earnings relating to exceptional items, amortisation of acquired intangibles and fair value remeasurements of embedded derivatives in long-term debt Cash tax earnings per share comprises underlying earnings per share adjusted to exclude deferred taxation

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Employee Share Ownership Trust

Shares in the Company acquired by the Employee Share Ownership Trust in the open market for use in connection with employee share plans are presented as a deduction from shareholders' funds together with shares transferred by the ESOT to employees and registered in the employees name but subject to mandatory return to the ESOT if performance targets are not achieved When the shares vest to satisfy share-based payments, a transfer is made from shares held in treasury to retained earnings

Non-current assets held for sale

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use Such assets are not depreciated Assets are regarded as held for sale only when the sale is highly probable and the asset is available for sale in its present condition Management must be committed to the sale which must be expected to qualify for recognition as a completed sale within one year from the date of classification

Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs Finance charges, including amortisation of direct transaction costs, are charged to the income statement using the effective interest rate method

Revolving tranches of borrowings and overdrafts which mature on a regular basis are classified as current or non-current liabilities based on the maturity of the relevant facility

2 SEGMENTAL ANALYSIS

Business segments

The Group operates one class of business rental of equipment. Operationally and managerially, the Group is split into three business units, Sunbelt, A-Plant and Ashtead Technology These business units are the basis on which the Group reports its primary segment information

Year ended 30 April 2007	Sunbelt £m	A Plant £m	Ashtead Technology £m	Corporate items £m	Group £m
Revenue	684 6	189 9	21 6	–	896 1
Operating costs before exceptional items	(436 0)	(131 0)	(10 6)	(8 2)	(585 8)
EBITDA	248 6	58 9	11 0	(8 2)	310 3
Depreciation	(116 1)	(38 8)	(4 8)	(0 1)	(159 8)
Segment result before exceptional items	132 5	20 1	6 2	(8 3)	150 5
Amortisation	(10 8)	(0 2)	–	–	(11 0)
Exceptional items	(31 5)	(6 7)	–	(0 2)	(38 4)
Segment result	90 2	13 2	6 2	(8 5)	101 1
Net financing costs					(137 6)
Loss before tax					(36 5)
Taxation					44 4
Profit attributable to equity shareholders					7 9
Segment assets	1,234 1	294 2	22 2	0 2	1,550 7
Cash					1 1
Taxation assets					43 7
Total assets					1,595 5
Segment liabilities	129 5	49 1	4 1	2 9	185 6
Corporate borrowings and accrued interest					930 5
Taxation liabilities					82.7
Total liabilities					1,198 8
Other non-cash expenditure – share-based payments	0 6	0 5	(0 1)	1 0	2 0
Capital expenditure	776 2	104 0	8 5	–	888 7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

2 SEGMENTAL ANALYSIS CONTINUED

Year ended 30 April 2006	Sunbelt £m	A Plant £m	Ashtead Technology £m	Corporate items £m	Group £m
Revenue	461 2	160 7	16 1	–	638 0
Operating costs before exceptional items	(287 8)	(111 8)	(8 1)	(5 6)	(413 3)
EBITDA	173 4	48 9	8 0	(5 6)	224 7
Depreciation	(74 5)	(35 0)	(4 0)	(0 1)	(113 6)
Segment result before exceptional items	98 9	13 9	4 0	(5 7)	111 1
Exceptional items	13 4	–	–	–	13 4
Segment result	112 3	13 9	4 0	(5 7)	124 5
Net financing costs					(42 8)
Profit before tax					81 7
Taxation					(26 1)
Profit attributable to equity shareholders					55 6
Segment assets	667 0	234 8	18 3	0 4	920 5
Cash					1 0
Deferred tax asset					2 9
Other financial assets – derivatives					15 4
Total assets					939 8
Segment liabilities	73 9	27 7	2 3	2 4	106 3
Corporate borrowings and accrued interest					505 7
Taxation liabilities					69 5
Total liabilities					681 5
Other non-cash expenditure – share-based payments	0 5	0 7	0 4	0 3	1 9
Capital expenditure	217 8	56 2	7 9	–	281 9

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

Geographical segments

The Group's operations are located in North America, the United Kingdom and Singapore The following table provides an analysis of the Group's revenue, segment assets and capital expenditure, including acquisitions, by geographical market

	Revenue		Segment assets		Capital expenditure	
	2007 £m	2006 £m	**2007 £m**	2006 £m	**2007 £m**	2006 £m
North America	**694 2**	468 6	**1,245 0**	675 6	**780 5**	220 5
United Kingdom	**199 4**	167 2	**302 9**	242 8	**107 3**	60 6
Rest of World	**2 5**	2 2	**2 8**	2 1	**0 9**	0 8
	896 1	638 0	**1,550 7**	920 5	**888 7**	281 9

3 OPERATING COSTS AND OTHER INCOME

	2007			2006		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Staff costs						
Salaries	258 5	–	258 5	181 8	0 3	182 1
Social security costs	21 4	–	21 4	15 5	–	15 5
Other pension costs	4 7	–	4 7	2 8	–	2 8
Redundancies and retention bonuses	–	10 1	10 1	–	–	–
	284 6	10 1	294 7	200 1	0 3	200 4
Other operating costs						
Vehicle costs	64 3	–	64 3	51 7	–	51 7
Spares, consumables and external repairs	57 5	–	57 5	45 3	–	45 3
Facility costs	47 8	10 2	58 0	31 8	0 5	32 3
Other external charges	143 4	16 3	159 7	93 5	0 8	94 3
	313 0	26 5	339 5	222 3	1 3	223 6
Other income						
Profit on disposal of property, plant and equipment	(11 8)	0 9	(10 9)	(9 1)	(3 7)	(12 8)
Other income	–	–	–	–	(11 3)	(11 3)
	(11 8)	0 9	(10 9)	(9 1)	(15 0)	(24 1)
Depreciation and amortisation						
Depreciation of owned assets	153 4	0 9	154 3	105 0	–	105 0
Depreciation of leased assets	6 4	–	6 4	8 6	–	8 6
Amortisation of acquired intangibles	–	11 0	11 0	–	–	–
	159 8	11 9	171 7	113 6	–	113 6
	745 6	49 4	795 0	526 9	(13 4)	513 5

Proceeds from the disposal of property, plant and equipment amounted to £69 9m (2006 £63 7m) Other income in 2006 related to litigation proceeds We have reclassified £0 3m in 2006 from salaries to other external charges

The costs shown in the above table include

	2007			2006		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Operating lease rentals payable						
Plant and equipment	5 6	–	5 6	3 6	–	3 6
Property	26.4	10 2	36 6	17 6	0 5	18 1
Cost of inventories recognised as expense	106 3	–	106.3	68.8	–	68 8
Bad debt expense	6 3	–	6 3	4 3	–	4 3
Net foreign exchange losses/(gains)	0 1	–	0 1	(0 1)	–	(0 1)

The Group's key management comprise the Company's executive and non-executive directors Details of their remuneration together with their share interests and share option awards are given in the Directors' Remuneration Report and form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3 OPERATING COSTS AND OTHER INCOME CONTINUED

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

	2007 £ 000	2006 £ 000
Audit services		
Fees payable to Deloitte UK		
– Group audit	**379**	340
– UK statutory audits of subsidiaries	**28**	25
Fees payable to other Deloitte firms		
– Overseas statutory audit	**3**	2
– Overseas subsidiary audits	**352**	194
	762	561
Other services		
Fees payable to Deloitte UK		
– Half year review	**102**	79
– Other assurance services	**18**	18
– Due diligence services	**345**	250
Fees payable to other Deloitte firms		
– Tax services	**28**	36
– Other assurance services	**53**	–
	1,308	944

Due diligence services in 2007 relate to the Lux acquisition and the review of the Group's working capital required in connection with the NationsRent acquisition

4 NET FINANCING COSTS

	2007 £m	2006 £m
Investment income		
Interest and other financial income	**0 1**	0 5
Expected return on assets of defined benefit pension plan	**3 8**	2 2
	3 9	2 7
Exceptional income and fair value remeasurements of embedded derivatives	**–**	7 8
Total investment income	**3 9**	10 5
Interest expense		
Bank interest payable	**34 0**	16 3
Interest on second priority senior secured notes	**31 7**	19 7
Interest payable on finance leases	**1 6**	1 8
5 25% unsecured convertible loan note, due 2008		
– interest payable	**–**	1 9
– non-cash unwind of discount	**–**	1 0
Non-cash unwind of discount on defined pension plan liabilities	**2.5**	2 2
Non-cash unwind of discount on insurance provisions	**0 7**	0 4
Fair value losses on derivatives not accounted for as hedges	**–**	0 3
Amortisation of deferred costs of debt raising	**2 5**	2 7
	73 0	46 3
Exceptional costs and fair value remeasurements of embedded derivatives	**68 5**	7 0
Total interest expense	**141 5**	53 3
Net financing costs before exceptional items and fair value remeasurements of embedded derivatives	**69 1**	43 6
Net exceptional income and fair value remeasurements of embedded derivatives	**68 5**	(0 8)
Net financing costs	**137 6**	42 8

5 EXCEPTIONAL ITEMS, AMORTISATION AND FAIR VALUE REMEASUREMENTS

	2007 £m	2006 £m
Senior note redemption costs	**42.1**	5 0
Write off of deferred financing costs relating to debt redeemed	**10 5**	1 5
Acquisition integration costs	**21 3**	0 8
Rebranding costs	**9 4**	–
UK restructuring	**6 2**	–
Litigation proceeds	**–**	(11 3)
Profit on sale of scaffolding	**–**	(2 9)
Gain on repayment of convertible loan note	**–**	(2 0)
Other costs	**2 0**	0 3
Total exceptional items	**91 5**	(8 6)
Amortisation of acquired intangibles	**11 0**	–
Fair value remeasurements of embedded derivatives	**15 4**	(5 6)
	117 9	(14 2)

Senior note redemption costs include 'make-whole payments and associated costs of £25 4m paid at closing on 31 August 2006 in connection with NationsRent's $400m secured and unsecured loan notes and £16 7m paid on the same date in connection with the redemption of the £78m Ashtead secured loan notes due 2014 The write off of deferred financing costs relates to deferred costs previously carried forward on both Ashtead's sterling senior notes and its $800m asset based bank facility which was replaced on 31 August 2006 by a new $1 75bn asset based bank facility Acquisition integration costs relate primarily to employee retention and severance costs and vacant property costs following the NationsRent acquisition and rebranding relates to new signage for profit centres and repainting of former NationsRent equipment UK restructuring relates to principally vacant property costs and the write off of leasehold improvements at profit centres closed as a result of the A-Plant move to fewer larger sites

Exceptional items, amortisation and fair value remeasurements are presented in the income statement as follows

	2007 £m	2006 £m
Staff costs	**10 1**	0 3
Other operating costs	**26 5**	1 3
Other income	**0 9**	(15 0)
Depreciation	**0 9**	–
Amortisation	**11 0**	–
Charged/(credited) in arriving at operating profit	**49 4**	(13 4)
Investment income	**–**	(7 8)
Interest expense	**68 5**	7 0
Charged/(credited) in arriving at profit before taxation	**117 9**	(14 2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

6 TAXATION

	2007 £m	2006 £m
Analysis of (credit)/charge in period		
Current tax		
– UK corporation tax at 30% (2006 30%)	–	–
– overseas taxation	0 4	5 5
	0 4	5 5
Deferred tax	(44 8)	20 6
Taxation	(44 4)	26 1

The tax credit comprises a charge of £28 7m (2006 £21 1m) relating to tax on the profit before exceptional items, amortisation and fair value remeasurements and a credit of £73 1m (2006 charge of £5 0m) relating to tax on exceptional items, amortisation and fair value remeasurements of £37 2m and the recognition of a previously unrecognised UK deferred tax asset of £35 9m

The tax credit for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £m	2006 £m
(Loss)/profit on ordinary activities before tax	(36 5)	81 7
(Loss)/profit on ordinary activities multiplied by the rate of Corporation tax in the UK of 30% (2006 30%)	(10 9)	24 5
Effects of		
Adjustment to tax charge in respect of prior period	–	0 4
Use of foreign tax rates on overseas income	(1 8)	6 8
Exceptional recognition of deferred tax asset	(35 9)	–
Deferred tax asset recognised	–	(2 9)
Change in unrecognised deferred tax asset	3 3	(2 7)
Other	0 9	–
Total taxation	(44 4)	26 1

7 DIVIDENDS

	2007 £m	2006 £m
Final dividend paid on 28 September 2006 of 1 0p (2005 nil) per 10p ordinary share	4 0	–
Interim dividend paid on 28 February 2007 of 0 55p (2006 0 5p) per 10p ordinary share	3 0	2 0
	7 0	2 0

In addition, the directors are proposing a final dividend in respect of the financial year ended 30 April 2007 of 1 1p per share which will absorb £6 0m of shareholders funds Subject to approval by shareholders it will be paid on 28 September 2007 to shareholders who are on the register of members on 7 September 2007

8 EARNINGS PER SHARE

	2007			2006		
	Earnings £m	Weighted average no. of shares million	Per share amount pence	Earnings £m	Weighted average no of shares million	Per share amount pence
Basic earnings per share	**7 9**	**512 3**	**1 5p**	55 6	410 9	13 5p
Effect of dilutive securities						
Share options and share plan awards	**–**	**6 7**	**–**	–	9 0	(0 3p)
Diluted earnings per share	**7 9**	**519 0**	**1 5p**	55 6	419 9	13 2p

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

	2007 pence	2006 pence
Basic earnings per share	**1 5**	13 5
Exceptional items, amortisation of acquired intangibles and fair value remeasurements	**23 0**	(3 4)
Tax on exceptional items, amortisation and fair value remeasurements	**(7 2)**	1 2
Exceptional deferred tax credit for previously unrecognised UK tax losses	**(7 0)**	–
Underlying earnings per share	**10 3**	11 3
Other deferred tax	**5 5**	5 1
Cash tax earnings per share	**15 8**	16 4

9 INVENTORIES

	2007 £m	2006 £m
Raw materials, consumables and spares	**10 8**	8 1
Goods for resale	**13 4**	4 6
	24 2	12 7

10 TRADE AND OTHER RECEIVABLES

	2007 £m	2006 £m
Trade receivables	**156 3**	104 9
Less, provisions for impairment	**(12 4)**	(8 4)
	143 9	96 5
Other receivables	**19 8**	13 9
	163 7	110 4

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11 PROPERTY, PLANT AND EQUIPMENT

		Rental equipment				Motor vehicles		
	Land and buildings £m	Owned £m	Held under finance leases £m	Office and workshop equipment £m	Other leases £m	Owned £m	Held under finance leases £m	Total £m
Cost or valuation								
At 1 May 2005	60 6	792 0	8 2	23 2	0 7	4 0	36 9	925 6
Exchange difference	1 3	26 5	0 2	0 6	–	0 1	1 2	29 9
Acquisitions	0 4	32 2	–	0 1	–	2 6	–	35 3
Reclassifications	–	6 9	(6 5)	1 2	(0 7)	1 4	(2 3)	–
Additions	4 0	201 8	–	3 9	–	8 5	2 0	220 2
Disposals	(2 3)	(139 4)	–	(1 7)	–	(2 0)	(1 5)	(146 9)
At 30 April 2006	64 0	920 0	1 9	27 3	–	14 6	36 3	1,064 1
Exchange difference	(3 0)	(77 4)	(0 2)	(2 2)	–	(3 2)	(2 6)	(88 6)
Acquisitions	9 4	505 0	0 2	21 0	–	47 1	8 2	590 9
Reclassifications	–	0 9	(1 5)	0 3	–	3 3	(3 0)	–
Additions	4 6	256 4	–	6 7	–	20 0	2 5	290 2
Disposals	(2 9)	(171 2)	–	(5 4)	–	(7 9)	(3 3)	(190 7)
At 30 April 2007	**72.1**	**1,433 7**	**0 4**	**47 7**	**–**	**73 9**	**38 1**	**1,665 9**
Depreciation								
At 1 May 2005	15 6	346 6	0 7	16 7	0 3	0 4	8 2	388 5
Exchange difference	0 3	10 4	–	0 5	–	–	0 1	11 3
Reclassifications	–	0 5	(0 4)	0 7	(0 5)	0 9	(1 2)	–
Charge for the period	3 2	95 9	0 3	3 7	0 2	2 2	8 1	113 6
Disposals	(0 7)	(92 0)	–	(1 4)	–	(1 3)	(0 6)	(96 0)
At 30 April 2006	18 4	361 4	0 6	20 2	–	2 2	14 6	417 4
Exchange difference	(0 8)	(29 1)	(0 1)	(1 8)	–	(1 5)	(0 9)	(34 2)
Acquisitions	1 6	160 6	–	15 8	–	27 4	0 3	205 7
Reclassifications	–	0 4	(0 6)	0 2	–	1 8	(1 8)	–
Charge for the period	4 1	138 2	0 2	4 6	–	7 4	6 2	160 7
Disposals	(1 4)	(118 1)	–	(3 9)	–	(6 0)	(2 3)	(131 7)
At 30 April 2007	**21 9**	**513 4**	**0 1**	**35 1**	**–**	**31 3**	**16 1**	**617 9**
Net book value								
At 30 April 2007	**50 2**	**920 3**	**0 3**	**12 6**	**–**	**42 6**	**22 0**	**1,048 0**
At 30 April 2006	45 6	558 6	1 3	7 1	–	12 4	21 7	646 7

The amount of rebuild costs capitalised in the year was £5 4m (2006 £4 1m)

12 INTANGIBLE ASSETS INCLUDING GOODWILL

		Other intangible assets				
	Goodwill £m	Brand names £m	Customer lists £m	Contract related £m	Total £m	Total £m
At 1 May 2005	118 2	–	–	–	–	118 2
Recognised on acquisition	26 4	–	–	–	–	26 4
Exchange differences	4 4	–	–	–	–	4 4
At 30 April 2006	149 0	–	–	–	–	149 0
Recognised on acquisition	161 2	10 7	1 7	8 6	21 0	182 2
Adjustment to prior year acquisition	0 1	–	–	–	–	0 1
Amortisation	–	(9 4)	(0 1)	(1 5)	(11 0)	(11 0)
Exchange differences	(20 7)	–	–	(0 3)	(0 3)	(21 0)
At 30 April 2007	**289 6**	**1 3**	**1 6**	**6 8**	**9 7**	**299 3**

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

	2007 £m	2006 £m
Sunbelt	**274 9**	143 8
A-Plant	**12 7**	3 0
Ashtead Technology	**2 0**	2 2
	289 6	149 0

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on approved financial plans covering a three year period The growth rate assumptions used in the plans were based on past performance and management's expectations of market developments The annual growth rate used to determine the cash flows beyond the three year period is 2% and does not exceed the average long-term growth rates for the relevant markets The pre-tax rate used to discount the projected cash flows for Sunbelt is 9%

13 TRADE AND OTHER PAYABLES

	2007 £m	2006 £m
Trade payables	**55 8**	36 2
Other taxes and social security	**13 6**	8 5
Accruals and deferred income	**97 4**	54 4
	166 8	99 1

Trade and other payables include amounts relating to the purchase of fixed assets of £47 0m (2006 £30 0m)

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14 BORROWINGS

	2007 £m	2006 £m
Current		
First priority senior secured bank debt	**1 3**	1 5
Finance lease obligations	**7 7**	9 1
	9 0	10 6
Non-current		
First priority senior secured bank debt	**504 6**	261 5
Finance lease obligations	**14 3**	14 1
12% second priority senior secured notes, due 2014	**–**	75 5
8 625% second priority senior secured notes due 2015	**120 6**	132 7
9% second priority senior secured notes, due 2016	**268 3**	–
Loan notes	**0 2**	0 2
	908 0	484 0

Costs incurred during the year relating to the raising of debt amounted to £15 2m (2006 £6 3m) and have been carried forward against the book value of the associated debt in accordance with the Group s accounting policies

Senior secured bank debt and the senior secured notes are secured by way of, respectively, first and second priority fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables

First priority senior secured credit facility
In connection with the NationsRent acquisition, on 31 August 2006 the Group repaid the outstanding borrowings under its $800m first priority asset based senior secured loan facility and replaced it with a new $1 75bn first priority asset based senior secured loan facility ("ABL facility") The new ABL facility consists of a $1 5bn revolving credit facility and a $250m term loan and is secured by a first priority interest in substantially all of the Group's assets Pricing is based on the ratio of funded debt to EBITDA before exceptional items according to a grid which varies, depending on leverage from LIBOR plus 225bp to LIBOR plus 150bp At 30 April 2007 the Group's borrowing rate was LIBOR plus 175bp

The ABL facility carries minimal amortisation of 1% per annum ($2 5m) on the term loan and is committed until August 2011 The ABL facility includes a springing covenant package under which quarterly financial performance covenants are tested only if available liquidity is less than $125m Available liquidity at 30 April 2007 was £295m ($589m) reflecting drawings under the facility at that date together with outstanding letters of credit of £18 6m ($37 2m) As the ABL facility is asset based, the maximum amount available to be borrowed (which includes drawings in the form of standby letters of credit) depends on asset values (receivables, inventory, rental equipment and real estate) which are subject to periodic independent appraisal The maximum amount which could be drawn at 30 April 2007 was £832m ($1,663m)

12% second priority senior secured notes due 2014 having a nominal value of £78m
These notes were redeemed on 31 August 2006 for their nominal value of £78m plus a "make-whole" payment of £16 7m including costs

8 625% second priority senior secured notes due 2015 having a nominal value of $250m
On 3 August 2005 the Group, through its wholly owned subsidiary Ashtead Holdings plc issued $250m of 8 625% second priority senior secured notes due 1 August 2015 The notes are secured by second priority security interests over substantially the same assets as the ABL facility and are also guaranteed by Ashtead Group plc

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

15 FINANCIAL INSTRUMENTS

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

		2007	2006
First priority senior secured bank debt	– revolving advances in dollars	**7 13%**	6 25%
	– term loan advances in dollars	**7 13%**	6 50%
	– revolving advances in sterling	**7 30%**	6 08%
Sterling secured notes		**n/a**	12 0%
Dollar secured notes	– $250m nominal value	**8 625%**	8 625%
	– $550m nominal value	**9 0%**	n/a
Finance leases		**7 0%**	7 0%

A discussion of financial instruments used by the Group and its approach to managing foreign exchange and interest rate risk is included in the Business and Financial Review

Net fair values of derivative financial instruments

At 30 April 2007, the Group's embedded prepayment options included within its secured loan notes had a combined fair value of £nil (2006 £15 4m)

At 30 April 2007, the Group had no other derivative financial instruments At 30 April 2006, the Group had one interest rate swap with a notional principal of $100m which was designated as a cash flow hedge and which matured on 3 May 2006 The net fair value of this derivative financial instrument at 30 April 2006 was £0 3m

Fair value of non-derivative financial assets and liabilities

The table below provides a comparison, by category of the carrying amounts and the fair values of the Group's non-derivative financial assets and liabilities at 30 April 2007 Fair value is the amount at which a financial instrument could be exchanged in an arm s length transaction between informed and willing parties and includes accrued interest Where available, market values have been used to determine fair values of financial assets and liabilities Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest and exchange rates

	2007		2006	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Fair value of non-current borrowings				
Long-term borrowings				
– first priority senior secured bank debt	**511 1**	**511 1**	270 5	270 5
– finance lease obligations	**14 3**	**14 7**	14 1	13 7
– 12% senior secured notes	**–**	**–**	78 0	92 5
– 8 625% senior secured notes	**125 0**	**130 0**	137 5	142 5
– 9% senior secured notes	**275 0**	**296 3**	–	–
– other loan notes	**0 2**	**0 2**	0 2	0 2
	925 6	**952 3**	500 3	519 4
Deferred costs of raising finance	**(17 6)**	**–**	(16 3)	–
	908 0	**952 3**	484 0	519 4

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15 FINANCIAL INSTRUMENTS CONTINUED

	2007		2006	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Fair value of other financial instruments held or issued to finance the Group's operations				
Short-term borrowings	**1 3**	**1 3**	1 5	1 5
Finance lease obligations due within one year	**7 7**	**7 9**	9 1	8 8
Trade and other payables	**166 8**	**166 8**	99 1	99 1
Trade and other receivables	**(163 7)**	**(163 7)**	(110 4)	(110 4)
Cash at bank and in hand	**(1 1)**	**(1 1)**	(1 0)	(1 0)

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities is as follows

	2007			2006		
	Debt £m	**Finance leases £m**	**Total £m**	Debt £m	Finance leases £m	Total £m
Less than one year	**1 3**	**7 7**	**9 0**	1 5	9 1	10 6
Between one and two years	**1 3**	**5 7**	**7 0**	1 5	5 5	7 0
Between two and five years	**503 5**	**8 6**	**512 1**	260 2	8 5	268 7
More than five years	**388 9**	**–**	**388 9**	208 2	0 1	208 3
	895 0	**22 0**	**917 0**	471 4	23 2	494 6

The minimum lease payments under finance leases fall due as follows

	2007 £m	2006 £m
Within one year	**8 9**	10 3
Later than one year but not more than five	**16 3**	15 7
More than five years	**–**	0 1
	25 2	26 1
Future finance charges on finance leases	**(3 2)**	(2 9)
Present value of future finance lease payments	**22.0**	23 2

16 PROVISIONS

	Self insurance £m	Other £m	Total £m
At 1 May 2006	15 8	2 5	18 3
Exchange differences	(1 6)	(0 4)	(2 0)
Acquired in the year	6 3	–	6 3
Utilised	(12 4)	(3 1)	(15 5)
Charged in the year	12 0	12 5	24 5
Amortisation of discount	0 7	–	0 7
At 30 April 2007	**20 8**	**11 5**	**32 3**

16 PROVISIONS CONTINUED

	2007 £m	2006 £m
Included in current liabilities	**12 7**	7 0
Included in non-current liabilities	**19 6**	11 3
	32 3	18 3

Self insurance provisions relate to the discounted estimated liability in respect of costs to be incurred under the Group's self-insured programmes for events occurring up to the year-end and are expected to be utilised over a period of approximately eight years The provision is established based on advice received from independent actuaries of the estimated total cost of the self insured retained risk based on historical claims experience The amount charged in the year is stated net of a £3 1m adjustment to reduce the provision held at 1 May 2006

Other provisions relate primarily to vacant property costs which are expected to be utilised over a period of up to five years

17 DEFERRED TAX

Deferred tax assets

	Tax losses £m	Other temporary differences £m	Total £m
At 1 May 2006	1 4	18 5	19 9
Exchange differences	(1 4)	(2 1)	(3 5)
Acquisitions	28 7	14 5	43 2
(Charge)/credit to income statement	(2 5)	39 3	36 8
Credit to equity	–	1 6	1 6
Less offset against deferred tax liability	(26 2)	(30 1)	(56 3)
At 30 April 2007	–	**41 7**	**41 7**

Deferred tax liabilities

	Accelerated tax depreciation £m	Other temporary differences £m	Total £m
At 1 May 2006	80 6	2 6	83 2
Exchange differences	(10 6)	–	(10 6)
Acquisitions	72 4	1 3	73 7
Credit to income statement	(4 7)	(3 3)	(8 0)
	137 7	0 6	138 3
Less offset of deferred tax assets			
– benefit of tax losses			(26 2)
– other temporary differences			(30 1)
At 30 April 2007			**82 0**

The Group's improving profitability in the UK and the reorganisation of our internal corporate structure to finance the NationsRent acquisition has enabled the Group to recognise a total deferred tax asset in the UK of £41 7m at 30 April 2007 (2006 £2 9m) as it is considered probable that sufficient taxable profit will be available to utilise this deferred tax asset The Group has an unrecognised UK deferred tax asset of £2 0m (2006 £34 3m) in respect of losses, as it is not considered probable this deferred tax asset will be utilised

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £11 6m (2006 £9 2m) No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future

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18 CALLED UP SHARE CAPITAL

	2007 Number	2006 Number	2007 £m	2006 £m
Ordinary shares of 10p each				
Authorised	**900,000,000**	900,000,000	**90 0**	90 0
Issued and fully paid				
At 1 May	**404,334,066**	326,074,928	**40 4**	32 6
Allotted under share option schemes	**3,324,267**	4,908,786	**0 4**	0 5
Allotted through rights issue	**152,240,015**	73,350,352	**15 2**	7 3
At 30 April	**559,898,348**	404,334,066	**56 0**	40 4

On 29 August 2006 the Group issued 152,240,015 ordinary shares of 10p each at £1 per share through a 3 for 8 rights issue which raised £152 2m before issue expenses of £5 5m A further 3 324 267 shares were issued during the year at an average price of 64 6p per share under share option plans raising £2 2m

19 RECONCILIATION OF CHANGES IN SHAREHOLDERS' FUNDS

	Share capital £m	Share premium account £m	Equity element of convertible loan note £m	Non-distributable reserve £m	Own shares held in treasury (ESOT) £m	Cumulative foreign exchange translation differences £m	Distributable reserves £m	Total £m
At 1 May 2005	32 6	100 8	24 3	–	(1 6)	(32 6)	(3 8)	119 7
Total recognised income and expense	–	–	–	–	–	15 4	55 8	71 2
Shares issued	7 8	66 2	–	(3 1)	–	–	–	70 9
Dividends	–	–	–	–	–	–	(2 0)	(2 0)
Share-based payments	–	–	–	–	–	–	1 3	1 3
Capital reduction	–	(163 8)	–	93 8	–	–	70 0	–
Vesting of share awards	–	–	–	–	0 2	–	(0 2)	–
Own shares purchased	–	–	–	–	(2 8)	–	–	(2 8)
Redemption of convertible loan note	–	–	(24 3)	–	–	–	24 3	–
At 30 April 2006	40 4	3 2	–	90 7	(4 2)	(17 2)	145 4	258 3
Total recognised income and expense	–	–	–	–	–	(13 0)	12 0	(1 0)
Shares issued	15 6	0 1	–	–	–	–	133 2	148 9
Dividends	–	–	–	–	–	–	(7 0)	(7 0)
Share-based payments	–	–	–	–	–	–	2 4	2 4
Vesting of share awards	–	–	–	–	0 4	–	(0 4)	–
Own shares purchased	–	–	–	–	(4 9)	–	–	(4 9)
At 30 April 2007	**56 0**	**3 3**	**–**	**90 7**	**(8 7)**	**(30 2)**	**285 6**	**396 7**

20 SHARE-BASED PAYMENTS

The Employee Share Option Trust (ESOT) facilitates the provision of shares under certain of the Group's share-based remuneration plans It holds a beneficial interest in 8,290,747 ordinary shares of the Company acquired at an average cost of 104 7p per share The ESOT owned directly 4,932,329 of these shares and a further 3,358,418 shares were registered in the name of Investment Incentive Plan or Performance Share Plan participants on terms which require that the award shares are transferred back to the ESOT to the extent that the performance targets are not met. The shares had a market value of £12 8m at 30 April 2007 The ESOT and the plan participants have waived the right to receive dividends on the shares they hold The costs of operating the ESOT are borne by the Group but are not significant.

The Group has recognised the fair value of share-based payments to employees based on grants of shares since 7 November 2002 (the transitional date for IFRS 2, Share-based payments)

20 SHARE-BASED PAYMENTS CONTINUED

Cash Incentive Plan

The Cash Incentive Plan ("CIP") is an award of units which are subject to the same performance conditions as apply to the Company's unapproved share option scheme Awards were granted under this plan in 2000 and 2001 and are exercisable up to February 2010 and 2011, respectively, as all performance conditions have been satisfied On exercise by the option holder, the difference between the mid-market price of Ashtead Group plc shares on that day and the grant prices of 94 09p and 115 31p, for the 2000 and 2001 awards respectively, multiplied by the number of units held will be paid by way of a cash award to the holder, net of applicable taxes

In 2006 the credit in respect of the CIP was £289,000 (2006 charge of £558 000) The fair value of the awards at 30 April 2007 was based on the share price on that date

Investment Incentive Plan

Details of the Investment Incentive Plan ("IIP") are given on page 41 The costs of this scheme are charged to the income statement over the vesting period, based upon the fair value of the award at the grant date and the likelihood of allocations vesting under the scheme In 2007 the charge in respect of the IIP was £160,000 (2006 £160,000) No awards were granted under the IIP in 2007 The fair value of awards granted during 2004 was estimated using a Black-Scholes option pricing model with the following assumptions share price at grant date of 48 50p, nil exercise price, no dividend yield, volatility of 125 4%, a risk free rate of 4 9% and an expected life of three years

Expected volatility was determined by calculating the historical volatility over the previous three years The expected life used in the model is based on the terms of the plan

Performance Share Plan

Details of the Performance Share Plan ('PSP') are given on pages 41 and 42 The costs of this scheme are charged to the income statement over the vesting period, based on the fair value of the award at the grant date and the likelihood of allocations vesting under the scheme In 2007, the charge in respect of the PSP was £1,275,000 (2006 £828 000)

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model with the following assumptions share price at grant date of 153 50p, nil exercise price a dividend yield of 0 98%, volatility of 58 0% a risk free rate of 4 9% and an expected life of three years

Expected volatility was determined by calculating the historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan

Discretionary share option schemes

Details of the discretionary share option schemes are given on page 41 In accordance with the transitional provisions of IFRS 2, Share-based payments, the Group has not recognised any expense for these schemes as they were all granted prior to 7 November 2002

Save-As-You-Earn (SAYE) schemes

The costs of SAYE schemes are charged to the income statement over the vesting period based upon the fair value of the award at the grant date In 2007 the charge in respect of SAYE schemes was £286,000 (2006 £400,000)

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model with the following assumptions share price at grant date of 128 92p, exercise price of 122 14p, a dividend yield of 1 16%, volatility of 46 2%, a risk free rate of 4 9% and an expected life of three years Expected volatility was determined by calculating historical volatility over the previous three years The expected life used in the model is based on the terms of the plan

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20 SHARE-BASED PAYMENTS CONTINUED

	Discretionary schemes		SAYE			
	Number	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	IIP Number	PSP Number
2004/5						
Outstanding at 1 May 2004	15,298,668	107 613	3 410,276	30 372	2,072 582	–
Granted	–	–	1 960 219	30 740	987,501	1,831,500
Forfeited	(2 576,686)	132 478	(149,112)	32 150	(1,896,113)	–
Exercised	(25,000)	41 500	(393 364)	42 872	–	–
Expired	(887,290)	61 440	(584 512)	36 962	–	–
Outstanding at 30 April 2005	11,809,692	105 797	4,243,507	28 413	1,163,970	1,831,500
Exercisable at 30 April 2005	–	–	120,245	50 748	–	–
2005/6						
Outstanding at 1 May 2005	11,809,692	105 797	4,243,507	28 413	1,163,970	1,831,500
Granted	–	–	398,777	115 430	–	1,899,399
Forfeited	(507,234)	120 544	(124,396)	32 369	–	(88 453)
Exercised	(4,815,598)	80 813	(93,188)	48 774	(176,469)	–
Expired	–	–	(197,774)	37 403	–	–
Outstanding at 30 April 2006	6,486,860	123 191	4,226,926	35 637	987,501	3,642,446
Exercisable at 30 April 2006	6,486,860	123 191	33,674	31 233	–	–
2006/7						
Outstanding at 1 May 2006	6,486,860	123 191	4,226,926	35 637	987,501	3 642,446
Granted	–	–	555,938	132 400	–	1,759,087
Rights issue uplift	505,874	–	287,945	–	83,045	296,891
Forfeited	(32,077)	107 541	(77,270)	80 408	–	(210,252)
Exercised	(1,993,853)	90 741	(1,330,414)	25 385	–	–
Expired	(4,336)	124 223	(183,483)	88 572	–	–
Outstanding at 30 April 2007	4,962,468	123 876	3,479,642	48 911	1,070,546	5,488,172
Exercisable at 30 April 2007	4,962,468	123 876	81,380	23 246	–	–

Options outstanding at 30 April 2007

	Discretionary schemes			SAYE		
Year of grant	Weighted average exercise price (p)	Number of shares	Latest exercise date	Weighted average exercise price (p)	Number of shares	Latest exercise date
1997/8	170 384	1,346,487	05 Feb 08	–	–	–
1998/9	160 320	763,910	26 Feb 09	–	–	–
1999/2000	94 039	186,828	08 Mar 10	–	–	–
2000/1	108 384	2,043,295	16 Aug 10	–	–	–
2001/2	38 282	621,948	26 Feb 12	38 374	8,625	30 Sep 07
2002/3	–	–	–	22 388	947,115	31 Oct 08
2003/4	–	–	–	–	–	–
2004/5	–	–	–	28 357	1,647,571	31 Mar 08
2005/6	–	–	–	106 480	325,299	30 Apr 09
2006/7	–	–	–	122 134	551,032	28 Feb 10
		4,962,468			3,479,642	

The weighted average share price during the period for options exercised over the year was 90 741p (2006 80 813p) for discretionary schemes and 25 385p (2006 48 774p) for SAYE schemes The total charge for the year relating to employee share-based payment plans was £2 0m (2006 £1 9m), comprising a £2 3m charge for equity-settled share-based payment transactions and a £0 3m credit relating to cash-settled share-based payment transactions After deferred tax, the total charge was £1 5m (2006 £1 7m)

21 OPERATING LEASES

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

	2007 £m	2006 £m
Land and buildings		
Expiring in one year	**1 7**	0 9
Expiring between two and five years	**16 6**	5 5
Expiring in more than five years	**12 8**	10 5
	31 1	16 9
Other		
Expiring in one year	**0 5**	0 1
Expiring between two and five years	**3 6**	0 9
	4 1	1 0
Total	**35 2**	17 9

Total minimum commitments under existing operating leases at 30 April 2007 through to the end of their respective term by year are as follows

Financial year	Land and buildings £m	Other £m	Total £m
2008	31 1	4 1	35 2
2009	28 4	1 1	29 5
2010	21 3	0 1	21 4
2011	17 0	–	17 0
2012	14 2	–	14 2
Thereafter	120 0	–	120 0
	232 0	5 3	237 3

22 PENSIONS

The Group operates pension plans for the benefit of qualifying employees The major plans for new employees throughout the Group are all defined contribution plans following the introduction of the stakeholder pension plan for UK employees in May 2002 Pension costs for defined contribution plans were £3 6m (2006 £1 8m)

The Group also has a defined benefit plan for UK employees which was closed to new members in 2001 This plan is a funded defined benefit plan with trustee administered assets held separately from those of the Group It was valued by the actuaries under IAS 19, Employee Benefits, at 30 April 2007 The principal assumptions made by the actuary were as follows

	2007	2006
Rate of increase in salaries	**4 25%**	4 00%
Rate of increase in pensions in payment	**3 25%**	3 00%
Discount rate	**5 50%**	5 00%
Inflation assumption	**3 25%**	3 00%
Expected return on plan assets	**7 40%**	7 30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

22 PENSIONS CONTINUED

The amounts recognised in the income statement are as follows

	2007 £m	2006 £m
Current service cost	1 1	1 0
Interest cost	2.5	2 2
Expected return on plan assets	(3 8)	(2 2)
Total (income)/expense	(0 2)	1 0

The amounts recognised in the balance sheet are determined as follows

	2007 £m	2006 £m
Fair value of plan assets	57 6	52 2
Present value of defined benefit obligation	(52 4)	(50 5)
Net asset recognised in the balance sheet	5 2	1 7

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

	2007 £m	2006 £m
At 1 May	50 5	50 7
Current service cost	1 1	1 0
Interest cost	2 5	2 2
Contributions from members	0 6	0 6
Actuarial (gain)/loss	(1 6)	5 1
Benefits paid	(0 7)	(0 4)
Settlements	–	(8 7)
	52.4	50 5

The actuarial gain in the year ended 30 April 2007 reflects the increase in the required discount rate (that for AA rated corporate bonds) in the year from 5 0% to 5 5% which reduced the discounted amount of accrued defined benefit obligations, partially offset by moving to the medium cohort mortality tables

Movements in the fair value of plan assets were as follows

	2007 £m	2006 £m
At 1 May	52 2	34 5
Expected return on plan assets	3 8	2 2
Actual return on plan assets in excess of expected return	0 9	5 3
Contributions from the sponsoring companies	0 8	18 7
Contributions from members	0 6	0 6
Benefits paid	(0 7)	(0 4)
Settlements	–	(8 7)
	57 6	52 2

22 PENSIONS CONTINUED

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

	Expected return		Fair value	
	2007 %	2006 %	2007 £m	2006 £m
Equity instruments	7 7	7 7	43 7	39 6
Bonds	5 2	5 1	7 7	7 3
Property	7 7	7 7	6 1	5 2
Cash	–	–	0 1	0 1
			57 6	52 2

The history of experience adjustments is as follows

	2007 £m	2006 £m	2005 £m
Fair value of scheme assets	57 6	52 2	34 5
Present value of defined benefit obligations	(52 4)	(50 5)	(50 7)
Surplus/(deficit) in the scheme	5 2	1 7	(16 2)
Experience adjustments on scheme liabilities			
Gain/(loss) (£m)	1 6	(5 1)	(4 2)
Percentage of scheme liabilities	3%	(10%)	(8%)
Experience adjustments on scheme assets			
Gain (£m)	0 9	5 3	0 5
Percentage of the present value of the scheme assets	2%	10%	1%

The estimated amount of contributions expected to be paid by the Company to the plan during the current financial year is £0 7m

23 NOTES TO THE CASH FLOW STATEMENT

a) Cash flow from operating activities

	2007 £m	2006 £m
Operating profit	101 1	124 5
Depreciation and amortisation	171 7	113 6
Exceptional items	37 5	(13 4)
EBITDA before exceptional items	310 3	224 7
Profit on disposal of property, plant and equipment	(11 8)	(9 1)
Decrease in inventories	14 8	2 2
Decrease/(increase) in trade and other receivables	7 2	(11 2)
(Decrease)/increase in trade and other payables	(4 6)	7 5
Exchange differences	1 1	(0 3)
Other non-cash movements	2 3	1 4
Cash generated from operations before exceptional items	319 3	215 2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

23 NOTES TO THE CASH FLOW STATEMENT CONTINUED

b) Reconciliation to net debt

	2007 £m	2006 £m
(Increase)/decrease in cash in the period	**(0 1)**	1 2
Increase in debt through cash flow	**238 8**	1 4
Change in net debt from cash flows	**238 7**	2 6
Exchange differences	**(64 7)**	3 7
Debt acquired	**232 8**	–
Non-cash movements		
– deferred costs of debt raising	**13 0**	4 0
– convertible loan note	**–**	(1 0)
– capital element of new finance leases	**2 5**	2 0
Movement in net debt in the period	**422 3**	11 3
Net debt at 1 May	**493 6**	482 3
Net debt at 30 April	**915 9**	493 6

c) Analysis of net debt

	1 May 2006 £m	Exchange movement £m	Cash flow £m	Debt acquired £m	Non-cash movements £m	30 April 2007 £m
Cash and cash equivalents	(1 0)	–	(0 1)	–	–	(1 1)
Debt due within one year	10 6	(0 6)	(13 4)	7 3	5 1	9 0
Debt due after one year	484 0	(64 1)	252 2	225 5	10 4	908 0
Total net debt	493 6	(64 7)	238 7	232 8	15 5	915 9

Non-cash movements relate to prepaid fees written off on debt refinanced during the year, the amortisation of prepaid fees relating to senior secured debt facilities and the addition of new finance leases in the year

d) Exceptional financing costs paid

Exceptional financing costs paid comprise £16 7m relating to the redemption of the second priority senior secured loan notes due 2014 and £32 6m relating to the redemption of NationsRent debt acquired £0 5m relates to preacquisition interest on the second priority secured notes due 2016

e) Acquisitions

	2007			2006
	NationsRent £m	**Lux £m**	**Total £m**	Total £m
Cash consideration	**311 2**	**15 8**	**327 0**	57 0
Less (Cash)/overdrafts acquired	**(6 5)**	**0 3**	**(6 2)**	–
Attributable costs paid	**6 1**	**0 3**	**6 4**	–
	310 8	**16 4**	**327.2**	57 0

24 ACQUISITIONS

NationsRent Companies, Inc ("NationsRent")

On 31 August 2006, Sunbelt acquired the entire issued share capital of NationsRent for a total consideration of $592m plus acquisition costs. As part of the NationsRent acquisition, the Group has also 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

NationsRent's revenues and estimated operating profits under IFRS and Ashtead Group plc specific accounting policies for the period pre-acquisition (1 May to 31 August 2006) were $230 7m and $19 2m respectively For the previous full year (1 May 2005 to 30 April 2006) NationsRent's estimated revenue and operating profit were $605 8m and $14 9m respectively on the same accounting basis

Due to the operational integration of NationsRent and Sunbelt since acquisition, in particular the movement of rental equipment between profit centres and the merger of some profit centres, it is not practical to report the revenue and profit of the acquired business post acquisition

The provisional goodwill arising on acquisition is as follows

	Acquiree's book value £m	At estimated fair value £m
Net assets acquired		
Inventory	31 4	28 0
Trade and other receivables	55 4	54 4
Cash and cash equivalents	6 5	6 5
Property, plant and equipment		
– rental equipment	287 5	340 4
– other assets	45 1	39 8
Intangible assets – tradename and distribution agreements	4 3	17 9
Assets held for sale	–	31 1
Trade and other payables	(85 7)	(90 8)
Deferred tax liability (net of acquired tax losses of £28 7m)	(5 4)	(29 2)
Debt	(220 0)	(232 6)
Net assets acquired	119 1	165 5
Consideration paid		
Cash		311 2
Amount receivable relating to adjustment to initial consideration		(0 3)
Directly attributable costs		6 1
		317 0
Goodwill		151 5

The book value of NationsRent in the table above is stated under US GAAP On emergence from bankruptcy in 2003 NationsRent adopted "fresh start" accounting which resulted in a significant write down in the carrying value of its assets and liabilities, particularly property, plant and equipment. Accordingly, it is not practicable to present the book value of NationsRent's assets under IFRS

$28 0m of the consideration payable for the ordinary equity share capital of NationsRent was paid at closing to an escrow agent to secure the warranties and indemnities given by the vendors in the merger agreement. $22 0m has already been released with $21 5m going to the vendors and $0 5m returned to Sunbelt The remainder will either be released to the vendors in stages by 31 August 2007 as the related warranties and indemnities expire or will be used to meet any agreed warranty or indemnity claims

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

24 ACQUISITIONS CONTINUED

Lux Traffic Controls Limited ("Lux")

On 16 October 2006, A-Plant purchased the entire issued share capital of Lux for total consideration of £15 8m and attributable costs of £0 3m The acquisition included arrangements for the vendor to acquire from Lux for cash immediately after closing assets valued at £0 3m and consequently, before costs, there was a net cash outflow of £15 5m in connection with the acquisition The consideration payable was subject to downwards only adjustment to the extent that Lux's net assets at closing are less than £4 25m The necessary closing accounts have now been prepared and agreed with £60,000 of the £0 5m escrow amount being returned and the balance released to the vendor

The net assets acquired and the goodwill arising on the acquisition are summarised in the table below

	Acquiree s book value £m	At fair value £m
Net assets acquired		
Inventory	0 3	0 1
Trade and other receivables	2 4	2 8
Assets acquired by the vendor immediately after closing	0 3	0 3
Property, plant and equipment		
– rental equipment	3 8	4 2
– other assets	0 7	0 5
Intangible assets (tradenames, customer list and non-competes)	–	3 1
Trade and other payables	(2 8)	(2 8)
Short term borrowings	(0 3)	(0 3)
Deferred tax liabilities	(0 4)	(1 3)
Debt	(0 2)	(0 2)
	3 8	6 4
Consideration paid		
Paid in cash at closing		15 8
Directly attributable costs		0 3
		16 1
Goodwill		9 7

Lux's revenue and operating profit in the period from 1 May 2006 to 16 October 2006 were £9 5m and £0 6m, respectively For the same reasons as NationsRent, it is not practical to report the revenue and profit of the acquired business post acquisition

Goodwill arising on both the NationsRent and Lux acquisitions reflects the benefits of the acquisitions arising to the Group not reflected in the tangible and identifiable intangible assets acquired In the case of NationsRent, this reflects principally the operational synergies available post acquisition, the intrinsic value of the workforce and the increased opportunities available to Sunbelt as a result of its scale Similarly for Lux it reflects the acquired workforce and the benefits brought to A-Plant's business of a leading position in the rental traffic systems market.

25 CONTINGENT LIABILITIES

The Group is subject to periodic legal claims in the ordinary course of its business However, the claims outstanding at 30 April 2007, net of provisions held, are not expected to have a significant impact on the Group's financial position

The Company has guaranteed the borrowings of its subsidiary undertakings under the Group s senior secured credit and overdraft facilities At 30 April 2007 the amount borrowed under these facilities was £512 4m (2006 £272 0m) Additionally, subsidiary undertakings are able to obtain letters of credit under these facilities which are also guaranteed by the Company and at 30 April 2007, letters of credit issued under these arrangements totalled £18 6m ($37 2m) Additionally the Company has guaranteed the 8 625% second priority senior secured notes with a par value of $250m (£125m) and 9% second priority senior secured notes with a par value of $550m (£275m), issued by Ashtead Holdings plc and Ashtead Capital, Inc , respectively

The Company has guaranteed operating and finance lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2007 totalled £69 4m (2006 £77 1m) in respect of land and buildings and £19 8m (2006 £19 0m) in respect of other lease rentals of which £5 3m and £6 2m respectively is payable by subsidiary undertakings in the year ending 30 April 2008

The Company has guaranteed the performance by subsidiaries of certain other obligations up to £0 3m (2006 £1 1m)

26 CAPITAL COMMITMENTS

At 30 April 2007 capital commitments in respect of purchases of rental and other equipment totalled £75 0m (2006 £119 0m), all of which had been ordered There were no other material capital commitments at the year-end

27 EMPLOYEES

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

	2007	2006
North America	**6,556**	4,122
United Kingdom	**2,401**	2 068
Rest of World	**11**	11
	8,968	6,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

28 PARENT COMPANY INFORMATION

a) Balance sheet of the Company, Ashtead Group plc

	Note	2007 £m	2006 £m
Current assets			
Prepayments and accrued income		**0 2**	0 5
Non-current assets			
Investments in Group companies	(e)	**363 7**	277 6
Total assets		**363 9**	278 1
Current liabilities			
Other taxes and social security		**–**	0 1
Amounts due to subsidiary undertakings		**8 6**	62 2
Accruals and deferred income		**2 9**	2 2
		11 5	64 5
Non-current liabilities			
Loan notes		**0 2**	0 2
		0 2	0 2
Total liabilities		**11 7**	64 7
Equity shareholders' funds			
Share capital	(g)	**56 0**	40 4
Share premium account	(g)	**3 3**	3 2
Non-distributable reserve	(g)	**90 7**	90 7
Own shares held in treasury through the ESOT	(g)	**(8 7)**	(4 2)
Distributable reserves	(g)	**210 9**	83 3
Total equity shareholders' funds		**352 2**	213 4
Total liabilities and equity shareholders' funds		**363 9**	278 1

These financial statements were approved by the Board on 25 June 2007

G Drabble
Chief Executive

SI Robson
Finance Director

28 PARENT COMPANY INFORMATION CONTINUED

b) Cash flow statement of the Company, Ashtead Group plc

	Note	2007 £m	2006 £m
Cash flows from operating activities			
Cash (used by)/generated from operations before exceptional items	(h)	**(50 8)**	63 6
Exceptional items		**(0 1)**	–
Cash generated from operations		**(50 9)**	63 6
Financing costs paid		–	(10 2)
Net cash from operating activities		**(50 9)**	53 4
Cash flows from investing activities			
Increase in investment in subsidiary		**(86 1)**	–
Cash flows from financing activities			
Redemption of loans		–	(119 5)
Purchase of own shares by the ESOT		**(4 9)**	(2 8)
Proceeds from issue of ordinary shares		**148 9**	70 9
Dividends paid		**(7 0)**	(2 0)
Net cash from/(used in) financing activities		**137 0**	(53 4)
Decrease in cash and cash equivalents		–	–

c) Accounting policies

The Company financial statements have been prepared on the basis of the accounting policies set out in note 1 above, supplemented by the policy on investments set out below

Investments in subsidiary undertakings are stated at cost less any necessary provision for impairment in the parent company balance sheet Where an investment in a subsidiary is transferred to another subsidiary, any uplift in the value at which it is transferred over its carrying value is treated as a revaluation of the investment prior to the transfer and is credited to the revaluation reserve

d) Income statement

Ashtead Group plc has not presented its own profit and loss account as permitted by section 230 (3) of the Companies Act 1985 The amount of the loss for the financial year dealt with in the accounts of Ashtead Group plc is £0 6m (2006 loss of £0 8m)

e) Investments

	Shares in Group companies £m
At 1 May 2006	277 6
Additions	86 1
At 30 April 2007	**363 7**

During the year the Company subscribed for 7,698,414 additional shares in its subsidiary, Ashtead Holdings plc, for consideration of £86 1m The consideration was satisfied in cash using part of the proceeds of the rights issue on 29 August 2006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

28 PARENT COMPANY INFORMATION CONTINUED
The Company s principal subsidiaries are

Name	Country of incorporation	Principal country in which subsidiary undertaking operates
Ashtead Holdings plc	England	United Kingdom
Sunbelt Rentals Inc	USA	USA
Ashtead Plant Hire Company Limited	England	United Kingdom
Ashtead Technology Limited	Scotland	United Kingdom
Ashtead Technology (South East Asia) pte Limited	Singapore	Singapore
Ashtead Technology, Inc	USA	USA

The issued share capital (all of which comprises ordinary shares) of subsidiaries is 100% owned by the Company or by subsidiary undertakings and all subsidiaries are consolidated The principal activity of Ashtead Holdings plc is an investment holding company The principal activity of each other subsidiary undertaking listed above is equipment rental Ashtead Group plc owns all the issued share capital of Ashtead Holdings plc which in turn holds all of the other subsidiaries listed above except for Sunbelt Rentals Inc and Ashtead Technology Inc which Ashtead Holdings plc owns indirectly through another subsidiary undertaking

f) Financial instruments
The book value and fair value of the company's financial instruments are equal.

The Company s financial liabilities mature between two and five years

g) Reconciliation of changes in shareholders' funds

	Share capital £m	Share premium account £m	Equity element of convertible loan note £m	Non-distributable reserve £m	Own shares held in treasury (ESOT) £m	Distributable reserves £m	Total £m
At 1 May 2005	32 6	100 8	24 3	–	(1 6)	(9 3)	146 8
Total recognised income and expense	–	–	–	–	–	(0 8)	(0 8)
Shares issued	7 8	66 2	–	(3 1)	–	–	70 9
Dividends	–	–	–	–	–	(2 0)	(2 0)
Share-based payments	–	–	–	–	–	1 3	1 3
Capital reduction	–	(163 8)	–	93 8	–	70 0	–
Vesting of share awards	–	–	–	–	0 2	(0 2)	–
Own shares purchased	–	–	–	–	(2 8)	–	(2 8)
Redemption of convertible loan note	–	–	(24 3)	–	–	24 3	–
At 30 April 2006	40 4	3 2	–	90 7	(4 2)	83 3	213 4
Total recognised income and expense	–	–	–	–	–	(0 6)	(0 6)
Shares issued	15 6	0 1	–	–	–	133 2	148 9
Dividends	–	–	–	–	–	(7 0)	(7 0)
Share-based payments	–	–	–	–	–	2 4	2 4
Vesting of share awards	–	–	–	–	0 4	(0 4)	–
Own shares purchased	–	–	–	–	(4 9)	–	(4 9)
At 30 April 2007	**56 0**	**3 3**	**–**	**90 7**	**(8 7)**	**210 9**	**352 2**

28 PARENT COMPANY INFORMATION CONTINUED

h) Notes to the Company cash flow statement

Cash flow from operating activities

	2007 £m	2006 £m
Operating loss	**(0 4)**	(0 2)
Depreciation	**0 1**	0 1
EBITDA	**(0 3)**	(0 1)
Decrease in receivables	**0 3**	0 3
Increase in payables	**0 5**	1 0
(Decrease)/increase in intercompany payable	**(53 6)**	61 0
Other non-cash movement	**2 3**	1 4
Net cash (outflow)/inflow from operations before exceptional items	**(50 8)**	63 6

Reconciliation to net debt

	2007 £m	2006 £m
Net debt at 1 May	**0 2**	120 6
Non cash movement – 5 25% unsecured convertible loan note, due 2008	**–**	(0 9)
Decrease in debt through cash flow	**–**	(119 5)
Net debt at 30 April	**0 2**	0 2

TEN YEAR HISTORY

	IFRS			UK GAAP						
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
In £m										
Revenue+	**896 1**	638 0	523 7	500 3	539 5	583 7	552 0	302 4	256 0	202 5
Operating costs+	**585 8**	413 3	354 2	353 3	389 4	398 6	345 3	181 4	146 4	113 3
EBITDA+	**310 3**	224 7	169 5	147 0	150 1	185 1	206 7	121 0	109 6	89 2
Depreciation+	**159 8**	113 6	102 4	102 8	111 0	117 8	117 6	66 8	63 3	48 5
Operating profit+	**150 5**	111 1	67 1	44 2	39 1	67 3	89 1	54 2	46 3	40 7
Interest+	**(69 1)**	(43 6)	(44 7)	(36 6)	(40 9)	(49 1)	(50 7)	(10 9)	(7 7)	(5 0)
Pre-tax profit/(loss)+	**81 4**	67 5	22 4	7 6	(1 8)	18 2	38 4	43 3	38 6	35 7
Operating profit	**101 1**	124 5	67 1	16 2	0 6	72 5	68 2	57 1	46 3	40 7
Pre-tax (loss)/profit	**(36 5)**	81 7	32 2	(33 1)	(42 2)	(15 5)	11 1	46 2	38 6	35 7
Net cash flow from operating activities	**181 3**	154 4	128 3	126 7	210 3	202 0	173 0	111 4	93 3	77 6
Capital expenditure	**290 2**	220 2	138 4	72 3	85 5	113 8	237 7	158 2	150 5	153 4
Book cost of rental equipment	**1,434 1**	921 9	800 2	813 9	945 8	971 9	962 8	629 5	527 9	394 1
Shareholders' funds *	**396 7**	258 3	109 9	131 8	159 4	192 9	202 1	236 8	207 5	151 3
In pence										
Dividend per share proposed	**1 65p**	1 50p	Nil	Nil	Nil	3 50p	3 50p	3 16p	2 70p	2 30p
Earnings per share	**0 8p**	13 5p	5 2p	(9 9p)	(9 5p)	1 1p	6 5p	11 8p	11 3p	9 2p
Underlying earnings per share	**10 3p**	11 3p	3 2p	(0 7p)	(0 4p)	13 7p	9 2p	11 8p	11 3p	9 6p
In percent										
EBITDA margin+	**34 6%**	35 2%	32 4%	29 4%	27 8%	31 7%	37 4%	40 0%	42 8%	44 0%
Operating profit margin+	**16 8%**	17 4%	12 9%	8 8%	7 2%	11 5%	16 1%	17 9%	18 1%	20 1%
Pre-tax profit/(loss) margin+	**9 1%**	10 6%	4 8%	1 5%	(0 3%)	3 1%	7 0%	14 3%	16 7%	17 6%
People										
Employees at year-end	**10,077**	6,465	5,935	5,833	6,078	6,545	6,043	3,930	3,735	3,174
Locations										
Profit centres at year-end	**659**	413	412	428	449	463	443	352	341	275

The figures for 2005, 2006 and 2007 are reported in accordance with IFRS Figures for 2004 and prior are reported under UK GAAP and have not been restated in accordance with IFRS

+ Before exceptional items and goodwill amortisation EBITDA, operating prof t and pre tax profit/(loss) are stated before exceptional items but have been adjusted to allocate the impact of the US accounting issues and the change in self insurance estimation method reported in 2003 to the years to which they relate and to reflect the BET USA lease adjustment reported in 2002 in 2001 The directors believe these adjustments improve comparability between periods.

  The results for the years up to 30 April 2000 were restated in 2000/1 to reflect the adoption of new accounting policies and estimation techniques under FRS 18 in that year

* Shareholders funds for the years up to 30 April 2003 were restated in 2003/4 to reflect shares held by the Employee Share Ownership Trust as a deduction from shareholders funds in accordance with UITF 38

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FUTURE DATES

Quarter 1 results	4 September 2007
2007 Annual General Meeting	25 September 2007
Quarter 2 results	11 December 2007
Quarter 3 results	4 March 2008
Quarter 4 and year-end results	24 June 2008

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