

29th August 2008

Lavendon Group plc (“the Company” or the “Group”)

Interim Results for the six months ended 30th June 2008

Lavendon Group plc, Europe's market leader in the rental of powered access equipment, today announces its Interim Results for the six months ended 30th June 2008.

Financial highlights

- Revenues £116.4m (2007: £83.3m), increase of 40%
- EBITDA £43.9m (2007: £27.4m), increase of 60%
- Operating profit £18.4m (2007: £11.6m), increase of 59%
- Profit before tax £11.9m (2007: £8.3m), increase of 43%
- Earnings per share 20.36p (2007: 15.42p), increase of 32%
- Cash generated from operations £33.5m (2007: £24.2m), increase of 38%
- Interim dividend of 3.33 pence, increase of 21%

Operational highlights

- Good progress in the first half, with revenues, profits and EPS all increasing significantly
- Completed transformational acquisition of The Platform Company and integration programme under way in UK
- Increased scale of operating units producing improved EBITA margins in all territories
- Increasing EBITDA margins improving operating cash flows
- Restructuring completed in Germany and France
- Continued strong trading in Middle East supported by increased investment
- Programme of equipment disposal, building on DK Rental expertise, producing encouraging results

John Gordon, Chairman, said:

“The Group has continued to make good progress in the first half, strengthening revenues, profits and operating margins.

“The acquisition of The Platform Company has strengthened our UK market position and is performing well as part of the Group. Our UK operations have experienced solid demand in the year so far, and our focus for the year is to continue to drive the cost and revenue synergies from our acquired businesses.

“In our international markets, with the exception of Spain, we are seeing no marked change in demand levels, and there is currently little sign that our main markets are materially over-supplied with equipment. However we will continue to concentrate on the areas which we can influence; ensuring that integration cost synergies are maximised and operations are made more efficient in that process, whilst controlling and focusing our capital expenditure on our expanding Middle East business and other areas which offer the greatest growth opportunities.

“Following the acquisition of The Platform Company we have been able to reduce our capital expenditure programme for the year by £20m and we remain comfortable with our levels of debt. The Group continues to trade in line with our expectations and looks forward to reporting further progress in the coming months.”

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CHAIRMAN'S STATEMENT

Financial Overview

The Group has continued to make good progress in the six months ended 30 June 2008.

Revenues for the Group increased by 40% to £116.4 million (2007: £83.3 million), through a combination of organic growth and the acquisitions completed in 2007 and the first half of 2008. This revenue growth, together with enhanced operating margins, enabled operating profits, before amortisation of intangible assets, to increase by 71% to £20.7 million (2007: £12.1 million), with margins improving significantly to 17.8% (2007: 14.6%). After amortisation charges, operating profits increased by 59% to £18.4 million (2007: £11.6 million), with margins improving to 15.8% (2007: 13.9%).

Although net interest costs increased to £6.5 million (2007: £3.3 million) following the investment programme undertaken in the past 18 months, the Group's profit before tax increased by 43% to £11.9 million (2007: £8.3 million). Despite a 9% increase in the average number of shares in issue, earnings per share before amortisation increased by 52% to 25.40 pence (2007: 16.70 pence), and after amortisation increased by 32% to 20.36 pence (2007: 15.42 pence).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 60% to £43.9 million (2007: £27.4 million), with margins improving significantly to 37.7% (2007: 32.9%). Cash generated from operations increased by 38% to £33.5 million (2007: £24.2 million), and after payment of interest and taxation charges, net cash generated from operating activities increased by 41% to £25.4 million (2007: £18.0 million).

Dividend

The directors are declaring an interim dividend of 3.33 pence, an increase of 21% over 2007 (2007: 2.75 pence). This will be paid on 17 October 2008 to shareholders on the register at the close of business on 12 September 2008.

Acquisitions and Investment

During the first half of the year, the Group acquired The Platform Company (Holdings) Limited ("The Platform Company") for a total consideration of £46.8 million, payable in a combination of cash and shares over three years. This acquisition has increased the scale of the Group's UK operation, enabling it to strengthen its market position, and provides considerable scope for cost synergies going forward. Since acquisition, The Platform Company has performed well and in line with our expectations.

This acquisition has also enabled the Group to reduce its capital expenditure programme for the current year by £20.0 million, and this is reflected in the Group's investment of £39.2 million in its rental fleet and infrastructure during the first half of the year (2007: £26.5 million), of which £24.9 million remains payable at 30 June 2008. This expenditure represents the majority of the Group's planned capital programme for the year, and consequently investment during the second half of the year will reduce to approximately £14.0 million.

As a result of the acquisition of The Platform Company and the investment in the maintenance and expansion of existing operations, together with an adverse foreign exchange movement of

£10.1 million, the Group's net debt levels at the half year increased to £258.7 million from £185.7 million at the previous year end, with a corresponding debt to equity ratio of 190% compared to 156% at 31 December 2007. As anticipated, the Group's net debt to EBITDA ratio at the half year increased to 3.21 times compared to 2.90 times at the previous year end, although the pro-forma net debt to EBITDA ratio (assuming 12 months EBITDA contribution from both the DK Rental and The Platform Company acquisitions) was 2.49 times - this is a better indication of the underlying position as it provides a more accurate reflection of the Group's ongoing cash flows.

Business Review

UK

The UK operation has benefited from solid demand levels in the first half of the year, but marginally below those experienced in 2007. The business has no direct exposure to the house-building sector and the outlook for major infrastructure projects is strong.

During April, we completed the acquisition of The Platform Company, a significant step in delivering our strategic aim of consolidating the UK powered access market. This business is now in the process of being merged with our existing UK business, Nationwide Access, to create a clear market leader in the sub-sector dealing with major projects and nationally operating customers. At the same time, the process of merging our acquired regional businesses (Panther, Kestrel, AMP and Higher Platforms) under the Panther identity is proceeding well and will be complete by the year-end.

The merger of these national and regional businesses offers considerable scope for both cost and revenue synergies to be realised. These benefits are already starting to be seen in the enhanced operating margins earned in the period. For the balance of the year, our focus will continue to be on the delivery of additional synergies, whilst minimising the costs to secure these benefits, and to ensure that the overall business is streamlined, with a cost base that can adapt quickly to any changes in demand levels should the economic climate worsen.

Revenues for the first six months increased by 32% to £62.0 million (2007: £47.1 million), with like-for-like revenue growth difficult to estimate given the ongoing merger of a number of businesses. Operating profits, prior to amortisation charges, increased by 38% to £10.2 million (2007: £7.4 million), with operating margins improving to 16.5% (2007: 15.8%).

Germany

Our two German businesses, which were of roughly equivalent size, were fully integrated at the start of the year, reducing our underlying cost base by around €3.5 million per year, but leading to some short-term loss of revenues. The more efficient cost base has enabled operating margins to improve in the period, and this increased operating leverage offers further scope for margin enhancement as revenues increase in the traditionally stronger second half of the year.

Euro revenues for the first half declined by 5%, however after adjusting for exchange rate variations, revenues in sterling grew by 9% to £24.7 million (2007: £22.7 million). These revenues combined with the reduced cost base allowed operating profits, prior to amortisation charges, to increase to £3.2 million (2007: £2.3 million), with operating margins improving to 13.2% (2007: 9.9%).

France and Belgium

The French and Belgian businesses, which have been run under common management since the acquisition of DK Rental at the end of 2007, have made good progress in the period. Our main focus has been to derive benefit from the increased scale of the business in France by consolidating depots (two of seven French depots have been closed in the period), whilst keeping central overhead costs under tight control.

Revenues in the combined businesses have increased by 328% to £13.7 million (2007: £3.2 million) whilst operating profits, prior to amortisation charges, have improved to £2.8 million (2007: loss of £0.3 million), with an operating margin of 20.5% (2007: negative margin of 8.9%).

Spain

The Spanish market is showing signs of weakness as a slowing demand environment proves insufficient to absorb the substantial fleet additions made by a number of players over the last few years. Following the acquisition of DK Rental at the end of 2007, we have concentrated on creating larger individual operating units (we now operate from four locations, having exited Galicia in July 2008), and are in the process of removing surplus fleet through either disposal or transfer to other Group operations. These actions will provide greater positive operational leverage when market demand returns.

With the acquisition of DK Rental, the revenues of the business increased by 169% to £7.0 million (2006: £2.6 million) and, despite a challenging market environment, operating profits increased to £1.4 million (2007: £0.4 million) with operating margins improving to 19.8% (2007: 17.5%).

Middle East

The scale of our Middle East business continues to increase as additional equipment, either from our own fleet or externally purchased, is delivered into the region. The outlook for longer-term projects remains robust, although there are signs that the UAE market is becoming more mature, with an increasing number of competitors in the area. However, our position in other parts of the region continues to strengthen, and it is these areas that are delivering the greatest revenue growth and offer the most significant future opportunities.

Revenues in the region grew by 14.0% to £9.0 million (2007: £7.9 million), with underlying rental revenues (excluding the less predictable and lower margin revenues from new equipment sales) increasing by 33%. The leverage from a well-controlled cost base, as well as the shift in revenue mix away from equipment sales in favour of rental, allowed us to increase operating profits by 30% to £3.0 million (2007: £2.3 million), and deliver a significantly improved operating margin of 33.8% (2007: 28.8%).

Summary and Outlook

Whilst we remain watchful of the current uncertain economic environment, the Group is presently seeing no marked change, with the exception of Spain, in market demand levels.

There is currently little sign that our main markets are materially over-supplied with equipment. All major equipment manufacturers are currently demonstrating a responsible approach and are

reducing costs and capacity, whilst we, along with others, have taken appropriate steps to reduce new capacity coming into the market (cutting our own 2008 capital expenditure budget by £20 million and cancelling substantial orders placed by companies that we acquired). This measured approach to capacity addition should allow the underlying growth drivers behind powered access (safety, regulation, efficiency and convenience) to mitigate any downward economic pressures on demand.

In the near term, we will continue to concentrate on the areas which we can influence: ensuring that integration cost synergies are maximised and operations are made more efficient in that process, whilst controlling and focusing our capital expenditure on our expanding Middle East business and other areas which offer the greatest growth opportunities. This approach, we believe, will demonstrate the resilience of our business model if the economic climate becomes less favourable.

Trading since the end of the first half-year is in line with our expectations and we look forward to reporting continued progress in the months ahead.

Group income statement

	6 months ended 30 Jun 2008 £'000	6 months ended 30 Jun 2007 £'000	12 months ended 31 Dec 2007 £'000
Revenue	116,360	83,321	186,000
Cost of sales	(64,566)	(45,543)	(99,403)
Gross profit	51,794	37,778	86,597
Operating expenses before exceptional items	(33,383)	(26,170)	(57,908)
Exceptional operating expenses	-	-	(2,508)
Total operating expenses	(33,383)	(26,170)	(60,416)
Operating profit	18,411	11,608	26,181
Net Interest payable	(6,515)	(3,301)	(7,247)
Profit before taxation	11,896	8,307	18,934
Taxation on profit	(2,734)	(1,952)	(3,882)
Profit after taxation	9,162	6,355	15,052
Earnings per ordinary share			
- basic	20.36 p	15.42 p	36.10 p
- diluted	19.42 p	15.37 p	35.58 p

All of the Group's trading activities relate to continuing operations.

The Group has declared an interim dividend of 3.33 pence per ordinary share which will be paid on 17 October 2008.

Group balance sheet

	As at 30 Jun 2008 £'000	As at 30 Jun 2007 £'000	As at 31 Dec 2007 £'000
Assets			
Non-current assets			
Intangible assets	15,168	3,189	9,967
Goodwill	100,762	35,680	71,944
Property, plant and equipment	351,892	211,624	274,893
	467,822	250,493	356,804
Current assets			
Inventories	4,173	1,755	3,576
Trade and other receivables	60,383	41,066	48,339
Financial assets - derivative financial instruments	293	380	216
Cash and cash equivalents	17,448	4,646	16,721
	82,297	47,847	68,852
Liabilities			
Current liabilities			
Financial liabilities - borrowings	(50,152)	(27,402)	(41,027)
Trade and other payables	(84,886)	(52,294)	(69,971)
Current tax liabilities	(13,053)	(4,203)	(8,371)
	(148,091)	(83,899)	(119,369)
Net current liabilities	(65,794)	(36,052)	(50,517)
Non-current liabilities			
Financial liabilities - borrowings	(225,998)	(91,695)	(161,420)
Deferred tax liabilities	(32,419)	(18,655)	(25,472)
Other non-current liabilities	(7,453)	(3,026)	-
	(265,870)	(113,376)	(186,892)
Net assets	136,158	101,065	119,395
Shareholders' equity			
Ordinary shares	457	419	440
Share premium	101,892	82,123	95,347
Capital redemption reserve	4	4	4
Other reserves	237	(666)	(3,362)
Retained earnings	33,568	19,185	26,966
Total equity	136,158	101,065	119,395

The interim financial statements were approved by the Board of Directors on 29 August 2008 and were signed on its behalf by:

John Gordon
Chairman

Alan Merrell
Director

Group cash flow statement

	6 months ended 30 Jun 2008 £'000	6 months ended 30 Jun 2007 £'000	12 months ended 31 Dec 2007 £'000
Cash flows from operating activities:			
Profit for the period after tax	9,162	6,355	15,052
Taxation charge	2,734	1,952	3,882
Net interest expense	6,515	3,301	7,247
Amortisation and depreciation	25,475	15,829	35,436
Gain on sale of property, plant and equipment	(1,457)	(744)	(1,087)
Other non-cash movements	325	216	511
Net increase in working capital	(9,225)	(2,725)	(2,538)
Cash generated from operations	33,529	24,184	58,503
Net interest paid	(5,972)	(3,469)	(7,020)
Taxation paid	(2,135)	(2,706)	(2,837)
Net cash generated from operating activities	25,422	18,009	48,646
Cash flows from investing activities:			
Acquisition of subsidiaries (net of cash acquired)	(21,868)	(6,411)	(47,554)
Proceeds from sale of property, plant and equipment	6,652	2,635	7,014
Purchase of property, plant and equipment	(6,064)	(9,666)	(21,663)
Net cash used by investing activities:	(21,280)	(13,442)	(62,203)
Cash flows from financing activities:			
Drawdown of loans	25,322	7,441	71,531
Repayment of loans	(7,380)	(9,461)	(29,228)
Repayment of principal under hire purchase agreements	(17,897)	(7,067)	(20,445)
Settlement of loan notes	(1,240)	(600)	(1,000)
Equity dividends paid	(2,749)	(1,238)	(2,395)
Proceeds from equity shares issued	62	660	930
Net cash (used by)/generated from financing activities	(3,882)	(10,265)	19,393
Net increase/(decrease) in cash and cash equivalents before exchange differences	260	(5,698)	5,836
Effects of exchange rates	467	(5)	536
Net increase/(decrease) in cash and cash equivalents after exchange differences	727	(5,703)	6,372
Cash and cash equivalents at start of period	16,721	10,349	10,349
Cash and cash equivalents at end of period	17,448	4,646	16,721

Analysis of changes in net borrowings during the six months

	At 1 Jan 2008 £'000	Cash flows £'000	Acquired with subsidiaries £'000	Other non cash items £'000	Currency translation differences £'000	At 30 Jun 2008 £'000
Cash and cash equivalents	16,721	(1,823)	2,083	-	467	17,448
Bank debt due within one year	(10,347)	5,417	-	(5,417)	(729)	(11,076)
Bank debt due after one year	(107,079)	(23,359)	-	5,417	(6,889)	(131,910)
Loan notes and guaranteed deferred consideration	(8,327)	-	-	(4,060)	(613)	(13,000)
Hire purchase and finance lease agreements	(76,694)	17,897	(33,791)	(25,193)	(2,383)	(120,164)
	(202,447)	(45)	(33,791)	(29,253)	(10,614)	(276,150)
Total net borrowings	(185,726)	(1,868)	(31,708)	(29,253)	(10,147)	(258,702)

Shareholders' funds and statement of changes in equity

For the six months ended 30 June
2008

	Ordinary shares £'000	Share premium £'000	Shares to be issued £'000	Capital redemption reserve £'000	Translation reserve £'000	Cash flow hedge reserve £'000	Net investment hedge reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2008	440	95,347	-	4	(1,528)	201	(2,035)	26,966	119,395
Profit for the period	-	-	-	-	-	-	-	9,162	9,162
Share based payments	-	-	-	-	-	-	-	325	325
Tax movement on share based payments	-	-	-	-	-	-	-	(136)	(136)
Cash flow hedges – fair value gains in the period	-	-	-	-	-	77	-	-	77
Deferred tax movement on cash flow hedges	-	-	-	-	-	(22)	-	-	(22)
Shares issued	17	6,545	-	-	-	-	-	-	6,562
Dividends paid in the period	-	-	-	-	-	-	-	(2,749)	(2,749)
Currency translation differences	-	-	-	-	7,252	-	(3,708)	-	3,544
Balance at 30 June 2008	457	101,892	-	4	5,724	256	(5,743)	33,568	136,158

For the six months ended 30 June
2007

	Ordinary shares £'000	Share premium £'000	Shares to be issued £'000	Capital redemption reserve £'000	Translation reserve £'000	Cash flow hedge reserve £'000	Net investment hedge reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2007	407	79,787	1,688	4	(4,075)	323	3,338	12,776	94,248
Profit for the period	-	-	-	-	-	-	-	6,355	6,355
Share based payments	-	-	-	-	-	-	-	193	193
Tax movement on share based payments	-	-	-	-	-	-	-	1,099	1,099
Cash flow hedges – fair value gains in the period	-	-	-	-	-	57	-	-	57
Deferred tax movement on cash flow hedges	-	-	-	-	-	(106)	-	-	(106)
Shares issued	12	2,336	(1,688)	-	-	-	-	-	660
Dividends paid in the period	-	-	-	-	-	-	-	(1,238)	(1,238)
Currency translation differences	-	-	-	-	(230)	-	27	-	(203)
Balance at 30 June 2007	419	82,123	-	4	(4,305)	274	3,365	19,185	101,065

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For the twelve months ended 31 December 2007

	Ordinary shares £'000	Share premium £'000	Shares to be issued £'000	Capital redemption reserve £'000	Translation reserve £'000	Cash flow hedge reserve £'000	Net investment hedge reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2007	407	79,787	1,688	4	(4,075)	323	3,338	12,776	94,248
Profit for the year	-	-	-	-	-	-	-	15,052	15,052
Share based payments	-	-	-	-	-	-	-	511	511
Tax movement on share based payments	-	-	-	-	-	-	-	1,022	1,022
Cash flow hedges – fair value losses in the year	-	-	-	-	-	(107)	-	-	(107)
Deferred tax movement on cash flow hedges	-	-	-	-	-	(15)	-	-	(15)
Shares issued	27	13,878	-	-	-	-	-	-	13,905
Shares to be issued	6	1,682	(1,688)	-	-	-	-	-	-
Dividends paid in the year	-	-	-	-	-	-	-	(2,395)	(2,395)
Currency translation differences	-	-	-	-	2,547	-	(5,373)	-	(2,826)
Balance at 31 December 2007	440	95,347	-	4	(1,528)	201	(2,035)	26,966	119,395

Notes to the interim financial statements (unaudited)

1. These interim financial statements are prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority using the IFRS accounting policies as adopted by the European Union (including IAS and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”)) that are expected to be applicable for the full reporting year in 2008. These remain subject to ongoing amendment and/or interpretation and are therefore subject to possible change. Consequently, information contained in these interim financial statements may need updating for any subsequent amendments to IFRS or for any new standards that the Group may elect to adopt early. These interim financial statements have been prepared in accordance with IAS 34 for the first time.

The Group’s statutory accounts for the year to 31 December 2007 have been filed with the Registrar of Companies. The auditors, PricewaterhouseCoopers LLP, reported on those accounts and their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The interim financial statements are unaudited and do not comprise statutory accounts for the purpose of section 240 of the Companies Act 1985. Comparative figures for the six months to 30 June 2007 and 12 months to 31 December 2007 have been previously presented in the Group’s Interim and Annual reports for 2007. Further details of these and the accounting policies under IFRS as adopted by the European Union are available on the Group’s website (www.lavendongroup.com).

The accounting policies adopted in this report are consistent with those of the annual financial statements for the year to 31 December 2007, as described in those annual financial statements. The tax charge is based on an effective rate for the whole year.

The following new accounting standards and amendments to existing standards are effective for annual periods beginning on or after 1 January 2009 and have not been adopted early by the Group:

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- (i) IFRS8 'Operating Segments'
- (ii) IAS23 (Revised) 'Borrowing costs'
- (iii) IFRS3 (Revised) 'Business Combinations'
- (iv) IFRS2 (Revised) 'Share based payments'

Exceptional operating expenses for the 12 months ended 31 December 2007 relate to the integration costs incurred on the merger of the Group's German operations and the costs of merging the Nationwide Access and Wizard businesses in the UK.

2. Segmental analysis

For management purposes, the Group is currently organised into five geographical operating divisions. These divisions are the basis on which the Group reports its primary segment information. The principal activity of each division is the rental of powered access equipment.

Primary segmental analysis – geographical segments Six months ended 30 June 2008

	UK £'000	Germany £'000	Belgium and France £'000	Spain £'000	Middle East £'000	Group £'000
Revenue	62,025	24,657	13,672	7,044	8,962	116,360
Operating profit	8,931	3,058	1,997	1,395	3,030	18,411
Net interest payable						(6,515)
Profit before taxation						11,896
Taxation on profit						(2,734)
Profit after taxation						9,162
Total assets	285,746	101,778	94,482	52,841	15,272	550,119
Total liabilities	(239,192)	(47,487)	(78,118)	(47,365)	(1,799)	(413,961)
Net assets	46,554	54,291	16,364	5,476	13,473	136,158
Capital expenditure	21,923	7,715	5,204	4,085	292	39,219

Primary segmental analysis – geographical segments Six months ended 30 June 2007

	UK £'000	Germany £'000	Belgium and France £'000	Spain £'000	Middle East £'000	Group £'000
Revenue	47,054	22,664	3,169	2,551	7,883	83,321
Operating profit/(loss)	7,112	2,062	(282)	446	2,270	11,608
Net interest payable						(3,301)
Profit before taxation						8,307
Taxation on profit						(1,952)
Profit after taxation						6,355
Total assets	174,790	84,468	15,667	11,764	11,651	298,340
Total liabilities	(137,422)	(44,733)	(3,855)	(8,555)	(2,710)	(197,275)
Net assets	37,368	39,735	11,812	3,209	8,941	101,065
Capital expenditure	19,807	5,716	105	784	63	26,475

Note:

The assets and depreciation charge shown for the Middle East operation includes rental equipment owned by the UK operation, but which is used by and costed to the Middle East operation. The inclusion of the assets and depreciation charge in the Middle East more accurately reflects the commercial nature of the arrangement.

The information disclosed for the UK operation includes centralised Group costs, assets and liabilities which may relate to the operation and financing of overseas subsidiaries.

3. Net interest payable

	6 months ended 30 Jun 2008	6 months ended 30 Jun 2007
	£'000	£'000
Interest receivable – bank interest	129	74
Interest payable		
- interest on bank loans and overdrafts	(3,575)	(2,101)
- interest on hire purchase and finance lease agreements	(3,069)	(1,274)
	(6,644)	(3,375)
Net interest payable	(6,515)	(3,301)

4. Taxation

Analysis of charge for the period:

	6 months ended 30 Jun 2008	6 months ended 30 Jun 2007
	£'000	£'000
Corporation taxation	4,196	2,986
Deferred taxation	(1,462)	(1,034)
Taxation	2,734	1,952

5. Earnings per share

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	Profit £'000	2008 Weighted average number of shares (in millions)	Per share amount pence	Profit £'000	2007 Weighted average number of shares (in millions)	Per share amount pence
Basic earnings per share before amortisation						
Profit attributable to shareholders before amortisation	11,430	45.0	25.40	6,880	41.2	16.70
Amortisation	(2,268)			(525)		
Basic earnings per share						
Profit attributable to shareholders	9,162	45.0	20.36	6,355	41.2	15.42
Effect of dilutive						
Share incentive scheme awards and deferred consideration shares		2.1			0.2	
Diluted earnings per share	9,162	47.1	19.42	6,355	41.4	15.37

Earnings per share are calculated on the 44,990,889 ordinary shares in issue for the six months to 30 June 2008 being the weighted average number of ordinary shares in issue (6 months 2007: 41,220,028; full year 2007: 41,721,830).

Diluted earnings per share assumes conversion of all potential dilutive ordinary shares which arise from share incentive scheme awards granted to employees and deferred consideration shares where the exercise price is less than the average market price of the Company's ordinary share capital during the six months. The effect of this dilution is to increase the weighted average number of ordinary shares to 47,140,969 (6 months 2007: 41,359,969; full year 2007: 42,275,437).

6. Dividends

	6 months ended 30 Jun 2008 £'000	6 months ended 30 Jun 2007 £'000
Final dividend paid in respect of 2007 of 6.25p per 1p ordinary share	2,749	1,238

The directors are proposing an interim dividend of 3.33 pence per ordinary share which will distribute an estimated £1.54m of shareholders' funds. It will be paid on 17 October 2008 to shareholders who are on the register at 12 September 2008.

7. Acquisition of subsidiary companies

The Platform Company (Holdings) Limited ("The Platform Company")

On 1 April 2008, the Group acquired 100% of the share capital of The Platform Company (Holdings) Limited.

The consideration paid on completion was £19.1 million in cash plus 1,999,972 new ordinary shares of 1p each in Lavendon Group plc. The issue of shares represents a consideration of £6.5 million, being calculated using Lavendon's closing share price on 31 March 2008 of 325.0 pence per share.

Additional consideration is payable in the form of £3.0 million in cash and the allotment of 885,000 Deferred Consideration Shares on the first anniversary, £2.5 million in cash and the allotment of 885,000 Deferred Consideration Shares on the second anniversary, and £4.1 million in cash on the third anniversary. If on the first or second anniversaries of Completion, the market value of Lavendon shares is below 600.0 pence per share, any shortfall in value in respect of this share consideration will be made up by an additional cash payment by Lavendon.

The effective date of the acquisition was 1 April 2008. Accordingly only three calendar months of trading have been recorded in the current period results.

Details of the acquisition is provided below:

	£'000
Cost of investment	
Cash paid on acquisition	19,087
Shares issued at acquisition	6,500
Deferred consideration (to be satisfied in cash and shares)	19,601
Acquisition costs	1,603
Total cost	46,791
Provisional fair value of assets and liabilities acquired	
Non-current assets:	
- intangible assets	18
- property, plant and equipment	56,053
Current assets:	
- inventories	121

– trade and other receivables	9,374
– cash and cash equivalents	2,083
Current liabilities:	
– financial liabilities – borrowings	(11,597)
– trade and other payables	(6,682)
– current tax liabilities	(1,289)
Non-current liabilities:	
– financial liabilities – borrowings	(22,194)
– deferred tax liabilities	(7,806)
Provisional fair value of net assets acquired	18,081
Goodwill and intangibles	28,710
Split as follows:	
Goodwill	22,615
Intangible assets	
Brand name	1,000
Customer relationships	5,095
Total intangibles recognised at acquisition	6,095

The fair values disclosed above are provisional.

The fair value adjustments recorded in arriving at the assets and liabilities above were as follows:

	£'000
Adjustments to property plant and equipment to provisional fair value	7,885
Deferred tax on fair value adjustments and intangible assets	(3,915)
Revenue generated for the group since acquisition to 30 June 2008	9,780
Profit before tax generated for the group since acquisition to 30 June 2008	1,925

Had the acquisition taken place on 1 January 2008 then reported revenues and profit before tax would be as follows:

	£'000
Revenue	19,401
Profit before tax	3,212

The goodwill above is attributable to the workforce of the acquired business and the significant synergies expected to arise after its acquisition by the Group.

Reconciliation of cost of acquisition to cash flow movement	£'000
Acquisition costs of The Platform Company	46,791
Less:	
Shares issued on acquisition	(6,500)
Deferred consideration	(19,601)
Cash acquired with acquisition	(2,083)

	18,607
From previous acquisitions:	
Decrease in acquisition creditors	1,527
Deferred consideration paid in the period	1,734
Cash outflow for the period	21,868

8. Intangible assets and goodwill

	As at 30 Jun 2008		As at 30 Jun 2007	
	Total £'000	Goodwill £'000	Total £'000	Goodwill £'000
Cost				
At 1 January	14,123	73,338	5,738	34,314
Exchange movements	1,183	6,003	(27)	-
Additions	278	-	44	-
Recognised on acquisitions	6,113	22,815	279	2,760
At 30 June	21,697	102,156	6,034	37,074
Amortisation				
At 1 January	4,156	1,394	2,339	1,394
Exchange movements	105	-	(19)	-
Charge for the period	2,268	-	525	-
At 30 June	6,529	1,394	2,845	1,394
Net book amount at 30	15,168	100,762	3,189	35,680

9. Property, plant and equipment

	£'000
Net book value at 1 January 2008	274,893
Additions	39,219
Recognised on acquisition	56,071
Disposals	(5,195)
Depreciation	(23,207)
Foreign exchange and other movements	10,111
Net book value at 30 June 2008	351,892

	£'000
Net book value at 1 January 2007	187,102
Additions	26,475
Recognised on acquisition	21,180
Disposals	(1,891)
Depreciation	(15,304)

Foreign exchange and other movements	(5,938)
Net book value at 30 June 2007	211,624

10. Capital commitments

	As at 30 Jun 2008 £'000	As at 30 Jun 2007 £'000
Capital expenditure that has been contracted for by the Group but has not yet been provided for in the financial statements at 30 June	14,099	21,700

11. Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2008.

The contingent liability of €225,000 at 31 December 2007 was for a warranty in relation to the disposal of Zoom Austria. This warranty expired on 25 February 2008 and no amounts were paid.

12. Seasonality of interim operations

The Group's financial results and cash flows have, historically, been subject to seasonal trends between the first and second half of the financial year. Traditionally, the second half of the financial year sees higher revenue and profitability as a result of there being an increased number of working days and higher customer demand in the Group's countries of operation.

There is no assurance that this trend will continue.

13. Principal risks and uncertainties

The principal risks and uncertainties for the Group have not materially changed from those set out in the Operating and Financial Review included in the 2007 Annual Report.

These are summarised as: Competition; Reduction in demand by customers; Retention of senior management; Access to capital/additional finance; Currency fluctuations; Legal proceedings; and Environment and safety laws and regulations.

14. A copy of this interim statement is being sent to all shareholders and copies are available from the Company's registered office at 15 Midland Court, Central Park, Lutterworth, Leicestershire, LE17 4PN.

Independent review report to Lavendon Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim report for the six months ended 30 June 2008, which comprises the group income statement, group balance sheet, shareholders' funds and statement of changes in equity, group cash flow statement, analysis of changes in net borrowings and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRS's as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

Birmingham

29 August 2008

Notes:

- a) The maintenance and integrity of the Lavendon Group plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.