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4 March 2008

Lavendon Group plc

Proposed Acquisition of The Platform Company

Highlights

- Lavendon Group plc ("Lavendon" or the "Group"), Europe's market leader in the rental of powered access equipment, announces the proposed acquisition of The Platform Company, a supplier of powered access rental and equipment in the UK, for an aggregate consideration of £46.1 million payable in cash and New Ordinary Shares.
- The aggregate consideration comprises:
 - At Completion, £18.0 million in cash and the allotment of 2,000,000 Initial Consideration Shares
 - On the first anniversary of Completion, £3.0 million in cash and the allotment of 885,000 Deferred Consideration Shares* and on the second anniversary of Completion, £2.5 million in cash and the allotment of 885,000 Deferred Consideration Shares*. On the third anniversary of Completion, £4.1 million in cash

*The Deferred Consideration Shares assume an issue price of 600p per share. If on the first or second anniversaries of Completion, the Market Value of Lavendon shares is below 600p per share, any shortfall in value in respect of this share consideration will be made up by an additional cash payment by Lavendon

 - Lavendon will also assume The Platform Company's estimated net debt of £33.0 million on Completion
- The Platform Company is a large supplier of powered access rental equipment in the UK, with a fleet of approximately 4,000 units (average age: 4.5 years), a network of 10 depots and a strong financial track record, with attractive profit margins
 - Revenue of £31.0 million, EBITDA of £12.3 million and EBIT of £7.5 million for the year ended 31 March 2007. Since 31 March 2007, trading in The Platform Company has been strong
- The proposed acquisition of The Platform Company will:
 - strengthen Lavendon's leading position in the UK powered access rental market and increase the Group's UK revenue to an annualised run-rate of over £150 million, with a fleet size of approximately 15,000 units
 - enable the Group to realise considerable economies of scale and operational efficiencies from combining The Platform Company with Nationwide Access and rationalising the combined depot networks over time

- provide an increased pool of assets available for redeployment to the Middle East where market conditions continue to be buoyant
- allow the Group to reduce its capital expenditure programme for 2008 by up to £20 million due to the quality and revenue generation characteristics of the rental fleet being acquired
- The Platform Company management team will remain with the business and join the Lavendon Group
- The Directors expect the Acquisition to be earnings enhancing for the Enlarged Group, before exceptional costs associated with the Acquisition
- Following the planned integration of The Platform Company, the Board of Lavendon has estimated that a reduction in the overall cost base of the Enlarged Group of approximately £2.0 million will be achieved over time with related one-off unaudited costs of £2.0 million to be incurred during the course of 2008 and 2009
- Cash consideration payable for the Acquisition is being provided by a combination of existing facilities and an increase in the Group's existing bank facilities to £180 million
- The proposed acquisition of The Platform Company is conditional upon the approval of Shareholders, which will be sought at an Extraordinary Meeting of the Company. A circular containing details of the Acquisition and convening the Extraordinary General Meeting will be sent to Shareholders shortly

Commenting on the Acquisition, Kevin Appleton, Chief Executive, said:

"This acquisition increases the scale of our UK operation and offers considerable scope for cost synergies. It will also provide an opportunity for the Group to reduce its planned capital expenditure requirements for 2008, as the acquisition will deliver significant additional fleet capacity."

This summary should be read in conjunction with the full text of the announcement.

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Information on Lavendon

Lavendon Group is the European leader in the rental of powered access equipment. The quality and diversity of the hire fleet, coupled with the professionalism and accessibility of the depot network, provides an exceptional product range for customers and underpins the key operating strategies of the Group. Powered access equipment is designed to enable people to work safely, productively and comfortably at height. It can be used in a comprehensive range of applications, both inside and outside buildings and structures.

This announcement is for information purposes only and does not constitute an offer or invitation to acquire or dispose of any securities or investment advice in any jurisdiction.

This announcement contains a number of forward-looking statements relating to Lavendon with respect to, amongst other things, the following: financial condition; results of operations; economic conditions in which Lavendon operates; the business of Lavendon; future benefits of the transaction; and management plans and objectives. Lavendon considers any statements which are not historical facts to be "forward-looking statements". They relate to events and trends which are subject to risks and uncertainties which could cause the actual results and financial position of Lavendon to differ materially from the information presented in the relevant forward-looking statement. When used in this announcement, the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to Lavendon or the management of Lavendon, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. Lavendon does not undertake to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws and regulations.

Dresdner Kleinwort Limited, which is authorised and regulated by the Financial Services Authority, is acting for Lavendon Group plc and for no one else in connection with the Acquisition and will not be responsible to anyone other than Lavendon Group plc for providing the protections afforded to clients of Dresdner Kleinwort Limited or for affording advice in relation to the Acquisition or any matters referred to in this announcement.

Oriel Securities, which is authorised and regulated by the Financial Services Authority, is acting for Lavendon Group plc and for no one else in connection with the Acquisition and will not be responsible to anyone other than Lavendon Group plc for providing the protections afforded to clients of Oriel Securities or for affording advice in relation to the Acquisition or any matters referred to in this announcement.

Words and expressions used in this announcement shall have the same meaning as defined in Appendix I to this announcement.

Lavendon Group plc

Proposed acquisition of The Platform Company

1. Introduction

Lavendon today announces the proposed acquisition of The Platform Company, a supplier of powered access rental and equipment in the UK, for an aggregate consideration of £46.1 million payable in cash and New Ordinary Shares.

On Completion, Access Services will pay the Sellers £18.0 million in cash and procure the allotment, conditionally on Admission, of 2,000,000 Initial Consideration Shares. On each of the first and second anniversaries of Completion, deferred consideration of £8.3 million (to be satisfied by the payment of £3.0 million in cash and the allotment of 885,000 Deferred Consideration Shares) and £7.8 million (to be satisfied by the payment of £2.5 million in cash and the allotment of 885,000 Deferred Consideration Shares) respectively will become due and payable. The Deferred Consideration Shares assume an issue price of 600p per share. If on the first or second anniversaries of Completion, the Market Value of Lavendon shares is below 600p per share, any shortfall in value in respect of this share consideration will be made up by an additional cash payment by Lavendon. On the third anniversary of Completion, further deferred consideration of £4.1 million will become due and payable in cash. Lavendon will also assume The Platform Company's estimated net debt of £33.0 million on Completion.

In view of its size, the Acquisition constitutes a Class 1 transaction for the purposes of the Listing Rules. The Acquisition is therefore conditional, inter alia, upon the approval of Shareholders, which will be sought at an Extraordinary General Meeting. A circular containing details of the Acquisition and convening the Extraordinary General Meeting will be sent to Shareholders shortly.

2. Background to and reasons for the Acquisition

The UK represents the Group's most important geographic market, generating over 56.9 per cent. and 59.6 per cent. of the Group's revenues and operating profits in 2007 respectively. The Group's strategy for the UK market over the past two years has been to maintain a major national brand, Nationwide Access, focused largely on national accounts and major projects, and to develop a regional network of businesses through the acquisitions of Panther, Kestrel, AMP and Higher Platforms, concentrating on the local service and maintenance sectors. This strategy has enabled the Group to increase the utilisation of the combined fleet through inter-company rehire processes and to focus capital expenditure more effectively on replacing under-performing rental units with equipment more suited to current demand patterns. The combined effect of these actions has been to increase the Group's UK operating profits from £8.3 million in 2005 to £17.1 million in 2007, with operating margins improving from 13.6 per cent. to 16.1 per cent.

Against this background, the proposed acquisition of The Platform Company, which operates a fleet of around 4,000 machines through a network of 10 depots across the UK, represents an attractive opportunity for the Group to strengthen its leading position in the UK powered access rental market. The acquisition of The Platform Company will increase the Group's UK revenue to an annualised run-rate of over £150 million, with a fleet size of approximately 15,000 units.

By combining The Platform Company with Nationwide Access, the Group will be able to realise considerable economies of scale and operational efficiencies over time. In the short term, Nationwide Access and The Platform Company will continue to operate as separate businesses, each having access to the combined UK rental fleet, thereby reducing the need to rehire fleet from external third parties when demand cannot be satisfied from their own fleets. Towards the end of 2008, the Group's ERP system will be implemented in The Platform Company and the operating processes of Nationwide Access and The Platform Company aligned, to enable the integration of the businesses to take place in the first half of 2009. The Directors believe that the rationalisation of the combined existing depot networks and creation of larger scale

depots will generate cost savings and greater efficiencies for the Enlarged Group through increased sales focus, improved rental unit availability, greater transport flexibility and efficiencies and lower property, IT and administration costs.

In addition, the Directors believe that the Acquisition will provide an increased pool of assets available for redeployment to the Middle East where market conditions continue to be buoyant and where there is significant scope for the Group to increase its fleet to facilitate future growth in revenues. Such fleet redeployment will also introduce an element of flexibility into the UK fleet to manage fleet capacity, on certain models, to assist in aligning supply with market demand.

The senior management team of The Platform Company will remain in place following the Acquisition. Both Grant Woodward and Lee Perry will continue to be employed by The Platform Company as Managing Director and Sales Director respectively and they have, conditionally on Completion, entered into new service agreements with Lavendon, the terms of which are comparable to employees of the Lavendon Group at the same level of seniority and with similar expertise.

3. Information on The Platform Company

The Platform Company is a large supplier of powered access rental equipment in the UK, with a fleet of approximately 4,000 units (including 220 tele-handlers and fork-lift trucks), a network of 10 depots and approximately 235 employees. The business is headquartered in Slough, Berkshire.

The business was established in February 2002 following a management buy-out of the powered access operations of Mitie Group plc, led by Grant Woodward and Lee Perry, The Platform Company's two main shareholders. The business was expanded in 2004 following the acquisition of the trade and assets of the Meek Group plc out of administration. Since 2004, the business has expanded through continual investment in both its fleet and depot network.

The average age of The Platform Company fleet is four and a half years which compares favourably with five years for the Group's current UK fleet.

Financial performance

A summary of the results of The Platform Company for the three years ended 31 March 2007 is set out below.

<u>Year ended 31 March</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	£'000	£'000	£'000
<i>Revenue</i>	20,035	24,216	31,006
<i>EBITDA</i>	7,457	9,565	12,323
<i>EBITDA margin %</i>	37.2	39.5	39.7
<i>Operating profit</i>	4,981	6,350	7,521
<i>Operating profit margin %</i>	24.9	26.2	24.3
<i>Profit before tax</i>	3,702	5,148	5,918
<i>Profit after tax</i>	2,741	3,561	4,095
<i>Cash generated from operations</i>	9,223	9,071	11,515
<i>Capital expenditure</i>	(6,156)	(11,017)	(21,439)
<i>Net debt</i>	16,061	18,562	30,237
<i>Total assets</i>	26,216	33,844	52,438
<i>Net assets</i>	3,482	7,056	11,103

Over the past three years The Platform Company has shown strong revenue growth of approximately 25 per cent. per annum, with accompanying increases in EBITDA and operating profit. The Platform Company generated an EBITDA margin of almost 40 per cent. for the year ended 31 March 2007. This compares favourably with the EBITDA margins

generated by the Group of 31 per cent. and 34 per cent. as derived, without material adjustment, from the audited financial statements for the two years ended 31 December 2007, respectively. To support the growth of the business, considerable investment has been made in The Platform Company rental fleet during this period. As a consequence, net debt levels have increased, although they are well supported by the operational cash flows of the business.

Since 31 March 2007, trading in The Platform Company has been strong.

4. Principal terms of the Acquisition

Access Services has made an offer to acquire the entire issued share capital of The Platform Company for an aggregate consideration of £46,120,000 payable in cash and New Ordinary Shares. On Completion, Access Services will pay the Sellers £18.0 million in cash and procure the allotment, conditionally on Admission, of 2,000,000 Initial Consideration Shares. On each of the first and second anniversaries of Completion, deferred consideration of £8.3 million (to be satisfied by the payment of £3.0 million in cash and the allotment of 885,000 Deferred Consideration Shares) and £7.8 million (to be satisfied by the payment of £2.5 million in cash and the allotment of 885,000 Deferred Consideration Shares) respectively will become due and payable. On the third anniversary of Completion, further deferred consideration of £4.1 million will become due and payable in cash.

If on the first or second anniversaries of Completion the Market Value of an Ordinary Share is below 600 pence, any shortfall in value in respect of the Deferred Consideration Shares to be allotted to the Sellers at that time will be made up by an additional cash payment by Lavendon. For example, if the Market Value on the first or second anniversaries of Completion were 397 pence (Lavendon's share price as at close of business on 3 March 2008, being the latest practicable date prior to the publication of this announcement), an additional cash payment of £1.8 million would be payable by the Group on each date.

The Acquisition is conditional, inter alia, upon:

- (i) valid acceptances of the Offer being received in respect of not less than 90 per cent. of each class of The Platform Company shares to which the Offer relates (or such lesser percentage as Access Services may decide);
- (ii) the passing of the Resolutions at the Lavendon EGM;
- (iii) there being no material breach of the Warranties or pre-completion conduct provisions in the Warranty Deed; and
- (iv) Grant Woodward and Lee Perry continuing to be employed by and capable of managing The Platform Company business.

Completion of the Acquisition is expected to take place on the business day following satisfaction of the conditions to the Offer as to acceptances and Lavendon shareholder approval, providing all other conditions remain satisfied or are waived (if capable of waiver) at that time.

Application will be made for Admission in respect of the Initial Consideration Shares which are to be allotted and issued on Completion. It is expected that Admission will become effective and dealings in the Initial Consideration Shares will commence on the London Stock Exchange at 8.00 a.m. on 1 April 2008. The Initial Consideration Shares will rank pari passu with the existing Ordinary Shares.

The Group will on Completion assume the net indebtedness of The Platform Company which is estimated to be £33,000,000, after the sale of certain of The Platform Company's properties immediately prior to Completion for market value and a cash consideration of £1.5 million.

The cash consideration for The Platform Company payable on or immediately after Completion will be subject to a downward adjustment for each £1 that The Platform Company's net indebtedness exceeds £33,000,000 immediately prior to Completion, and an upward adjustment for each £1 that The Platform Company's net indebtedness falls below £33,000,000 immediately prior to Completion. A further downward adjustment will be made (not exceeding £4,000,000) in the event of any material breach of the Warranties or pre-completion conduct provisions in the Warranty Deed of which Access Services becomes aware prior to Completion.

On Completion of the Acquisition, Alan Merrell and Kevin Appleton will be appointed to the Boards of The Platform Company Group.

The Warrantors have entered into a Warranty Deed containing, inter alia, restrictions in relation to the Initial Consideration Shares to be issued to them on Completion and on the Deferred Consideration Shares issued to them on the first anniversary of Completion which apply for a period of 24 months from Completion. Up to 25 per cent. of such shares may be sold in the period falling between 6 and 12 months after allotment and a further 25 per cent. of such shares may be sold in each of the periods falling between 12 and 18 months and between 18 months and 24 months after allotment, in each case together with any unsold shares from the previous tranches. After a period of 24 months, any remaining shares can be sold. A 12 month restriction will apply in respect of Deferred Consideration Shares issued to the Warrantors on or after the second anniversary of Completion, whereby 50 per cent. of such shares may be sold after six months following such allotment, with any remaining shares being released from restriction after 12 months. The usual exceptions in relation to acceptance of general offers and acceptance of an offer by the Company to purchase its own shares apply. Arrangements are in place to ensure that any sale of such shares during the lock-up period is effected in consultation with the Company with a view to facilitating an orderly market. Similar restrictions will be imposed on other significant The Platform Company shareholders when they accept the Offers.

5. Financial effects of the Acquisition

The Directors expect the Acquisition to be earnings enhancing for the Enlarged Group, before exceptional costs associated with the Acquisition. Following the planned integration of The Platform Company, the Board of Lavendon has estimated that a reduction in the overall cost base of the Enlarged Group of approximately £2.0 million will be achieved over time with related one-off unaudited costs of £2.0 million to be incurred during the course of 2008 and 2009.

The acquisition of The Platform Company will also allow the Group to review its capital expenditure programme for 2008, and the Directors believe that a reduction of up to £20 million can be made due to the quality and revenue generation characteristics of the rental fleet being acquired. A reduction in the Group's capital expenditure plans of this scale, will effectively fund the initial cash consideration payable at Completion.

Nothing in this announcement should be interpreted to mean that the earnings of the Group for the current year or future years will necessarily match or exceed the historic or published earnings of the Group.

6. Funding

The cash consideration payable by the Group for the acquisition of The Platform Company is being provided by a combination of existing facilities and an increase in the Group's existing bank facilities to £180 million. The increased bank facilities would then comprise a term loan of £25 million, a revolving credit facility of £155 million and a £6.3

million bond facility. The term loan is repayable in quarterly installments between 31 March 2008 and 30 June 2009. The revolving credit facility is repayable on 30 June 2009.

A margin of between 110 and 305 basis points over Libor or Euribor (as applicable) is payable on the term and revolving credit facilities dependent upon the extent of the facility utilised and the level of interest cover of the Enlarged Group. There are a number of events of default in relation to the term and revolving facilities that are customary for facilities of this nature.

7. Listing, dealings and settlement of the New Ordinary Shares

Application will be made for Admission in respect of the New Ordinary Shares when they fall due to be issued in accordance with the terms of the Offer. It is expected that Admission will become effective and dealings in the Initial Consideration Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 1 April 2008. The Initial Consideration Shares will rank pari passu with the existing Ordinary Shares.

Appendix I

DEFINITIONS

The following definitions apply throughout this announcement, unless the context otherwise requires:

“Access Services”	Lavendon Access Services (UK) Limited.
“Acquisition”	the proposed acquisition of the entire issued share capital of The Platform Company (Holdings) Limited pursuant to the Acquisition Documents
“Acquisition Documents”	the Offer Document and the Warranty Deed
“Admission”	the admission of shares to the Official List and to trading on the London Stock Exchange market for listed securities
“AMP”	AMP Access Limited
“the Bank”	Bank of Scotland plc
“Company” or “Lavendon”	Lavendon Group plc
“Completion”	completion of the Acquisition in accordance with the Offer Document
“CREST”	the computerised settlement system operated by Euroclear UK & Ireland Limited which facilitates the transfer of shares
“CREST regulations”	the Uncertificated Securities Regulations 2001 (SI2001/3755)
“Deferred Consideration Shares”	the 885,000 new Ordinary Shares proposed to be issued pursuant to the Acquisition on each of the first and second anniversaries following Completion
“Enlarged Group”	the Company and its subsidiaries immediately following completion of the Acquisition
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following the issue of the New Ordinary Shares
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company
“Group”	the Company and its subsidiaries as at the date of this announcement
“Higher Platforms”	Higher Platforms Group Limited
“Initial Consideration Shares”	the 2,000,000 new Ordinary Shares proposed to be issued pursuant to the Acquisition on Completion

“Kestrel”	Kestrel Powered Access Limited
“Listing Rules”	the listing rules issued by the Financial Services Authority
“London Stock Exchange”	London Stock Exchange plc
“Market Value”	the average closing offer price for an Ordinary Share as quoted on the London Stock Exchange’s market for listed securities and as derived from the Official List during the preceding twenty days
“New Ordinary Shares”	the Initial Consideration Shares and the Deferred Consideration Shares
“Offer(s)”	the offers by Lavendon Access Services (UK) Limited to acquire the entire issued share capital of The Platform Company (Holdings) Limited on the terms of the Offer Document.
“Offer Document”	the offer document dated 4 March 2008 pursuant to which Lavendon Access Services (UK) Limited makes an offer to The Platform Company (Holdings) Limited’s shareholders to acquire the entire issued share capital of The Platform Company (Holdings) Limited together with a form of acceptance
“Official List”	the official list of the FSA
“Ordinary Shares”	ordinary shares of £0.01 each in the capital of the Company
“Panther”	Panther Work Platforms Limited
“Resolutions”	the resolutions set out in the notice of EGM
“Sellers”	holders of The Platform Company (Holdings) Limited shares
“Shareholders”	holders of Ordinary Shares
“Share Incentive Schemes”	the Company’s existing share incentive schemes
“Sponsor”	Dresdner Kleinwort Limited, which is authorised and regulated by the FSA
“Uncertificated” or “In Uncertificated Form”	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“Targets”	The Platform Company Group and any member of it
“The Platform Company”	The Platform Company (Holdings) Limited
“The Platform Company Group”	The Platform Company (Holdings) Limited, The Platform Company (UK) Limited and The Platform Company (Vehicle Mounts) Limited

“Warranties”	the warranties relating to The Platform Company Group and its business contained in Schedule 3 and part 4 of Schedule 4 of the Warranty Deed
“Warrantors”	those persons defined as “Warrantors” in the Warranty Deed.
“Warranty Deed”	the warranty deed dated 4 March 2008 and entered into between the Warrantors, Lavendon Access Services (UK) Limited and the Company in relation to the Acquisition