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Financial Highlights

Aggreko is totally committed to enhancing *shareholder value by delivering consistent growth* in quality earnings through an ever-expanding range of added-value services, focused on solving customers' increasingly complex temporary power, temperature control and oil-free compressed air requirements around the world.

Chairman's Statement

Many of the markets in which we operate throughout the world are experiencing strong growth. 2000 was another good year for Aggreko, with pre-tax profits topping £60 million – up 18.5 per cent on 1999 – and earnings per share increasing by 17.7 per cent to 14.51 pence.

Aggreko has had another good year. In the twelve months to 31 December 2000, pre-tax profits reached £60.8 million representing an 18.5% increase over 1999; earnings per share increased by 17.7% to 14.51 pence; turnover was 23.7% ahead at £279.5 million with overall trading margin and return on average net operating assets being broadly maintained at 23.9% and 26.9% respectively. Over the last twelve months, a record £84.1 million has been invested in the future development of the business.

Given the international nature of the Group's activities, with business in over 60 countries around the globe, results expressed in constant currency are undoubtedly a better measure of overall performance. Compared to the previous year, turnover in constant currency increased by 21.4% while operating profit was, on the same basis 17.7% ahead at £68.8 million.

As a company, Aggreko is totally committed to enhancing shareholder value by delivering consistent growth in quality earnings through an ever-expanding range of added-value services, focused on solving customers' increasingly complex temporary power, temperature control and oil-free compressed air requirements around the world.

Many of the markets in which we operate throughout the world are experiencing strong growth. As companies concentrate on their core competencies, outsourcing is rapidly becoming a global phenomenon. The availability of reliable power is a key determinant of economic growth, and the explosive growth of international telecommunications and computer-based systems has heightened awareness of the criticality of power – and indeed temperature control – supplies.

Over the last few years, Aggreko has moved from being predominantly a specialist rental company to a company focused increasingly on providing solutions where the equipment is seen as simply a means to an end.

Whilst the in-built flexibility of our equipment – which is specifically designed to be able to operate anywhere in the world, in any sector, to the highest technical and environmental requirements – is still important, it is the skill and imagination of Aggreko's people which provide the Company with its real and sustainable competitive edge and it is to them that the credit for this year's excellent result truly belongs.

Over the last year, we have continued to aggressively grow our International Power Projects business both geographically and by sector with new contracts in Africa, Asia and the Middle East, together with further extensions to existing contracts in Sri Lanka and the Balkans.

We have completed the reorganisation of our European business with the integration of our UK and Continental European operations, and opened a new depot in Sweden. In North America we have expanded our range of process-enhancement applications and entered into Energy Alliance agreements with several major international companies. We have also won the prestigious contract to supply the temporary power and distribution needs of the 2002 Salt Lake City Winter Olympic Games.

At the start of the new financial year, a number of new senior management appointments were made. On 1 January 2001, Phil Harrower was appointed Group Managing Director, to succeed David Yorke who will be retiring from Aggreko following the Company's AGM on 25 April 2001.

As one of the founding members of Aggreko in the UK, David has made an outstanding contribution to the development of the business over the last 28 years. The Company owes him a great debt of gratitude and, although we shall all be sorry to see David retire, we are absolutely delighted that Phil Harrower has accepted the challenge to succeed him.

Like David, Phil has an outstanding record of achievement with Aggreko. He joined the Company in 1983 as Scottish Rental Manager. In 1986, he moved to the USA as a key member of a small team charged with developing Aggreko's activities in North America. At that time, there were 12 people based in one location in Louisiana; today there are almost 800 personnel operating from over 60 locations across North America. In January 1998, he was appointed President of Aggreko Inc, and an Executive Director of Aggreko plc.

Phil – who will continue to be based in North America – has been succeeded as President of Aggreko Inc by George Walker.

George, an American national, also has a significant record of achievement with Aggreko having joined the Company in 1987 with our entry into the Temperature Control business. A graduate of the University of Texas, George became a Vice-President of Aggreko Inc. in 1988 and was appointed Executive Vice-President in 1997. As with Phil, he assumed his new responsibilities with effect from 1 January 2001.

The final change involved our business in Europe where – on 1 February 2001 – Hendrik Jan Molenaar was appointed Managing Director of Europe to succeed Stuart Paterson who left the Company during February to become Chief Financial Officer of Intense Photonics, a high-tech spin-out company from Glasgow University. During his 3½ years with Aggreko, mainly as Finance Director, Stuart has made a valuable contribution to the Group and we wish him well in his new career.

Hendrik, a Dutch national, has over eight years' international experience with Aggreko. Having joined the Company as European Business Development Manager in 1992, he moved to Dubai in 1995 to head up the development of Aggreko's Middle East business. In June 1999 he returned to Europe to take responsibility for the Company's UK operations and in November of the same year he was appointed European Operations Director.

On taking up their new positions, both George and Hendrik joined the Board of Aggreko plc and, in line with the Company's Articles of Association, will stand for election at the AGM in April.

It is a matter of considerable pride that we have been able to make all these key appointments from within the Company, demonstrating the depth and experience of our operational management.

On looking to the year ahead, we continue to see no shortage of profitable investment opportunities to grow the business, and our present plans envisage capital investment of approaching £100 million over the next twelve months. With this in mind the Board is recommending a final dividend of 2.95 pence which, when added to the interim dividend of 1.95 pence, gives a total for the year of 4.90 pence per ordinary share representing an 8.9% increase over the 1999 payment. Subject to approval by shareholders, the final dividend will be paid on 25 May 2001 to ordinary shareholders on the register as at 27 April 2001 with an ex-dividend date of 25 April 2001.

The new financial year has started well and we continue to look to the future with confidence.

Dr Christopher Masters
Chairman
27 February 2001

What does Aggreko actually do?

Aggreko is the world leader in the supply of temporary power, temperature control and oil-free compressed air. Using a fleet of equipment designed to operate in any sector and any climate, it has built up a global business providing solutions and 24-hour support from a unique distribution network that spans the world.

While some of Aggreko's business consists of providing a rapid response to emergency situations, the Company's capabilities extend far beyond that. Its long-term relationships with a customer base of major international clients stem from the expertise and experience it brings to planned projects, adding real value to every customer's business.

What makes Aggreko different?

Several factors set Aggreko apart from other companies in its field: the quality of its solutions, the quality of its service delivery, the quality of its people and the quality of its equipment.

Its success is a result of offering real vision, creativity and added-value to its customers, time after time giving them ideas and solutions that improve their own performance.

Added to this is the level of service and support Aggreko provides. Its solutions work not just on paper but in practice – at the right time, at the right cost and to the highest standards. This means offering back-up 24 hours a day, 365 days a year, making full use of a global network of depots to ensure that equipment is on-site in the shortest possible time.

Aggreko's ability to deliver total solutions and total service is made possible by the flexibility and reliability of its equipment and the calibre of its people. Training, planning and specialist knowledge are integral to Aggreko's business strategy and it continuously invests in the development of a high-quality global workforce.

The combination of those factors creates a world leader, a company that not only meets the expectations of its customers, but exceeds them.

Applications of limitless scope

Aggreko's input to a project may not grab the headlines – it is not often you see the temperature control provider mentioned on a wine label or movie poster. But in every project, the fact that Aggreko gets it right is critical to that project's overall success.

With no room for error, reliability is essential, and Aggreko delivers this. But it also offers much more: central to its success is the imagination of its people, its ability to proactively solve customer problems, to find new uses for its equipment and to create new markets for its expertise.

AT THE HEAD OF THE FLEET

Aggreko provides a variety of temperature control and temporary power solutions to the shipping sector. From powering of reefer containers to cruise ships across the world, and providing temporary on-dock refrigeration for speciality product loading, Aggreko's equipment comes into its own on the high seas.

STAR OF THE SILVER SCREEN

Aggreko has a detailed understanding of the film industry, gained through a combination of market research and on-set experience. As a single-source supplier for all power and temperature needs, Aggreko plays a critical role in the success of a production.

CUTTING-EDGE SOLUTIONS

Involved in hundreds of events including hockey games and on-ice productions, Aggreko has also been a key player in the growing popularity of temporary outdoor ice-rinks. Specialist staff assess each situation's and location's individual needs and ensure a tailored solution.

Aggreko's expertise is spread across three main areas

VINTAGE PERFORMANCE

Vineyards and wineries of all sizes – from small boutiques to mass producers – can benefit from temporary power or temperature control. Aggreko's specialists offer winemakers technical assistance in using its equipment to improve the quality of their wines.

Expertise that bridges the gap

Pharmaceuticals, mining, peacekeeping, food, entertainment, utilities ... the list goes on. Aggreko's expertise in temporary services crosses the divide between a growing range of sectors. What it does in every one of these industries is provide critical solutions, comfort, and risk reduction, enabling customers in every sector and every country to improve their performance, productivity, reliability and quality control.

Add to this 24-hour back-up, on-site support, and the ability to use experience gained in one industry to solve problems and add value in another, and you have a total package.

COMMUNICATIONS

In this or any other major industry, nothing is more costly than downtime, and speed is the key to successful system recovery. With over 100 locations across the globe, Aggreko is in prime position to respond quickly and effectively to a customer's needs.

MICRO-ELECTRONICS

The supply of clean compressed air is critical in high-tech manufacturing industries, whether it's being used to move product, operate instruments or run air tools. Aggreko air compressors and desiccant dryers are designed to work perfectly in any climate and any conditions.

FOOD AND DRINK

Aggreko offers numerous temporary energy solutions to producers and processors in the food industry, with applications ranging from supplemental cooling for cold stabilisation to pasteurisation, from product storage to fermentation.

Aggregko supply services to these sectors

Manufacturing	24%
Utilities	24%
Construction	12%
Oil & Gas	5%
Services Sector	10%
Entertainment	8%
Rehire	4%
Shipping	3%
Mining	2%
Other	8%

PETROCHEMICALS

With innovative application assistance and unmatched local service, Aggreko meets the temporary energy needs of petrochemical plants and refineries across the world, helping them minimise losses and maximise potential.

Major projects for major players

From the glittering skyline of Sydney to the awed silence on the greens at the US Open, from a power station in the Middle Eastern desert to an oilrig in the North Sea, Aggreko's business is truly global.

With 118 locations in 23 countries, and with equipment designed to cross continents and to function perfectly come rain, shine or typhoon, its customers are spread across the world. And however diverse these customers are in terms of sector, climate and terrain, one thing binds them together: they are major players who want results.

GOLD-MEDAL ACHIEVEMENT DOWN UNDER

In a flawless performance of coordination and integration, Aggreko's team at the Sydney Olympics provided 160 pieces of equipment at over 52 sites, ensuring the best-possible conditions and memories for both participants and spectators.

EUROPEAN GOAAAAALLLL!

With zero room for error and tens of millions of viewers across Europe, the organisers of the Euro 2000 football championship turned to Aggreko to provide the power for major broadcasters in all eight stadiums in Belgium and the Netherlands where matches were played.

DRIVING FORWARD IN DUBAI

As a result of its ability to deliver total solutions in all climates, Aggreko supplied a complete package of power for the Dubai Sevens rugby tournament, including power for sound and light systems, broadcasting, hospitality and catering areas, and the final evening's concert.

Aggreko's world network

TOUCHDOWN USA

For eleven years running, Aggreko has been the primary source of international broadcast power for various sporting championships. Involved from the initial stages of such a project, Aggreko's budgeting and design consultation services play an integral part in developing the most efficient approach to the event.

Operating Review

David Yorke

The performance of Aggreko in 2000 has again been one of profitable growth. When compared with the previous year, operating profit – in constant currency terms – was 17.7% ahead at £68.8million on revenues which, on the same basis, increased by 21.4% to £279.5 million. Whilst margins varied very slightly from region to region, the overall operating margin has been maintained in excess of 24% whilst return on operating assets – a more important measure of overall performance – is at a healthy 26.9%.

Early in the year we saw greater than expected revenues from the Millennium, particularly in North America where a number of key customers retained equipment, in anticipation of problems on 29 February. The strategic alliance signed with Ingersoll-Rand in March 2000, widened our oil-free air product offering, giving new momentum to this business across the globe, added to which we have seen record levels of capital expenditure throughout the business. While some of this has been directed towards the opening of fourteen new locations around the world, the bulk of our investment has gone, once again, into revenue earning assets. Particular emphasis has been placed on growing our Aggreko International Power Projects (AIPP) division which has had an excellent year.

The profitable growth in any business is almost always a reflection of the efforts of those working in the business. This is particularly true of the Aggreko business where the number of people we employ now totals over 1,800 world-wide. I would like to take this last opportunity of recording my personal thanks to them all, for the outstanding effort they have made in making 2000 another highly successful year for Aggreko.

North America

Our North American business again recorded a year of profitable growth in 2000. We have seen good underlying growth throughout the business in almost every location and business sector. Overall, North America has grown trading profit (pre gain on sale) by 17.2% to $52.6 million on revenue that has increased 19.1% to $209.2 million.

In our effort to increase our coverage of the North American Continent we opened ten new locations, and widened our geographic spread by opening depots in Trinidad and Puerto Rico. Supported by a new National Sales Office based in Houston, Texas, our Energy Alliance programme has made significant strides during the year, capturing many new contracts from such major corporations as BP Amoco, Honeywell and DuPont.

The temperature control business also grew strongly, particularly through process initiatives where we introduced additional engineering resources to support this development. The fleet of Industrial Cooling Towers was significantly increased during the year, and we maintained utilisation levels at or above those previously experienced.

The North American power business has continued to grow, both geographically through the addition of new depots, and by increasing the amount of utility business undertaken, which this year included one contract of 120 MW for FirstEnergy of Ohio.

The introduction of additional high quality oil-free air compressors, built by Ingersoll-Rand to a joint design, assisted our oil-free air business in North America to a year of record growth with revenues from compressors and associated dryers increasing by almost 50%.

Europe

2000 was a year of considerable upheaval in the European business as we fully implemented the planned integration and restructuring of our UK and Continental operations. The temporary disruption and one-off costs associated with this reorganisation caused the European margin to decrease by 1.9 percentage points to 19%. At the end of 1999 we took the decision to relocate a significant proportion of Europe's large capacity generating fleet to service contracts in both North America and AIPP. It was only towards the end of 2000 that we started to replace this fleet, with the net result that for much of 2000 Europe was short of large generating capacity, and overall revenues – in constant currency – were only slightly ahead at £78.9 million. As a consequence of the lower margin, trading profits on the same basis decreased by 5.2% to £15 million.

Whilst reduced activity in the oil and gas sector decreased power demand in both the UK and Norwegian sectors of the North Sea, the growth of communications resulted in our providing services to all of the major telecommunications companies throughout Europe. Towards the end of the year, with the recovery in crude oil prices, we saw increased activity in the offshore sector, which augurs well for the new financial year. Similarly, throughout mainland Europe, we are seeing an increase in demand for both power and temperature control services as the move to outsourcing accelerates and economic conditions start to improve.

On the temperature control front, our European refrigeration business grew revenue by 15% during 2000, maintaining a strong presence in the chemical, petrochemical, pharmaceutical and food and beverage sectors. We were particularly encouraged by the growth in temperature control revenue during the 'out of season' period, which again included the supply of chilling and power equipment during the festive season to provide temporary ice rinks at 120 European locations.

As in North America, our oil-free compressor business throughout Europe has also benefited from the Ingersoll-Rand alliance. Following the introduction of electrically powered compressors and the increase in the number of diesel powered units available, year on year revenues grew by 47% which is an excellent performance, albeit from a relatively small base.

Rest of the World

Following an outstanding first half, our operations in the Rest of the World have again recorded a superb result for the full year. In constant currency, trading profit is up 78.9% to £17.1 million on revenues which, on the same basis, have increased by 63.8% to £62.6 million.

In Australia, the improvement in base metal prices has been reflected in a gradual increase in business from the mining industry. This, coupled with our involvement in the Sydney Olympics, has enabled us to further grow our power revenues during 2000. Following the introduction of temperature control into Australia during 1999, we have experienced a year of positive development. In particular, our exposure in the chemical, petrochemical and food industries provides a firm platform for future growth. Although the business in Singapore has contracted slightly, due to a reduction in ship repair work, overall year on year revenues in Asia Pacific have grown by 8%.

In the Middle East, 2000 was once again a year of solid growth with revenues increasing in excess of 40%. Our depots in Bahrain and Jeddah – opened towards the end of 1999 – had a good first year, and in 2000 we extended the business into Egypt with a new depot in Cairo.

Temperature control, introduced in late 1999, has made a solid impact in the market, indicating a real opportunity to grow this service in the future. Following the success of last year, summer peak shaving power contracts were again carried out for the utility companies in Saudi Arabia and Oman, and we successfully completed a number of sophisticated load-testing contracts in the oil and gas sector.

AIPP has, in its second full year of operation, performed outstandingly, fully justifying the further investment we have made in both people and rental fleet. We have extended the facilities at Jebel Ali in the United Arab Emirates and have obtained adjoining land to facilitate further development. As well as securing extensions to our peace support contracts in the former Yugoslavia, we have also negotiated an extension from the Ceylon Electricity Board in Sri Lanka. All of these contracts will run well into 2001. In addition, through a proactive sales effort, we have broadened the base of the business with new contracts in the oil and gas, petrochemical and mining sectors in Tanzania, Korea, Malaysia and the Philippines.

Technical Support

Our design and assembly operation – based in Dumbarton, Scotland – has continued to play a vital role in the Group's success. It is here, through ceaseless innovation, that the inherent flexibility of Aggreko's equipment is constantly refined and developed. We have continued to pay particular attention to environmental issues using best-available technology. All of our power, temperature control and oil-free air equipment now incorporates 'save all' bunds to guard against accidental spillage and, during the course of the year, we have introduced a new range of double-skinned tanks.

Our Employees

In the year under review we invested £0.9 million in ensuring that all employees are properly equipped, through thorough training, to again maximise their contribution. Included in our training programme, all employees were made aware of the Group's commitment to health and safety, and our constant drive to reduce work-related accidents.

David Yorke
Director
27 February 2001

Financial Review

Angus Cockburn

Introduction
As described in both the Chairman's Statement and the Operating Review, 2000 has been a year of significant growth for Aggreko both in terms of turnover and profitability.

Turnover
Group turnover for the year grew by 23.7% over 1999 to £279.5 million. When measured in constant currency, the growth in turnover was 21.4%.

As stated in last year's Financial Review, the Group benefited significantly in 1999 from two events that had a particular impact on the results. While turnover in 2000 has again benefited from Millennium related work, with additional revenue of £9.0 million (1999 – £9.6 million), when compared to 1999, the current year has seen no unusual contribution from hurricane related work in North America (1999 – £1.5 million). Adjusting for these factors the underlying growth in turnover was 25.9% and 23.7% in sterling and constant currency respectively.

Operating Profit
Group operating profit of £68.8 million, represents growth of 20.4% over 1999. Adjusting for the positive impact from currency translation, which totalled £1.3 million in the year, the growth in constant currency was 17.7%.

As with turnover, the 1999 operating profits benefited from both the Millennium and the hurricane related work in North America. While the 2000 operating profits, once again, include a contribution from the Millennium, £2.5 million (1999 – £2.6 million), no additional operating profit has been generated from hurricane related work in 2000 (1999 – £0.4 million). Taking account of these factors, the underlying growth of operating profits was 22.6% and 20.0% in sterling and constant currency respectively.

The operating margin of the Group in 2000 of 24.6% was slightly behind the 1999 level of 25.3%. This reduction was principally due to the lower gain on sale of tangible fixed assets of £2.0 million in 2000 (1999 – £3.4 million), reflecting the state of the second hand equipment market which was impacted by a surplus of equipment in the post Millennium period. However, trading margin (i.e. pre gain on sale of tangible fixed assets) improved slightly to 23.9% in 2000, compared with 23.8% in 1999.

As a result of the growth in operating profits, relatively stable margins, offset by an increased asset base, the return on average net operating assets remains strong at 26.9% albeit slightly down on 1999's figure of 27.7%.

While the Group has had some currency translation benefits in the year, the realised currency gains and losses have been relatively minor as our revenues and costs in each region are mainly denominated in the same currencies. On the rare occasions that this is not the case, the revenues are sold forward to minimise any currency risks.

Interest
The interest charge for the year was £8.0 million, an increase of 37.9% on 1999. The increase was due to the higher monthly net debt levels arising from the increased level of capital expenditure and higher worldwide interest rates. Despite this, interest cover remains healthy at 8.6 times. The Group's interest rate exposure is managed through swaps and forward rate agreements which are authorised by the Board. Our sterling, dollar and euro currency debt is covered in this way through to December 2001 (ref. Note 17 (ii)).

Taxation
The Group's tax charge of £22.2 million comprises tax payable on the Group's profit on ordinary activities and, as in previous years, includes a full charge for deferred taxation. The Group's effective tax rate for 2000 was 36.5% (1999 – 36.3%) reflecting the geographic mix of profit generation. This rate is considered to be broadly maintainable and will not be materially affected by the introduction of FRS19, the new deferred taxation accounting standard.

Earnings Per Share
The calculated earnings per share for the year of 14.51 pence represents an increase of 17.7% over the 1999 figure of 12.33 pence. Diluted earnings per share for the year was 14.40 pence, an increase of 17.3% on the 1999 figure of 12.27 pence.

Dividends

The proposed dividend for the year is 4.90 pence, an 8.9% increase over the 1999 figure of 4.50 pence. The interim dividend declared in August 2000 was 1.95 pence and the final dividend, subject to approval of the recommendation, will be 2.95 pence.

Balance Sheet

Shareholders' funds at 31 December 2000 were £139.1 million represented by the net assets of the business, before net debt, of £255.3 million and the net debt of £116.2 million. The net debt of £116.2 million has increased from £94.8 million at 31 December 1999. This was a reflection of the continued growth in capital investment together with the higher levels of working capital, taxation and interest associated with the growth of the business.

Capital expenditure was principally related to continued expansion of our rental fleet, our depot network and the acquisition of Ingersoll-Rand's oil-free compressor fleet. The level of capital expenditure, along with a weakening of sterling against the dollar resulted in an increase in tangible fixed assets of £46.2 million.

During 2000, 2.4 million ordinary shares were issued to satisfy the exercise of options. This has resulted in an increase in called-up share capital of £0.5 million to £53.5 million, and an increase in the share premium account of £3.9 million to £4.0 million at the end of 2000.

Treasury

The Group's treasury function is managed centrally and is charged with three key responsibilities, which have not changed in the last year, namely to ensure that cost effective funding is available to adequately support the operating activities of the Group, and to manage both the exchange rate and interest rate exposures within the business. To this end the net debt in the business is proactively managed through a combination of sterling, dollar and euro denominated debt, which is representative of the net assets of the business. This ensures that we minimise the exchange impact of exchange fluctuations on the balance sheet. The Group's treasury function is not permitted to enter into any transactions of a speculative nature.

During 2000, the Group entered into new five year committed borrowing facilities totalling £190 million to replace those put in place at the time of the demerger in 1997 which had been due to commence amortisation in September 2000. In addition, the Group secured other shorter term borrowing facilities as shown at note 17.

Cash Flow and Funding

The Group continues to be strongly cash generative and EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) for the year amounted to £112.9 million up 19.1% on 1999. Net cash inflow from operating activities during the year totalled £101.3 million (1999 – £92.9 million) which contributed significantly to the funding of the increased level of capital expenditure which, at £84.1 million, was up £5.9 million on 1999 and £40.2 million in excess of the depreciation charge.

The increase in net debt during 2000 was £21.4 million resulting in gearing of 84% at the year end which compares to 92% in 1999.

European Monetary Union

We are in a position to deal with all suppliers and customers in euros if that is the currency of their choice. Our European operating activities were reported internally in euros in 2000 and this will continue in the future.

Going Concern

The Directors, having made all the relevant enquiries, consider that the Group and the Company have the adequate resources at their disposal to continue their operations for the foreseeable future, and that it is therefore appropriate to prepare the accounts on a going concern basis.

Angus Cockburn
Finance Director
27 February 2001

Board of Directors

Dr Christopher Masters † (53) Executive Chairman
Dr Masters was Group Chief Executive of Christian Salvesen PLC from October 1989 until the demerger of Aggreko in September 1997 when he was appointed Executive Chairman of Aggreko plc. He had been a Director of Christian Salvesen since 1987 and in 1984 he led the negotiations which resulted in the acquisition of Aggreko. Prior to joining Christian Salvesen in 1979 he worked for Shell Research N.V. in the Netherlands and Shell Chemicals in London. Currently, he is also a Non-executive Director of the British Assets Trust plc as well as Chairman of the Scottish Higher Education Funding Council and a member of the Board of the Scottish Chamber Orchestra.

Philip Rogerson *§† (56) Non-executive Deputy Chairman
Philip Rogerson is Chairman of Viridian Group plc. He was Deputy Chairman of BG plc (formerly British Gas plc) until February 1998 having been a Director since 1992. Prior to joining BG plc he spent 14 years with ICI, latterly as General Manager – Finance. He is also Chairman of Project Telecom plc and Chairman or a Non-executive Director of a number of other companies. He joined the Board of Aggreko plc prior to demerger in September 1997.

David Yorke (54) Group Managing Director (until 1 January 2001)
David Yorke joined Aggreko on its formation in the UK in 1973. He became Managing Director in 1986 and in 1988 moved to the Netherlands as Managing Director of Aggreko's European operations. In June 1992 he assumed responsibility for Aggreko's world-wide activities. From 1985 until 1989 he was on the Board of the Industrial Services Division of Christian Salvesen PLC and served on the Group's Management Board from 1991 to the demerger when he was appointed Managing Director of Aggreko plc. In anticipation of his retirement from the Group at the end of May, David stepped down from his position on 1 January 2001 and was succeeded by Philip Harrower. He will retire from the Board at the end of the forthcoming Annual General Meeting.

Philip Harrower † (44) Group Managing Director
Phil Harrower joined Aggreko in 1983 as Scottish Rental Manager. In 1986 he moved to the USA as a key member of a small team charged with the responsibility of developing the Company's activities in North America. Over the succeeding 12 years, Aggreko's business in North America grew rapidly from one location and 18 people to over 50 locations employing almost 800 people. In January 1998, he was appointed President of Aggreko Inc. and an Executive Director of Aggreko plc. On 1 January 2001 he succeeded David Yorke as Group Managing Director.

Angus Cockburn (37) Finance Director
Angus Cockburn, a Chartered Accountant, joined Aggreko on 1 May 2000 as Finance Director. He was previously Managing Director of Pringle of Scotland, a division of Dawson International PLC, having joined that company in 1997 from PepsiCo Inc. At PepsiCo he spent five years in various positions latterly as Regional Finance Director for Central Europe based in Budapest. He has worked with KPMG both in the UK and in the USA and has an MBA from the IMD Business School in Switzerland.

Derek Shepherd (58) Managing Director – Rest of the World
Derek Shepherd, a Chartered Engineer, left his position as Managing Director of Taylor Woodrow Nigeria to become International Managing Director of Gammon (HK) in Hong Kong and joined Aggreko in 1988 as Managing Director of the UK business. He was appointed Director of Aggreko Europe in 1991 and became Managing Director the following year. He joined the Board on demerger in September 1997. In March 1999 he was appointed Managing Director – Rest of the World with responsibility for Aggreko International Power Projects (AIPP) together with the Company's activities in the Middle East, Australia and the Asia Pacific region. He is based in Dubai, United Arab Emirates.

Board Committees Membership: * Audit § Remuneration † Nomination

Stuart Paterson (43) Managing Director – Europe (until 25 January 2001)

Stuart Paterson, a Chartered Accountant, joined Aggreko in July 1997 as Finance Director and was appointed as Managing Director of the European business in April 2000. He was previously European Manufacturing Controller of a division of Motorola having joined that company in 1990. Prior to that he worked with Hewlett Packard as Financial Controller of their Computer Peripherals division and has also worked with Price Waterhouse in Scotland and Australia. In January 2001 he announced his intention to leave the Company to become Chief Financial Officer of Intense Photonics, a high-tech spin-out company from Glasgow University. He has been succeeded by Hendrik Jan Molenaar.

George Walker (43) President – Aggreko Inc.

George Walker, a United States citizen, joined Aggreko in 1987 when the Company initially entered the temperature control business through the acquisition of Mobile Air-Conditioning Inc. where he was Controller and then Vice-President. George, a graduate of the University of Texas, became a Vice-President of Aggreko Inc. in 1988 and was appointed Executive Vice-President in 1997. On 1 January 2001 he succeeded Phil Harrower as President of Aggreko Inc. and was appointed an Executive Director of Aggreko plc on 18 January 2001.

Hendrik Jan Molenaar (36) Managing Director – Europe

Hendrik Jan Molenaar, a Dutch national, joined Aggreko in 1992 as European Business Development Manager, having gained an MBA from Nijenrode University in the Netherlands. In 1995 he was appointed General Manager Middle East and headed up the rapid development of the Company's business in the United Arab Emirates, Oman and Saudi Arabia before returning to Europe in early 1999 to take responsibility for the UK operations. In November 1999 he was appointed European Operations Director and on 1 February 2001 he became European Managing Director and was appointed an Executive Director of Aggreko plc.

*Andrew Salvesen *§ † (53) Non-executive Director*

Andrew Salvesen was a Non-executive Director of Christian Salvesen PLC between 1989 and the demerger in September 1997, when he was appointed to the Board of Aggreko plc. He had more than 20 years' experience with Christian Salvesen, including being Managing Director of Christian Salvesen's former Oilfield Technology operations. He is a Non-executive Director of Smedvig ASA and Stirling Shipping Ltd as well as being Chairman of Robertson Research Holdings Limited, Canvas Holidays Limited and Roxar ASA. He is a member of the Court of the University of Aberdeen and a member of the Council of the Sail Training Association.

Sir Ronald Miller CBE *† (63) Non-executive Director

Sir Ronald Miller was a Non-executive Director of Christian Salvesen PLC between 1987 and the demerger in September 1997, when he was appointed to the Board of Aggreko plc. He was formerly Chairman of Dawson International PLC from 1982 to 1995. He is a Director of Securities Trust of Scotland PLC and a number of other companies and is Chairman of the Court of Napier University.

Marie-Bernard Trannoy § † (55) Non-executive Director

Marie-Bernard Trannoy, a French national, joined the Board in May 1999. He is currently Managing Director of Cadbury Schweppes' confectionery business in Europe and has an extensive background in international marketing. Prior to joining Cadbury Schweppes PLC in 1996, he was Vice President and General Manager with Procter & Gamble, Europe. He is a Chevalier of the Légion d'Honneur.

Company Secretary Paul Allen (52)

Paul Allen, a Chartered Accountant, was Divisional Accountant of Christian Salvesen's Industrial Services division at the time of the Aggreko acquisition. In 1986, following the acquisition of the North American business he became Financial Controller of Aggreko Inc. He returned to the UK in 1993 and became Head of Finance for Aggreko in 1994. He was appointed Company Secretary on demerger in September 1997.

Directors' Report

Results and Dividends
The profit for the financial year after taxation was £38.6 million (1999 – £32.7 million).

An interim dividend of 1.95 pence per ordinary share was paid on 24 November 2000 and the Directors now recommend a final dividend of 2.95 pence per ordinary share payable on 25 May 2001, making a total for the year of 4.90 pence per ordinary share (1999 – 4.50 pence). The total cost of these dividends amounts to £13.1 million (1999 – £11.9 million).

The balance of the retained profit for the financial year of £25.5 million (1999 – £20.8 million) has been transferred to reserves.

Share Capital
Details of the changes in issued share capital during the year are shown in Note 20 to the accounts.

Principal Activities
The principal activities of the Group, significant changes in those activities and an indication of likely future developments are described in the Chairman's Statement on pages 2 and 3 and in the Operating Review on pages 12 and 13. Principal subsidiary undertakings are listed in Note 26 to the accounts.

Directors
The present Directors of the Company and their biographical details are set out on pages 16 and 17.

Mr A G Cockburn was appointed on 1 May 2000, Mr G P Walker was appointed on 18 January 2001, and Mr H J Molenaar was appointed on 1 February 2001. All three are obliged to retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for election.

Mr P J Harrower and Mr A C Salvesen retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Mr S R Paterson resigned as a Director on 25 January 2001.

Mr D J Yorke, who retires this year by rotation, will not seek re-election and will retire from the Board at the end of the forthcoming Annual General Meeting.

All of the Executive Directors have service agreements and the details of their notice periods are set out in the Remuneration Report on page 27; the Non-executive Directors have letters of appointment for an initial three year period and renewable for a further three years. No other contract with the Company, or any subsidiary undertaking of the Company, in which any Director was materially interested subsisted during or at the end of the financial year other than as disclosed in Note 25 to the accounts.

A statement of Directors' interests in the share capital of the Company at the end of the financial year is given on pages 27 and 28.

Donations
During the year the Group contributed £43,974 (1999 – £26,945) in terms of cash, employees' time and other services to a range of charitable, community and arts organisations. Of this total £25,611 (1999 – £16,787) was donated to registered UK charities.

No political donations were made during the year (1999 – Nil).

Employees
We continue to operate team briefings throughout our business to keep employees informed of developments and plans, both in their own operations and in the Group as a whole. The Group news magazine is published twice each year and we publicise the annual and interim results extensively throughout the business.

The Aggreko Savings-Related Share Option Scheme (Sharesave) was launched in 1998 and more than 50% of employees with over six months service are now participating in this scheme. A substantial number of employees have share holding interests built up through Sharesave and other schemes.

The Group's policies for recruitment, training, career development and promotion of employees are based on the suitability of the individual and give those who are disabled equal treatment with the able bodied. Where appropriate, employees disabled after joining the Group are given suitable training for alternative employment with the Group or elsewhere.

Supplier Payment Policy
As a holding company, the Company does not have any trade creditors and, as such, it would not be meaningful to disclose supplier payment policy at this level. It is the Group's policy to settle the terms and conditions of payment with suppliers when agreeing each transaction, to ensure that suppliers are made aware of these terms and, in practice, providing the supplier meets its contractual obligations, to abide by them. In overall terms, the Group had approximately 49 days credit outstanding as at the balance sheet date.

Annual General Meeting
The Company's Annual General Meeting will be held on Wednesday 25 April 2001 at the Hilton Hotel, 1 William Street, Glasgow and the notice of this meeting is set out on pages 48 and 49.

Special Business
Executive Share Option Schemes
Resolution 9 proposes a number of changes to the Aggreko Approved Executive Share Option Scheme 1997 and the Aggreko Non-Approved Executive Share Option Scheme 1997 ('The Schemes').

The Schemes provide for the grant of options over shares in the Company to key employees selected by the Remuneration Committee. The Schemes are identical for all practical purposes, differing only to the extent that the first mentioned scheme contains certain provisions necessary to secure its approval by the Inland Revenue (and therefore a more tax favoured treatment for participants).

The Schemes were adopted at the time of the demerger from Christian Salvesen in 1997. Since that time, the Association of British Insurers has published (in July 1999) revised guidelines in these matters. Having had the benefit of both these guidelines and over a year's worth of market practice amongst companies in applying them, the Remuneration Committee has considered whether the most modern practice indicates any amendments to the Schemes. They consider that it does and wish to place an amendment before shareholders.

The Existing Position

The present Schemes contain a limit on the value of shares which can be placed under option to each individual, in that the value of the shares for which an individual may be granted options to subscribe over any ten year period may not exceed, broadly, 4 x the individual's annual remuneration. Options which have previously been exercised need not be counted against this limit, provided that the scheme is operated on the basis that no more than 2½% of the Company's share capital may be made the subject of options during the subsequent four year period.

Given that options which have been exercised need not count against the total, there is an incentive on an individual to exercise such options at the earliest possible opportunity.

The New Proposal

The Remuneration Committee has concluded that following developments over the last three years it is now counter productive to operate the scheme on the above basis particularly in that, in order to receive more options, an individual must first exercise some of his existing ones.

The Remuneration Committee therefore proposes to remove this feature by modifying the rules such that no individual may, in any single year, be granted an option to acquire shares to the value of more than 1⅓ their total annual remuneration. This will remove the incentive to exercise options at the earliest opportunity. It will also have the result of placing the schemes on a footing which is in line with current practice and the ABI guidelines published in July 1999 in terms of expressing the limit on an annual basis. Whilst it believes that the limit will, nevertheless, largely be sufficient for the Company's purposes, it also believes that there may be cases where a larger 'one off' grant is necessary to recruit particularly important individuals. It is therefore also proposed that for new joiners there will be flexibility to make an option grant over shares to the value of 4 x annual remuneration initially. Again, dispensations of this nature for new joiners have been a feature of recent practice.

While the Remuneration Committee reserves the right to set performance criteria in accordance with the needs of the Company and prevailing market practice, in the context of the current proposed changes it intends to retain the stretching criteria which were introduced at the time of demerger, namely:

1. *The Company's earnings per share ('EPS') must have increased* in real terms by 3% p.a., **and**
2. The Company's total shareholder return must have exceeded that of the FTSE 250 Index (excluding Investment Trusts).

However, unlike the present scheme which requires that the criteria should be met whenever the date of exercise occurs, under the new scheme it is proposed that once the criteria have been met over the required time period, initially three years, the options will effectively vest in the employee and as such he or she will be free to exercise such options at any time up to and including the expiry date, thus again removing the incentive on the employee to exercise such options at the earliest available opportunity. Performance criteria are to be measured always from the year prior to the grant of the relevant option (rather than over a rolling three year period as now), and up until five years from grant.

Resolution 9 to be proposed to the Annual General Meeting will, if passed, authorise the Directors to make these changes. The Directors consider such changes to be in the best interests of the Company and recommend that you vote in favour of the resolution, as they intend to do in respect of their own shareholding representing 3.08% of the share capital of the Company.

A copy of the rules of the Schemes in their proposed amended form will be available for inspection at the offices of New Bridge Street Consultants, 20 Little Britain, London EC1A 7DH and at the Annual General Meeting itself from 15 minutes prior to the meeting until its conclusion.

Allotment for Cash

Resolution 10 proposes as a special resolution to disapply the statutory pre-emption rights of shareholders on allotment of equity securities for cash up to a limit of a total of shares with a nominal value of £2,670,000, being 5% of the current issued share capital.

The resolution also disapplies these rights to the extent necessary to facilitate rights issues. The authority under this resolution would expire on the date of the Annual General Meeting in 2002 or on 24 July 2002, whichever is the earlier. This resolution is on the same basis as approved last year and the Directors intend to seek renewal of this power at subsequent Annual General Meetings.

Directors' Report (continued)

Special Business (continued)
Purchase of own Shares
The final item of special business is the Directors' recommendation that shareholders renew the authority of the Company to purchase its own ordinary shares as permitted under Article 7 of its Articles of Association. Accordingly, Resolution 11 will be proposed as a special resolution seeking authority to make such purchases in the market. The Directors have no immediate intention of using such authority and would do so only when they consider it to be in the best interests of shareholders generally and an improvement in earnings per share would result. Any ordinary shares purchased under this authority will be cancelled and the number of ordinary shares in issue will be reduced accordingly.

Resolution 11 specifies the maximum number of ordinary shares which may be purchased (representing approximately 10% of the Company's existing issued ordinary share capital) and the minimum and maximum prices at which they may be bought, reflecting the requirements of the Companies Act 1985 and the London Stock Exchange. The Directors intend to seek renewal of this power at subsequent Annual General Meetings.

Notifiable Interests
As at 31 January 2001 the Company had received notifications of the following share holdings in excess of 3% of the issued ordinary share capital:-

Name of Shareholder	Number of Shares	%
A E H Salvesen *	14,955,051	5.59
Royal and SunAlliance Insurance Group plc †	11,678,422	4.36
Standard Life Investments Limited †	10,552,293	3.94
FMR Corp. and Fidelity International Limited †	8,052,796	3.01

† including subsidiaries
* including immediate family and trustee interests

The Directors are not aware of any other material interests amounting to 3% or more in the share capital of the Company.

Auditors
A resolution re-appointing PricewaterhouseCoopers as the Company's auditors will be proposed at the Annual General Meeting.

By order of the Board

A Paul Allen
Secretary
27 February 2001

A Paul Allen

Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare accounts on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for the Group's system of internal control and safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that these accounts comply with the foregoing requirements.

Corporate Governance

Introduction

The Board remains committed to high standards of corporate governance and supports the Principles of Good Governance and Code of Best Practice (the 'Code') issued by the Financial Services Authority as an Appendix to its Listing Rules. This statement describes how the principles of the Code are applied and reports on the Group's compliance with the Code Provisions.

Board Meetings and Responsibilities

Corporate governance is the responsibility of all Directors. In addition to meeting regularly, at least ten times a year, separate strategic discussions take place. Amongst the matters reserved for decision by the full Board are strategic policy, acquisitions and disposals, capital projects over a defined limit, annual budgets, new Group borrowing facilities and significant changes to employee benefit schemes.

The Chairman and the Managing Director have distinct and defined responsibilities. In addition to being ultimately responsible for the effective working of the Board, the Chairman has primary responsibility for working with the executive team to develop the overall strategy of the business while maintaining close links with major shareholders and financial institutions. The Managing Director is primarily responsible for the operational management of the business and for the implementation of the strategy agreed by the Board.

Independent Directors

The Board currently comprises seven Executive Directors and four Non-executive Directors and their details are set out on pages 16 and 17. The Non-executive Directors bring a wide range of experience to the Company and are considered by the Board to be independent. Mr AC Salvesen was formerly managing director of a subsidiary within the Christian Salvesen Group (as described on page 17), however, he has not been employed in an executive capacity by either Christian Salvesen or Aggreko since 1989. Although the Executive Directors include the Chairman and the Managing Director, the presence of a Non-executive Deputy Chairman (who is the senior independent director) together with three other Non-executive Directors provides a strong and independent element on the Board.

Re-election of Directors

One third of the members of the Board must retire by rotation each year and may offer themselves for re-election if eligible. The Board has also resolved that all of its members must submit themselves for re-election at regular intervals of at least every three years. Any Director appointed by the Board will be subject to election by shareholders at the first opportunity after his or her appointment and will not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Standing Committees

The Board has standing Audit, Remuneration and Nomination committees, the membership of which is detailed on pages 16 and 17. Each committee reports to and has its terms of reference approved by the Board and the minutes of the committee meetings are circulated to and reviewed by the Board.

The Audit Committee consists of three Non-executive Directors and normally meets at least three times a year under the chairmanship of Sir Ronald Miller. Although they are not members, the Group Chairman, Finance Director, Head of Internal Audit and the external auditors normally attend these meetings. Both the internal and external auditors have direct access to the Committee Chairman at all times. The nature and scope of the audit are discussed with the external auditors in advance and any matters arising from their work and the accounts are reviewed. The Committee also aims to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, reflecting the determination of the Board to ensure that internal financial control procedures are of a high standard. Written and verbal reports from the Head of Internal Audit are received by the Committee on a regular basis.

The Remuneration Committee consists of three Non-executive Directors and meets at least twice a year under the chairmanship of Mr P G Rogerson. Its primary function is to determine the Company's policy on Board remuneration and to approve the specific terms and conditions of employment of the Executive Directors and senior managers including the basis on which performance related awards are calculated. The Committee also determines the terms on which any employee share or share option schemes are to be offered and the basis of invitations to participate. The fees payable to Non-executive Directors are established by the full Board.

Corporate Governance (continued)

The Nomination Committee consists of the Non-executive Directors and the Managing Director under the chairmanship of Dr C Masters. Its responsibilities are to assist the full Board with succession planning and with the selection process for the appointment of a new Director or Chairman.

Relations with Shareholders
The Notice of Annual General Meeting on pages 48 and 49 sets out the resolutions that will be proposed. The Board supports the use of the meeting as a means of communicating with private investors and encourages their participation. The Company is ready, where practicable, to enter into a dialogue with institutional shareholders, analysts and investors. Senior executives seek to meet regularly with major shareholders to improve their understanding of the Company and its objectives.

Internal Control
Monitoring Risk
The Board has applied Principle D.2 of the Code by establishing a continuous process for identifying, evaluating and managing the significant risks that the Group faces.

The Board is responsible for reviewing the effectiveness of the Group's system of Internal Control as well as significant risk issues. Such a system is designed to manage rather than eliminate risk, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board's monitoring framework covers a wide range of controls, including financial, operational and compliance controls together with risk management. It is based principally on reviewing reports from management and considering whether significant risks are identified, evaluated, managed and controlled and ensuring that any significant weakness, thus identified is promptly remedied. This process is continually reviewed and strengthened as appropriate.

The Board also considers financing and investment decisions concerning the Group and monitors the policy and control mechanisms for managing treasury risk. The Group insurance programme is reviewed by the Board which also approves all self-insured exposures.

A comprehensive system for monitoring risks has been in operation throughout the year and key risks have been identified on a risk register. The Board has considered the probability of those risks occurring and their impact if they do occur as well as the actions that have been taken in response to them.

Review of Effectiveness
In compliance with Provision D.2.1 of the Code, the Board reviews the effectiveness of the Group's system of Internal Control.

On an annual basis the Board undertakes a formal review, which is designed to assess the application of the principal financial controls operated by the Group. The review, which is based on self assessment by regional management, is carried out using a risk review and control questionnaire and is intended to complement the internal and external audit procedures.

During the year the Audit Committee of the Board reviews the external and internal audit work programmes and considers reports from internal and external audit on the system of internal control and any material control weaknesses. It also receives responses from management regarding the actions taken on issues identified in audit reports.

The Board has also undertaken a specific assessment of internal control for the purpose of this Annual Report. This assessment considered all significant aspects of internal control arising during the year ended 31 December 2000. Accordingly, the Board is satisfied that the Group continues to have an effective system of internal control.

Health and Safety

The Board has set policies for the Group to ensure that everything that is reasonably practicable is done to prevent personal injury or damage to health and each business unit is required to follow the best relevant industrial practice in its country of operation. The Group policy statement approved by the Directors provides a framework setting out the objectives for management. Individual businesses monitor their procedures and safety records regularly and submit reports to the Board on a quarterly basis.

Environment

It is the policy of the Group at all times to be aware of the implications of its activities on the surrounding environment and on the communities within which it operates. Wherever practical, action will be taken not just to comply with all statutory requirements but to work towards the best relevant practice. Quarterly reports are presented which allow the Board to monitor the level of the Group's performance.

Pensions

The assets of the UK pension fund are controlled by trustees; they are held separately from the assets of the Company and invested by independent fund managers. The segregated funds cannot be invested directly in the Company. Four trustees have been appointed by the Company and, in addition, two member nominated trustees have been appointed.

Compliance with the Code

The Directors consider that the Group complies and has complied throughout the year ended 31 December 2000 with all of the Provisions of the Code.

Remuneration Report

The Directors confirm that the Company has complied with Principle B2 and the underlying specific Provisions of the Principles of Good Governance and Code of Best Practice (the 'Code') appended by the Financial Services Authority to its Listing Rules. The Directors also confirm that the Company has complied with Principle B1 and the underlying specific Provisions of the Code in determining the policy on remuneration for its Executive Directors, including service contracts and compensation. Details of each individual Director's remuneration are set out on page 26. Information on Directors' share and share option interests may be found on pages 27 and 28.

Remuneration Committee: Composition, Responsibilities and Operation
The membership of the Remuneration Committee is entirely non-executive and the names are listed on pages 16 and 17. They have no personal financial interest other than as shareholders in the matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day operational responsibility within the Group.

The Committee's principal function is to determine the policy on remuneration for the most senior executives and to approve the specific remuneration of the Chairman, the Executive Directors and the Secretary, including their service contracts.

The Committee's remit therefore includes, but is not restricted to, basic salary, benefits in kind, performance related awards, share options and share awards, long-term incentive schemes, pension rights and any compensation or termination payments. In exercising its responsibilities the Committee has access to professional advice, both inside and outside the Company, and consults with the Executive Chairman and the Managing Director about its proposals.

Remuneration Policy
The Company's policy is to attract, retain and motivate high quality senior management with a competitive package of incentives and rewards linked to performance and the interests of shareholders. Market rates will determine the range of remuneration levels for a particular job and an individual's position in that range will reflect the overall contribution to business performance. The principal components of the remuneration packages are:

Salary
In arriving at the basic salary element reference is made to a number of well established salary surveys covering similar jobs of the same size in a large sample of over 400 companies in the manufacturing and service sectors in the UK. The same consistent approach is taken for expatriate and overseas salaries where reference is made to the appropriate surveys for the geographical location.

Annual Cash Bonuses
Executive Directors participate in a scheme which allows them to earn cash bonuses based upon corporate performance. Currently the bonus relating to corporate performance is payable on a graduated scale related to growth in earnings per share before exceptional items. The performance criteria are designed to enhance the business, a maximum bonus of 50% of basic salary being payable in respect of a 30% improvement in earnings per share. In North America a maximum bonus of 75% of basic salary is available. The Remuneration Committee does, however, have discretion to reward outstanding individual achievement.

Share Option Schemes
The Company believes that employee share schemes encourage the matching of interests between employees and shareholders. The Aggreko Savings-Related Share Option Scheme (Sharesave) is offered annually to all employees who have at least six months' service.

Senior executives are able to participate in an Executive Share Option Scheme at the discretion of the Remuneration Committee.

Normally Executive Share Options are granted on a phased basis over a number of years, with new participants not receiving options until they have been employed for at least twelve months.

New participants in the Executive Share Option Scheme normally receive options with a market value of 1.5 times basic salary at the first grant. Thereafter the frequency of grants is limited to no more than once every two years unless an individual has had a significant increase in job size. The allocation of executive share options is based on multiples of remuneration dependent upon the seniority and job size of the individual's appointment, with the maximum multiple of four times total remuneration being available to Executive Directors.

UK participants in the Executive Share Option Scheme receive part of their entitlement under a scheme which has received approval under the Taxes Act conferring certain tax relief on participants. The Treasury limit for outstanding options under the approved scheme is currently £30,000 for each participant, with the balance of the participant's entitlement being held under an unapproved scheme.

The executive options that have been granted are subject to performance conditions based on both total shareholder return ('TSR') and growth in normalised earnings per share ('EPS'). TSR is calculated by reference to the increase in the Company's share price plus dividends paid.

At the time when the individual wishes to exercise the option (which can only normally occur after three years have elapsed since grant), the Company's TSR since the date of grant of the option is compared to that of the FTSE Mid 250 Index (excluding investment trusts). If the Company's TSR matches or exceeds that index, and the Company's annual EPS growth matches or exceeds the growth in the Retail Prices Index plus 3% per annum, over three consecutive years, the option is capable of exercise.

The Remuneration Committee will regularly review the suitability of the performance conditions for future grants of options, and the conditions imposed from time to time at the date of grant of options will be disclosed to Shareholders each year in the Company's Annual Report and Accounts. A number of proposed changes will be considered at the forthcoming Annual General Meeting and these are set out under Special Business in the Directors' Report on pages 18 and 19.

Pensions

UK Executive Directors and those on overseas secondment are eligible for membership of the Aggreko plc pension scheme which is a funded, final salary scheme approved by the Inland Revenue. The key elements of their benefits are:

- a normal retirement age of 60;
- a benefits accrual rate of 1/30th for each year's service up to a maximum of two thirds of final pensionable salary;
- an employee contribution rate of 5% of basic salary;
- a lump sum death in service benefit of four times salary;
- spouse's pension on death; and
- early retirement pension based on a 3% simple reduction factor.

The pensions of Dr C Masters and Mr D J Yorke have been enhanced to allow early retirement without the application of actuarial reduction factors between the age of 55 and 60. Prior to 1 January 1995, the Senior Staff Pension Scheme included the average bonus over the last three years in final pensionable salary. Since that date all elements, other than basic salary, have been removed for new entrants. Those who were already members at that date were given the choice of retaining the bonus element and continuing to pay 6%, or accepting a fixed supplement representing the level of taxable benefits in kind with a lower contribution rate of 5%. It has been decided not to change this arrangement for existing scheme members, as they have made and will continue to make higher contributions in recognition of this enhancement.

Where members are subject to the Inland Revenue cap, the Company has paid such members the equivalent of the amount that it would have cost the Company to fund the pension benefits beyond the cap.

Remuneration Report (continued)

Remuneration Policy (continued)

Executive Directors during 2000 who are members of the Aggreko plc Pension Scheme are as follows:

	Increase in Accrued Pension during 2000 £	Accrued Pension at 31 Dec 2000 £	Transfer value of Increase in Accrued Pension at 31 Dec 2000 £	Notional Cost of Death in Service Benefits during 2000 £
Dr C Masters	28,390	157,960	491,400	4,700
D J Yorke	22,410	135,880	394,200	4,100
S R Paterson	3,080	10,290	24,200	2,600
F A B Shepherd	9,290	43,750	144,300	5,700
A G Cockburn	2,040	2,040	12,200	900

Mr P J Harrower is entitled to participate in the Employees' Savings Investment Retirement plan and the Supplemental Executive Retirement plan of Aggreko Inc. At 31 December 2000 the Group's total contributions and the accumulated earnings in the funds held for Mr P J Harrower were £249,226 .

Emoluments (excluding pension contributions) of Directors during 2000

	Salary £	Fees £	Taxable Benefits £	Annual Bonus £	Other Pay £	2000 Total £	1999 Total £
Executive Chairman:							
Dr C Masters	248,000		13,649	63,283		324,932	362,483
Executives:							
D J Yorke	192,500		14,850	49,440		256,790	284,421
S R Paterson	153,000		12,717	38,563	17,002	221,282	231,301
R W Bird						–	47,011 ‡
F A B Shepherd	142,500		78,631	37,080		258,211	298,730
P J Harrower	230,932		1,672	93,060		325,664	342,939
A G Cockburn†	85,417		8,109	22,660	4,710	120,896	–
Non-Executives:							
P G Rogerson		32,500				32,500	30,500
Sir Ronald Miller		23,250				23,250	21,750
A C Salvesen		23,250				23,250	21,750
M-B Trannoy		23,250				23,250	14,750 §
2000 Total	**1,052,349**	**102,250**	**129,628**	**304,086**	**21,712**	**1,610,025**	
1999 Total	907,941	88,750	140,620	505,640	12,684		1,655,635

† From date of appointment on 1 May 2000

‡ 1999 Emoluments are to date of resignation on 17 May 1999

§ 1999 Emoluments are from date of appointment on 20 May 1999

The annual bonus is the amount receivable by the Directors in respect of the year ended 31 December 2000; this bonus will be paid after the final audit clearance of the accounts.

Other pay represents the amount paid to Directors in order to fund pension benefits beyond the Inland Revenue earnings cap.

Mr P J Harrower was the highest paid director. His entitlements under the Retirement plans and details of his potential receipt of shares under the Executive Share Option Scheme are disclosed separately.

Service Contracts and Notice Periods

Those Executive Directors appointed prior to 1999 have service agreements which require one year's notice from the individual and two years' notice from the Company. In the event of early termination, the Remuneration Committee will consider carefully what compensation should be paid taking into account the circumstances for the particular case and the individual's responsibility to mitigate his losses.

The Remuneration Committee does not believe that it would be reasonable to reduce the notice period that has been specified in the service agreements of existing Executive Directors. However, the notice period from the Company offered to Executive Directors appointed after 1 January 2000 will be restricted to one year in the light of the Best Practice Provisions of the Code.

Mr A G Cockburn, Mr G P Walker and Mr H J Molenaar have service agreements that require one year's notice from the individual and one year's notice from the Company. Mr F A B Shepherd has a service agreement under which the notice period from the Company will reduce to one year with effect from 24 November 2002.

External Appointments

The Company encourages its Executive Directors to become non-executive directors of other organisations as it believes that the wider knowledge and experience gained benefits the Company. Subject to there being no conflict of interest and to the time spent being reasonable, Executive Directors are permitted with Board agreement to take up two such appointments. The fees for one such appointment may, at the discretion of the Board, be retained by the Director.

Share Interests

The interests of persons who were Directors at the end of the year in the share capital of the Company were as follows:

	31.12.99	Granted during year	Exercised during year	31.12.00	Option Price	Date from which exercisable	Expiry Date
Executive Share Options							
Dr C Masters	469,274	–	469,274	–	179p	4.10.2000	4.10.2007
Dr C Masters	40,816	–	–	40,816	294p	17.9.2002	17.9.2009
Dr C Masters	–	79,751	–	79,751	428p	23.8.2003	23.8.2010
D J Yorke	357,542	–	357,542	–	179p	4.10.2000	4.10.2007
D J Yorke	34,014	–	–	34,014	294p	31.5.2001	31.5.2002
D J Yorke	–	62,305	–	62,305	428p	31.5.2001	31.5.2002
S R Paterson	256,983	–	256,983	–	179p	4.10.2000	4.10.2007
S R Paterson	34,014	–	–	34,014	294p	*	*
S R Paterson	–	48,598	–	48,598	428p	*	*
F A B Shepherd	245,810	–	245,810	–	179p	4.10.2000	4.10.2007
F A B Shepherd	34,014	–	–	34,014	294p	17.9.2002	17.9.2009
F A B Shepherd	–	46,729	–	46,729	428p	23.8.2003	23.8.2010
P J Harrower	150,754	–	150,754	–	179p	4.10.2000	4.10.2007
P J Harrower	161,387	–	–	161,387	155p	10.9.2001	10.9.2008
P J Harrower	–	189,472	–	189,472	428p	23.8.2003	23.8.2010
A G Cockburn	–	38,940	–	38,940	428p	23.8.2003	23.8.2010
Savings-Related Share Options							
Dr C Masters	6,372	–	–	6,372	153p	23.5.2001	23.11.2001
D J Yorke	6,372	–	–	6,372	153p	23.5.2001	23.11.2001
F A B Shepherd	6,372	–	–	6,372	153p	23.5.2001	23.11.2001
P J Harrower	6,568	–	–	6,568	153p	23.5.2001	23.11.2001
S R Paterson	5,732	–	–	5,732	169p	*	*

* Lapsed at date of resignation on 25 January 2001.

Remuneration Report (continued)

Share Interests (continued)

The options under the Executive Share Option Scheme are normally only exercisable once three years have elapsed from date of grant and lapse after ten years. Mr D J Yorke will be entitled to exercise his executive options within 12 months of the date upon which he ceases to be an employee of the Company.

Mr G P Walker held 79,646 Executive Share Options and 6,568 Savings-Related Share Options at the date of his appointment on 18 January 2001. Mr H J Molenaar held 68,132 Executive Share Options and 6,688 Savings-Related Options at the date of his appointment on 1 February 2001.

All of the Executive Share Options exercised by Directors during the year were exercised on 4 October 2000, the exercise price was 179p and the shares thus allotted were sold at 429 pence. The middle market price on the day of exercise was 407.5p. The aggregate gain made on these exercises was £3,700,908, of which £376,885 was related to the gain of the highest paid Director. At its meeting on 15 February 2001, the Remuneration Committee agreed to adopt a policy which would encourage Executive Directors to use their Executive Share Options to acquire and retain a material number of shares in the Company with the objective of further aligning their long-term interests with those of other shareholders.

The options under the Savings-Related Share Option Schemes have been granted at a discount of 20%, mature after three years and are normally exercisable in the six months following the maturity date.

The market price of the shares at 31 December 2000 was 412.0 pence and the range during the year was 297.5 pence to 451.5 pence.

	31 December 2000 Ordinary Shares of 20p Each		31 December 1999 Ordinary Shares of 20p Each	
	Beneficial	**Non Beneficial**	Beneficial	Non Beneficial
Shares				
Dr C Masters	**111,446**	–	111,446	–
P G Rogerson	**3,782**	–	3,782	–
D J Yorke	**236,460**	–	236,460	–
S R Paterson	**3,000**	–	3,000	–
P J Harrower	**8,386**	–	8,386	–
F A B Shepherd	**10,334**	**1,000**	10,334	1,000
A G Cockburn	**3,000**	–	–†	–†
Sir Ronald Miller	**4,444**	–	4,444	–
A C Salvesen	**3,950,000**	–	4,700,000	–
A C Salvesen (as trustee)	**3,925,000**	–	4,200,000	350,000
M-B Trannoy	**4,000**	–	–	–

† At date of appointment

There have been no changes in Directors' interests in shares between the end of the financial year and the date of this report. No Director was interested in any shares of subsidiary undertakings at any time during the year.

Mr G P Walker held 228 shares at the date of his appointment on 18 January 2001 and Mr H J Molenaar held no shares at the date of his appointment on 1 February 2001.

Report of the Auditors

We have audited the accounts on pages 30 to 47 which have been prepared under the historical cost convention and the accounting policies set out on pages 34 to 35.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 20, this includes responsibility for preparing the accounts, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, if 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 or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We review whether the statement on page 23 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by 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 to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31 December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Glasgow

27 February 2001

Consolidated Profit and Loss Account

For the year ended 31 December 2000

	Note	2000 £ million	1999 £ million
Turnover	2, 11	**279.5**	226.0
Operating expenses	3	**210.7**	168.9
Operating profit	2, 4, 11	**68.8**	57.1
Net interest payable	6	**(8.0)**	(5.8)
Profit on ordinary activities before taxation		**60.8**	51.3
Tax on profit on ordinary activities	7	**(22.2)**	(18.6)
Profit for the financial year		**38.6**	32.7
Dividends	8	**(13.1)**	(11.9)
Retained profit for the financial year		**25.5**	20.8
Dividend per share (pence)	8	**4.90**	4.50
Earnings per share (pence) – basic	9	**14.51**	12.33
Earnings per share (pence) – diluted	9	**14.40**	12.27

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2000

	Note	2000 £ million	1999 £ million
Profit for the financial year		38.6	32.7
Exchange translation gains (net of tax charge of £0.2 million)	21	5.6	1.8
Total recognised gains and losses for the financial year		44.2	34.5

The notes on pages 34 to 47 form part of these accounts.

As at 31 December

	Note	Group 2000 £ million	Group 1999 £ million	Company 2000 £ million	Company 1999 £ million
Fixed assets					
Intangible assets	*12*	**4.6**	2.1	**–**	–
Tangible assets	*13*	**253.1**	206.9	**0.2**	0.2
Investments	*14*	**–**	–	**53.0**	53.0
		257.7	209.0	**53.2**	53.2
Current assets					
Stocks	*15*	**19.6**	14.9	**–**	–
Debtors	*16*	**54.6**	46.8	**220.4**	189.3
Cash at bank and in hand		**15.2**	20.5	**0.6**	4.3
		89.4	82.2	**221.0**	193.6
Creditors – amounts falling due within one year					
– borrowings	*17*	**(5.4)**	(35.3)	**–**	(33.5)
– other creditors	*18*	**(61.4)**	(61.8)	**(79.6)**	(78.8)
Net current assets/(liabilities)		**22.6**	(14.9)	**141.4**	81.3
Total assets less current liabilities		**280.3**	194.1	**194.6**	134.5
Creditors – amounts falling due after more than one year					
– borrowings	*17*	**(126.0)**	(80.0)	**(126.0)**	(80.0)
Provisions for liabilities and charges	*19*	**(15.2)**	(10.5)	**0.1**	0.1
Net assets		**139.1**	103.6	**68.7**	54.6
Capital and reserves					
Called up share capital	*20*	**53.5**	53.0	**53.5**	53.0
Share premium account	*21*	**4.0**	0.1	**4.0**	0.1
Profit and loss account	*21*	**86.1**	60.6	**11.2**	1.5
Other reserves (exchange)	*21*	**(4.5)**	(10.1)	**–**	–
Shareholders' funds	*22*	**139.1**	103.6	**68.7**	54.6

Approved by the Board on 27 February 2001 and signed on its behalf by:

Dr C Masters
Chairman

A G Cockburn
Finance Director

The notes on pages 34 to 47 form part of these accounts.

Consolidated Cash Flow Statement

For the year ended 31 December 2000

	2000 £ million	1999 £ million
Net cash inflow from operating activities	**101.3**	92.9
Returns on investments and servicing of finance		
Interest received	**0.5**	1.1
Interest paid on bank loans and overdrafts	**(8.2)**	(6.3)
Net cash outflow for returns on investments and servicing of finance	**(7.7)**	(5.2)
Taxation		
UK Corporation tax paid	**(5.5)**	(3.7)
Overseas tax paid	**(17.4)**	(9.5)
Tax paid	**(22.9)**	(13.2)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(75.5)**	(76.4)
Proceeds from disposal of tangible fixed assets	**3.6**	4.4
Net cash outflow for capital expenditure and financial investment	**(71.9)**	(72.0)
Acquisitions and disposals		
Purchase of rental businesses and assets (Note 11)	**(8.6)**	(1.8)
Overdraft acquired	**–**	(0.2)
Net cash outflow for acquisitions and disposals	**(8.6)**	(2.0)
Equity dividends paid	**(12.3)**	(11.3)
Cash outflow before use of liquid resources and financing	**(22.1)**	(10.8)
Management of liquid resources	**3.2**	(0.1)
Financing		
Issue of shares	**4.4**	(0.1)
(Decrease)/increase in debt due within one year	**(33.5)**	28.5
Increase/(decrease) in debt due beyond one year	**41.8**	(17.8)
Net cash inflow from financing	**12.7**	10.6
Decrease in cash in the period	**(6.2)**	(0.3)
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the period	**(6.2)**	(0.3)
Cash inflow from increase in debt	**(8.3)**	(10.7)
Cash (inflow)/outflow from (decrease)/increase in liquid resources	**(3.2)**	0.1
Changes in net debt arising from cash flows	**(17.7)**	(10.9)
Translation difference	**(3.7)**	(0.8)
Movement in net debt in period	**(21.4)**	(11.7)
Net debt at beginning of period	**(94.8)**	(83.1)
Net debt at end of period	**(116.2)**	(94.8)

The notes on pages 34 to 47 form part of these accounts.

Notes to the Consolidated Cash Flow Statement

For the year ended 31 December 2000

(i) Reconciliation of operating profit to net cash inflow from operating activities

	2000 £ million	1999 £ million
Operating profit	**68.8**	57.1
Depreciation and amortisation	**44.1**	37.7
(Increase)/decrease in stocks	**(4.0)**	0.4
Increase in debtors	**(6.0)**	(10.9)
Increase in creditors	**1.3**	11.3
Other items not involving the movement of cash	**(2.9)**	(2.7)
	101.3	92.9
Included in Other items not involving the movement of cash:		
Gain on sale of tangible fixed assets	**(2.0)**	(3.4)

(ii) Analysis of movement in net debt

	Net debt at 31 Dec 1999 £ million	Cash flow £ million	Translation £ million	Net debt at 31 Dec 2000 £ million
Cash				
Cash at bank and in hand	16.1	(2.6)	0.5	14.0
Overdrafts	(1.8)	(3.6)	–	(5.4)
	14.3	(6.2)	0.5	8.6
Liquid resources				
Deposits maturing within one year	4.4	(3.2)	–	1.2
Financing				
Debt due within one year	(33.5)	33.5	–	–
Debt due after one year	(80.0)	(41.8)	(4.2)	(126.0)
	(94.8)	(17.7)	(3.7)	(116.2)

(iii) Major non-cash transactions

Part of the consideration for the acquisition of the rental assets that occurred during the year comprised of a note payable. Further details of the acquisition are set out in Note 11 to the accounts.

(iv) Cash flows in relation to acquisitions

With the exception of the cash consideration amounts disclosed, the purchase of rental businesses and assets did not have a material effect on reported cash flows.

Notes to the Accounts

For the year ended 31 December 2000

1 Accounting policies

A summary of the more significant accounting policies is set out below.

(i) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(ii) Basis of consolidation

The Group accounts consolidate the accounts of Aggreko plc and all its subsidiary undertakings for the year ended 31 December 2000. The consolidated profit and loss account includes the results of businesses purchased during 2000 from the effective date of acquisition.

(iii) Turnover

Turnover for the Group comprises the amounts receivable from external customers for services provided and goods sold, excluding value added tax.

(iv) Royalties

Royalties are accounted for in the period they become payable or receivable.

(v) Intangible assets

Purchased goodwill (representing the excess of the fair value of the consideration paid over the fair value of the separable net assets acquired) is capitalised as an intangible asset and is amortised over a period of up to 20 years.

(vi) Depreciation

Freehold properties are depreciated on a straight line basis over 25 years. Short leasehold properties are depreciated on a straight line basis over the terms of each lease.

Other fixed assets are depreciated on a straight line basis at annual rates estimated to write off the cost of each asset, less its estimated residual value, over its useful life from the date it is available for use. The principal periods of depreciation used are as follows:

Rental fleet	8 to 10 years
Vehicles, plant and machinery	4 to 15 years

(vii) Foreign currencies

At individual company level, transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by a forward exchange contract. Assets and liabilities denominated in foreign currency are translated at the exchange rate ruling at the balance sheet date or, if appropriate, at a forward contract rate. Forward foreign currency contracts used to hedge intercompany purchases of tangible fixed assets are taken out at the commitment stage.

On consolidation, assets and liabilities of subsidiary undertakings are translated into sterling at closing rates of exchange. Income and cash flow statements are translated at average rates of exchange for the period. Exchange differences resulting from the retranslation of net investments in subsidiary undertakings at closing rates, together with differences between income statements translated at average rates and closing rates, are dealt with in reserves.

(viii) Financial instruments

Details of the accounting policies for financial instruments, including hedges, are given in Note 17 to the accounts.

(ix) Deferred taxation

Deferred taxation is provided in respect of significant timing differences to the extent that such taxation is expected to become payable in the foreseeable future.

1 Accounting policies (continued)

(x) Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes an appropriate allocation of overheads.

(xi) Pensions and other post retirement benefits

Contributions to defined benefit pension plans are assessed by qualified actuaries and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. The capital cost of *ex gratia* and supplementary pensions is charged to the profit and loss account, to the extent that the arrangements are not covered by the surplus in plans, in the accounting period in which they are granted.

Contributions to defined contribution pension plans are charged to the profit and loss account in the period in which they become chargeable.

(xii) Leased assets

Rentals under operating leases are charged against operating profit on a straight line basis over the term of the lease.

2 Segmental analysis by geographical area

In the opinion of the Directors, the provision of equipment and related services under rental agreements constitutes one class of business.

	Turnover		Operating profit	
	2000 £ million	1999 £ million	2000 £ million	1999 £ million
Europe	**78.9**	79.5	**15.0**	16.6
North America	**138.0**	108.5	**34.7**	27.6
Rest of the World	**62.6**	38.0	**17.1**	9.5
	279.5	226.0	**66.8**	53.7
Gain on sale of tangible fixed assets			**2.0**	3.4
			68.8	57.1

Turnover to third parties by destination is not materially different from turnover to third parties by origin.

	Net operating assets		Average number of employees	
	2000 £ million	1999 £ million	2000 Number	1999 Number
Europe	**80.6**	67.3	**696**	668
North America	**141.0**	122.5	**776**	644
Rest of the World	**62.9**	36.6	**296**	172
	284.5	226.4	**1,768**	1,484

Reconciliation of net operating assets to net assets

	2000 £ million	1999 £ million
Net operating assets	**284.5**	226.4
Net tax, dividends and interest payable/receivable	**(29.2)**	(28.0)
	255.3	198.4
Net debt	**(116.2)**	(94.8)
Net assets	**139.1**	103.6

Notes to the Accounts (continued)

For the year ended 31 December 2000

3 Operating expenses

	2000 £ million	1999 £ million
Cost of sales	**111.9**	86.2
Distribution costs	**77.5**	65.7
Administrative expenses	**23.3**	20.4
Other operating income	**(2.0)**	(3.4)
	210.7	168.9

4 Operating profit

Operating profit is stated after charging/(crediting):

	2000 £ million	1999 £ million
Depreciation of tangible fixed assets	**43.9**	37.6
Amortisation of goodwill	**0.2**	0.1
Gain on sale of tangible fixed assets	**(2.0)**	(3.4)
Operating leases:		
plant and machinery	**2.9**	1.9
land and buildings	**2.9**	2.2
Auditors' remuneration:		
audit fees, including Company of £60,000 (1999 – £42,500)	**0.2**	0.2
non audit fees	**0.6**	0.6

Fees and expenses invoiced by the auditors for non audit services include £131,879 (1999 – £168,185) payable in the UK.

5 Staff costs

	2000 £ million	1999 £ million
Wages and salaries	**46.3**	40.1
Social security costs	**4.9**	4.3
Other pension costs (Note 24)	**2.5**	1.8
	53.7	46.2

Full details of Directors' emoluments are set out in the Remuneration Report on page 26.

6 Net interest payable

	2000 £ million	1999 £ million
Interest payable on:		
Bank loans and overdrafts	**8.5**	6.9
Interest receivable on:		
Bank balances and deposits	**(0.5)**	(0.9)
Other	**–**	(0.2)
	8.0	5.8

7 Tax on profit on ordinary activities

	2000 £ million	1999 £ million
Tax on profit on ordinary activities:		
UK Corporation tax	**3.7**	4.6
Overseas taxation	**15.5**	10.5
	19.2	15.1
Deferred taxation (Note 19):		
United Kingdom	**1.6**	0.4
Overseas	**1.7**	3.2
	22.5	18.7
Prior year adjustments:		
Current taxation	**(0.3)**	(0.1)
	22.2	18.6

8 Dividends

	2000 £ million	2000 per share (p)	1999 £ million	1999 per share (p)
Equity dividends (net):				
Interim	**5.2**	**1.95**	4.8	1.80
Proposed final	**7.9**	**2.95**	7.1	2.70
	13.1	**4.90**	11.9	4.50

9 Earnings per share

	2000 Earnings £ million	2000 Weighted average number of shares	2000 Per share amount (p)	1999 Earnings £ million	1999 Weighted average number of shares	1999 Per share amount (p)
Basic EPS:						
Earnings available to ordinary shareholders	**38.6**	**265,848,848**	**14.51**	32.7	265,195,487	12.33
Effect of dilutive securities:						
Executive options – October 1997	**–**	**970,477**		–	668,680	
Sharesave options – May 1998	**–**	**577,276**		–	393,617	
Executive options – September 1998	**–**	**94,936**		–	59,909	
Sharesave options – May 1999	**–**	**229,913**		–	116,281	
Executive options – September 1999	**–**	**143,985**		–	14,950	
Executive options – March 2000	**–**	**28,913**				
Sharesave options – April 2000	**–**	**95,476**				
Executive options – August 2000	**–**	**–**				
Diluted EPS	**38.6**	**267,989,824**	**14.40**	32.7	266,448,924	12.27

Notes to the Accounts (continued)

For the year ended 31 December 2000

10 Profit of the Company
The result of the Group includes £22.2 million (1999 – £10.0 million) attributable to the Company.
As permitted under Section 230 of the Companies Act 1985, the Company has not published a separate profit and loss account.

11 Acquisitions
(i) On 14 March 2000 Aggreko Inc acquired Ingersoll-Rand's North American rental fleet of oil-free air compressors and accessories for $13.0 million (£8.6 million). $12.0 million (£8.0 million) has been paid in cash during 2000, with the balance of $1.0 million (£0.6 million) payable on 14 March 2001 under a promissory note issued.

The fair values attributed to the net assets acquired were as follows:

	Book value at acquisition £ million	Accounting policies £ million	Fair value £ million
Tangible fixed assets	6.0	–	6.0
Stocks	0.1	–	0.1
	6.1	–	6.1
Goodwill on acquisition (Note 12)			2.5
Consideration			8.6
Cash consideration			8.0
Note payable (included in Other creditors, see Note 18)			0.6
			8.6

The total consideration of £8.6 million represents the maximum cost of the acquisition. Should future capital expenditure on specific equipment reach a certain level, then rebates to this consideration may be receivable, with corresponding adjustments made to goodwill.

Turnover and operating profit from these rental assets in the post acquisition period has been £2.4 million and £0.7 million respectively.

(ii) During 2000, a final instalment of $0.4 million (£0.2 million) was paid in relation to the acquisition of L&S Industries Inc concluded in 1999.

12 Intangible fixed assets	Goodwill £ million
Cost:	
At 1 January 2000	2.2
Exchange differences	0.2
Arising from acquisitions (Note 11)	2.5
At 31 December 2000	4.9
Accumulated amortisation:	
At 1 January 2000	0.1
Charge for the year	0.2
At 31 December 2000	0.3
Net book values:	
At 31 December 2000	4.6
At 31 December 1999	2.1

13 Tangible fixed assets

	Group					Company
	Freehold properties £ million	Short leasehold properties £ million	Rental fleet £ million	Vehicles plant and machinery £ million	Total £ million	Total £ million
Cost:						
At 1 January 2000	16.4	2.9	366.7	24.8	410.8	0.5
Reclassifications	–	–	(0.3)	0.3	–	–
Exchange differences	1.1	–	15.9	0.9	17.9	–
Additions	2.6	0.7	69.2	3.0	75.5	0.1
Arising from acquisitions (Note 11)	–	–	6.0	–	6.0	–
Disposals	–	–	(14.4)	(2.0)	(16.4)	–
At 31 December 2000	**20.1**	**3.6**	**443.1**	**27.0**	**493.8**	**0.6**
Accumulated depreciation:						
At 1 January 2000	4.1	0.8	184.1	14.9	203.9	0.3
Reclassifications	–	–	(0.3)	0.3	–	–
Exchange differences	0.2	–	6.9	0.6	7.7	–
Charge for the year	0.7	0.3	39.3	3.6	43.9	0.1
Disposals	–	–	(13.1)	(1.7)	(14.8)	–
At 31 December 2000	**5.0**	**1.1**	**216.9**	**17.7**	**240.7**	**0.4**
Net book values:						
At 31 December 2000	**15.1**	**2.5**	**226.2**	**9.3**	**253.1**	**0.2**
At 31 December 1999	12.3	2.1	182.6	9.9	206.9	0.2

The tangible fixed assets of the Company comprise vehicles and office furniture and fittings.

14 Fixed asset investments

	Company £ million
Cost of investments in subsidiary undertakings:	
At 31 December 2000 and 1999	53.0

Details of the Company's principal subsidiary undertakings are set out in Note 26.

The investment in subsidiaries is included at the nominal value of the shares allotted in accordance with Sections 131 and 135 of the Companies Act 1985.

15 Stocks

	Group	
	2000 £ million	1999 £ million
Raw materials and consumables	**16.8**	13.8
Work in progress	**2.8**	1.1
	19.6	14.9

Notes to the Accounts (continued)

For the year ended 31 December 2000

16 Debtors

	Group 2000 £ million	Group 1999 £ million	Company 2000 £ million	Company 1999 £ million
Trade debtors	**49.3**	42.5	**–**	–
Other debtors	**1.4**	1.7	**0.3**	–
Prepayments and accrued income	**3.9**	2.6	**0.1**	0.1
Amounts due from subsidiary undertakings	**–**	–	**220.0**	189.2
	54.6	46.8	**220.4**	189.3

17 Borrowings

	Group 2000 £ million	Group 1999 £ million	Company 2000 £ million	Company 1999 £ million
Net borrowings	**116.2**	94.8	**125.4**	109.2
Net borrowings are analysed as follows:				
Long-term borrowings:				
Loans	**126.0**	80.0	**126.0**	80.0
Total long-term borrowings	**126.0**	80.0	**126.0**	80.0
Short-term borrowings:				
Loans and overdrafts	**5.4**	35.3	**–**	33.5
Total short-term borrowings	**5.4**	35.3	**–**	33.5
Total borrowings	**131.4**	115.3	**126.0**	113.5
Liquid funds:				
Liquid resources	**(1.2)**	(4.4)	**–**	–
Cash at bank and in hand	**(14.0)**	(16.1)	**(0.6)**	(4.3)
Net borrowings	**116.2**	94.8	**125.4**	109.2

Liquid resources comprise term deposits of less than one year.

(i) Short-term debtors and creditors
With the exception of the currency exposures at (viii), short-term debtors and creditors have been excluded from all of the following disclosures.

(ii) Interest rate risk profile of financial liabilities
The interest rate risk profile of the Group's financial liabilities at 31 December 2000, after taking account of the interest rate swaps and forward rate agreements used to manage the interest profile, was:

Currency:	Floating rate £ million	Fixed rate £ million	Total £ million	Weighted average interest rate %	Weighted average period for which rate is fixed Years
Sterling	14.9	30.0	44.9	6.8	1.0
US Dollars	15.7	46.8	62.5	7.1	1.0
EU currencies (excluding Sterling)	–	24.0	24.0	5.7	1.0
At 31 December 2000	**30.6**	**100.8**	**131.4**		
Sterling	6.8	35.0	41.8	6.7	1.0
US Dollars	–	49.5	49.5	6.3	1.0
EU currencies (excluding Sterling)	–	24.0	24.0	4.1	1.0
At 31 December 1999	6.8	108.5	115.3		

All the Group's creditors falling due within one year (other than bank and other borrowings) are excluded from the above tables either due to the exclusion of short-term items or because they do not meet the definition of a financial liability, such as tax balances.

The effect of the Group's interest rate swaps and forward rate agreements is to classify £100.8 million (1999 – £108.5 million) of borrowings in the above table as fixed rate.

Floating rate financial liabilities bear interest at rates, based on relevant national LIBOR equivalents, which are normally fixed in advance for periods of between one and three months.

(iii) Interest rate risk of financial assets

Currency:	Cash at bank and in hand £ million	Short-term deposits £ million	Total £ million
Sterling	0.1	0.1	0.2
US Dollars	4.4	0.1	4.5
EU currencies (excluding Sterling)	6.8	–	6.8
Other currencies	2.7	1.0	3.7
At 31 December 2000	**14.0**	**1.2**	**15.2**
Sterling	–	–	–
US Dollars	6.5	0.3	6.8
EU currencies (excluding Sterling)	6.5	2.6	9.1
Other currencies	3.1	1.5	4.6
At 31 December 1999	16.1	4.4	20.5

All of the above cash and short-term deposits are floating rate and earn interest based on relevant national LIBID equivalents or government bond rates.

(iv) Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term creditors such as trade creditors and accruals, at 31 December 2000 was as follows:

	2000 £ million	1999 £ million
Within 1 year, or on demand	**5.4**	35.3
Between 1 and 2 years	–	20.0
Between 2 and 5 years	**126.0**	60.0
	131.4	115.3

(v) Borrowing facilities

The Group has the following undrawn committed floating rate borrowing facilities available at 31 December 2000 in respect of which all conditions precedent had been met at that date:

	2000 £ million	1999 £ million
Expiring within 1 year	**10.0**	8.5
Expiring between 1 and 2 years	–	–
Expiring between 2 and 5 years	**64.0**	–
	74.0	8.5

The facility expiring within one year is an annual facility subject to review during 2001.
All facilities incur commitment fees at market rates.

Notes to the Accounts (continued)

For the year ended 31 December 2000

17 Borrowings (continued)

(vi) Fair values of financial assets and financial liabilities
The following table provides a comparison by category of the carrying amounts and the fair values of the Group's financial assets and financial liabilities at 31 December 2000. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values.

	2000		1999	
	Book value £ million	**Fair value £ million**	Book value £ million	Fair value £ million
Primary financial instruments held or issued to finance the Group's operations:				
Short-term borrowings	**(5.4)**	**(5.4)**	(35.3)	(35.3)
Long-term borrowings	**(126.0)**	**(126.0)**	(80.0)	(80.0)
Short-term deposits	**1.2**	**1.2**	4.4	4.4
Cash at bank and in hand	**14.0**	**14.0**	16.1	16.1
Derivative financial instruments held to manage the interest rate profile:				
Interest rate swaps	**–**	**(0.3)**	–	0.3
Forward rate agreements	**–**	**(0.4)**	–	0.1

(vii) Summary of methods and assumptions
Interest rate swaps, forward rate agreements and forward foreign currency contracts
Fair value is based on market price of these instruments at the balance sheet date.

Short-term deposits and borrowings
The fair value of short-term deposits, loans and overdrafts approximates to the carrying amount because of the short maturity of these instruments.

Long-term borrowings
In the case of bank loans and other loans, the fair value approximates to the carrying value reported in the balance sheet as the majority are floating rate where payments are reset to market rates at intervals of less than one year.

(viii) Currency exposures
As explained in the financial review on pages 14 and 15, to mitigate the effect of the currency exposures arising from its net investments overseas the Group borrows in the local currencies of its main operating units. Gains and losses arising on net investments overseas and the financial instruments used to hedge the currency exposures are recognised in the statement of total recognised gains and losses.

The table opposite shows the extent to which group companies have net monetary assets in currencies other than their local currency, after taking into account the effect of forward foreign currency contracts. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the group companies and the Group.

Net foreign currency monetary assets/(liabilities)

Functional currency of group operation:	Sterling £ million	US dollars £ million	EU currencies £ million	Other currencies £ million	2000 Total £ million
Sterling	–	0.2	4.8	1.1	6.1
US Dollars	–	–	–	–	–
EU currencies (excluding Sterling)	(1.0)	–	(1.0)	0.4	(1.6)
Other currencies	0.1	0.4	–	0.6	1.1
	(0.9)	0.6	3.8	2.1	5.6

	Sterling £ million	US dollars £ million	EU currencies £ million	Other currencies £ million	1999 Total £ million
Sterling	–	4.9	(0.2)	–	4.7
US Dollars	–	–	–	1.5	1.5
EU currencies (excluding Sterling)	(1.2)	2.8	(1.8)	2.1	1.9
Other currencies	(0.5)	(1.3)	0.1	(0.4)	(2.1)
	(1.7)	6.4	(1.9)	3.2	6.0

(ix) Hedges
As explained in the financial review on pages 14 and 15, the Group's policy is to hedge the following exposures:

Interest rate risk – using interest rate swaps and forward rate agreements.

Currency risk – using forward foreign currency contracts for foreign currency debtors and creditors. Forward foreign currency contracts are also used for currency exposures on contracted sales and committed purchases.

The table below shows the extent to which the Group has off-balance sheet (unrecognised) gains and losses in respect of financial instruments used as hedges at the beginning and end of the year. It also shows the amount of such gains and losses which have been included in the profit and loss account for the year and those gains and losses which are expected to be included in next year's or later profit and loss accounts.

All the gains and losses on maturity of the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

	2000 Total gains/ (losses) £ million	1999 Total gains/ (losses) £ million
Unrecognised gains/(losses) on hedges at 1 January 2000	**0.4**	(0.2)
Arising in previous years recognised in 2000 income	**(0.4)**	0.2
Gains/(losses) arising before 1 January 2000 that were not recognised in 2000	–	–
(Losses)/gains arising in 2000 that were not recognised in 2000	**(0.7)**	0.4
Unrecognised (losses)/gains on hedges at 31 December 2000	**(0.7)**	0.4

The above unrecognised losses are expected to be included in 2001 income.

(x) Financial instruments held for trading purposes
The Group does not trade in financial instruments.

Notes to the Accounts (continued)

For the year ended 31 December 2000

18 Other creditors: amounts falling due within one year

	Group 2000 £ million	Group 1999 £ million	Company 2000 £ million	Company 1999 £ million
Trade creditors	**15.0**	12.9	**–**	–
Other taxation and social security payable	**2.9**	2.5	**–**	–
Other creditors	**11.1**	5.8	**0.1**	–
Accruals and deferred income	**18.7**	23.7	**1.5**	1.4
Corporation tax	**5.8**	9.8	**1.4**	1.6
Dividends payable	**7.9**	7.1	**7.9**	7.2
Amounts owed to subsidiary undertakings	**–**	–	**68.7**	68.6
	61.4	61.8	**79.6**	78.8

19 Provisions for liabilities and charges

	Group 2000 £ million	Group 1999 £ million	Company 2000 £ million	Company 1999 £ million
Deferred taxation:				
Balance bought forward	**10.5**	6.5	**(0.1)**	–
Currency retranslation	**1.4**	0.4	**–**	–
Profit and loss account (Note 7)	**3.3**	3.6	**–**	(0.1)
	15.2	10.5	**(0.1)**	(0.1)

Deferred taxation is provided entirely in respect of fixed asset timing differences. Other timing differences are not significant. The potential amount not provided in respect of fixed asset timing differences at 31 December 2000 was £8.1 million (1999 – £8.1 million).

20 Called up share capital

	2000 Number	2000 £000	1999 Number	1999 £000
Authorised:				
Ordinary shares of 20p each	**349,750,010**	**69,950**	349,750,010	69,950
Redeemable preference shares of 25p each	**199,998**	**50**	199,998	50
		70,000		70,000
Allotted, called up and fully paid:				
Ordinary shares of 20p each	**267,705,528**	**53,541**	265,261,369	53,052
Redeemable preference shares of 25p each	**–**	**–**	–	–
		53,541		53,052

During the year 2,444,159 Ordinary shares of 20p each have been issued at prices ranging from £1.53 to £1.79 to satisfy the exercise of options under the Executive Share Option Scheme and Sharesave scheme by eligible employees leaving the Group's employment.

Details of outstanding options to subscribe for the Company's Ordinary shares are set out in Note 27.

21 Reserves

	Group Share premium £ million	Group Other reserves (exchange) £ million	Group Profit and loss account £ million	Company Share premium £ million	Company Other reserves (exchange) £ million	Company Profit and loss account £ million
At 1 January 2000	0.1	(10.1)	60.6	0.1	–	1.5
Premium on issue of shares	3.9	–	–	3.9	–	–
Retained profit for the financial year	–	–	25.5	–	–	9.1
Other recognised gains – net of tax	–	5.6	–	–	0.6	–
Transfer of realised exchange gains	–	–	–	–	(0.6)	0.6
At 31 December 2000	4.0	(4.5)	86.1	4.0	–	11.2

22 Reconciliation of movements in shareholders' funds

	Called up share capital £ million	Share premium £ million	Other reserves (exchange) £ million	Profit and loss account £ million	Capital and reserves £ million
Group:					
Profit for the financial year	–	–	–	38.6	38.6
Dividends	–	–	–	(13.1)	(13.1)
Other recognised gains – net of tax	–	–	5.6	–	5.6
Transfer of realised exchange gains	–	–	–	–	–
New share capital subscribed	0.5	3.9	–	–	4.4
Net addition to shareholders' funds	0.5	3.9	5.6	25.5	35.5
Opening shareholders' funds	53.0	0.1	(10.1)	60.6	103.6
Closing shareholders' funds	53.5	4.0	(4.5)	86.1	139.1

	Called up share capital £ million	Share premium £ million	Other reserves (exchange) £ million	Profit and loss account £ million	Capital and reserves £ million
Company:					
Profit for the financial year	–	–	–	22.2	22.2
Dividends	–	–	–	(13.1)	(13.1)
Other recognised gains – net of tax	–	–	0.6	–	0.6
Transfer of realised exchange gains	–	–	(0.6)	0.6	–
New share capital subscribed	0.5	3.9	–	–	4.4
Net addition to shareholders' funds	0.5	3.9	–	9.7	14.1
Opening shareholders' funds	53.0	0.1	–	1.5	54.6
Closing shareholders' funds	53.5	4.0	–	11.2	68.7

Notes to the Accounts (continued)

For the year ended 31 December 2000

23 Financial commitments

	Group 2000 £ million	1999 £ million
Capital expenditure: contracted but not provided for	**20.2**	36.2
Annual commitments under operating leases are analysed as follows:		
Land and buildings:		
Expiring in the first year	**0.7**	0.2
Expiring in the second to fifth years	**2.8**	1.3
Expiring after the fifth year	**0.9**	0.7
	4.4	2.2
Plant, equipment and vehicles:		
Expiring in the first year	**0.6**	0.2
Expiring in the second to fifth years	**2.6**	1.5
	3.2	1.7

Financial instruments
Details of commitments in respect of financial instruments are disclosed in Note 17.

24 Pension commitments

United Kingdom
The Group operates a pension scheme for UK employees. The Aggreko plc Pension Scheme ('the Scheme') is a funded, contributory, defined benefit scheme. Assets are held separately from those of the Aggreko Group under the control of individual Trustees. The Scheme is subject to valuations at intervals of not more than three years by independent actuaries, and a valuation as at 1 January 2001 is currently in process.

The last valuation of the Scheme was carried out as at 1 January 1998 using the projected unit method to determine the level of contributions to be made by the Group. The principal actuarial assumptions used were:

Return on investments	7.75%
Growth in average pay levels	5.50%
Increase in pensions	3.50%

At the valuation date, the market value of the Scheme's assets was £9,064,752. The assessed value of these assets was sufficient to cover 119% of the benefits that had accrued to members, after making allowance for future increases in earnings.

The surplus of assets is being amortised over the average remaining service lifetime of the members.

The pension cost attributable to Aggreko Group employees in the UK for 2000 was £0.9 million (1999 – £0.7 million).

Overseas
Pension arrangements for overseas employees vary, and schemes reflect best practice and regulation in each particular country. The charge against profit is the amount of contribution payable to the pension scheme in respect of the accounting period. The pension cost attributable to overseas employees for 2000 was £1.6 million (1999 – £1.1 million).

25 Related party transactions

During 2000 a subsidiary undertaking purchased manufacturing supplies to the value of £767,147 (1999 – £516,163) from the JBD Holdings Ltd group, a group in which Mr D J Yorke holds a beneficial interest of 30%. The balance owed to the JBD Holdings Ltd group as at 31 December 2000 was £113,252 (1999 – £33,165).

26 Significant investments

The principal subsidiary undertakings of Aggreko plc at the year end, and the main countries in which they operate, are shown below. All companies are wholly owned and, unless otherwise stated, incorporated in Great Britain or in the principal country of operation and are involved in the supply of specialist power, temperature control, oil-free air compressors and related equipment.

All shareholdings are of ordinary shares or other equity capital.

Aggreko Holdings Limited †	UK	Aggreko Deutschland GmbH	Germany
Aggreko UK Limited	UK	Aggreko France SARL	France
Aggreko International Projects Limited	UK	Aggreko Norway A/S	Norway
Aggreko Inc.	USA	Aggreko (Singapore) PTE Limited	Singapore
Aggreko Holdings Inc. †	USA	Aggreko Generator Rentals Pty Limited	Australia
Aggreko Finance BV †	Netherlands	Aggreko (Malaysia) Sdn Bhd	Malaysia
Aggreko Investments BV †	Netherlands	Aggreko (Middle East) Limited	Middle East *
Aggreko Nederland BV	Netherlands	Aggreko Canada, Inc.	Canada
Aggreko Belgium BVBA	Belgium	Aggreko SA de CV	Mexico

* Registered in Cyprus

† Intermediate holding companies

Other subsidiary undertakings, whilst included in the consolidated accounts, are not material.

27 Employee share options

Options outstanding over Ordinary shares as at 31 December 2000 (including those of the Executive Directors), together with the exercise prices and dates of exercise, are as follows:

	Price per share (£)	Exercise date	2000 Number	1999 Number
Executive Share Option Scheme – October 1997	1.79	October 2000	–	2,441,720
Sharesave – May 1998	1.53	May 2001	364,334	382,724
	1.53	May 2003	608,223	654,942
Executive Share Option Scheme – September 1998	1.55	September 2001	161,387	161,387
Sharesave – May 1999	1.69	May 2002	186,842	220,701
	1.69	May 2004	230,376	254,836
Executive Share Option Scheme – September 1999	2.94	September 2002	657,440	680,399
Executive Share Option Scheme – March 2000	3.30	March 2003	266,639	–
Sharesave – April 2000	2.47	April 2003	207,566	–
	2.47	April 2005	164,635	–
Executive Share Option Scheme – August 2000	4.28	September 2003	873,384	–
			3,720,826	4,796,709

Notice of Annual General Meeting

Notice is hereby given that the third Annual General Meeting of Aggreko plc (the 'Company') will be held at the Hilton Hotel, 1 William Street, Glasgow on Wednesday 25 April 2001 at 11a.m.

Agenda
Routine Business

Resolution 1
To receive the reports of the Directors and Auditors and to adopt the Company's accounts for the year ended 31 December 2000.

Resolution 2
To declare a final dividend on the ordinary shares.

Resolution 3
To re-elect Mr P J Harrower.

Resolution 4
To re-elect Mr A C Salvesen.

Resolution 5
To elect Mr A G Cockburn.

Resolution 6
To elect Mr G P Walker.

Resolution 7
To elect Mr H J Molenaar.

Resolution 8
To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business

To consider the following as a special resolution:

Resolution 9
That the Directors be and are hereby authorised to amend the Aggreko Approved and Non-Approved Executive Share Option Schemes 1997 in the manner described on pages 18 and 19.

To consider the following as a special resolution:

Resolution 10
The Board of Directors of the Company (the 'Directors') be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 (the 'Act') to allot equity securities (as defined in Section 94(2) of the Act) for cash, pursuant to the authority conferred by Resolution 13 passed at the Annual General Meeting of the Company held on 29 April 1998, as if Section 89(1) of the Act did not apply to such allotment, PROVIDED THAT this power shall be limited to:

(i) The allotment of equity securities for cash in connection with or pursuant to a rights issue or any other offer in favour of the holders of equity securities and other persons entitled to participate therein in proportion (as nearly as may be practicable) to the respective numbers of equity securities then held by them (or, as appropriate, the number of such securities which such other persons are for those purposes deemed to hold), but subject to such exclusions or other arrangements as the Directors may consider necessary, expedient or appropriate to deal with any fractional entitlements or legal or practical difficulties which may arise under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise; and

(ii) The allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities for cash up to an aggregate nominal value of £2,670,000; and

shall expire on the earlier of 25 July 2002 and the conclusion of the Annual General Meeting of the Company held in 2002, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

To consider the following as a special resolution:

Resolution 11

The Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 20p each in the Company ('Ordinary Shares') PROVIDED THAT:

(i) the maximum number of Ordinary Shares hereby authorised to be acquired is 26,750,000;

(ii) the maximum price which may be paid for any such Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased and the minimum price which may be paid for any such share is 20p (in each case exclusive of associated expenses); and

(iii) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 18 months from the date of this resolution, whichever is the earlier; but a contract of purchase may be made before such expiry which will or may be completed wholly or partly thereafter, and a purchase of Ordinary Shares may be made in pursuance of any such contract.

By order of the Board
A Paul Allen
Secretary
27 February 2001

Any shareholder entitled to attend and vote at this meeting may appoint one or more proxies, who need not be shareholders of the Company, to attend and, on a poll, vote on his behalf. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrars not later than 48 hours before the time of the meeting. Appointment of a proxy will not prevent a member from attending the meeting and voting in person.

The following documents will be available for inspection at the registered office of the Company during business hours from the date of this notice until the date of the Annual General Meeting and on that day at the Hilton Hotel, 1 William Street, Glasgow from 10.45 am until the conclusion of the meeting.

1. The register of interests of Directors and of their families (where relevant) in the share capital of the Company during the year.
2. Copies of all contracts of service under which Directors are employed by the Company or any of its subsidiary undertakings.
3. Copies of the rules of the Executive Share Option Schemes in their proposed amended form.

Shareholder Information

Low-Cost Share Dealing Service
Hoare Govett Limited provide a low-cost share dealing service in Aggreko plc shares which enables investors to buy or sell for a brokerage fee of 1% (plus 0.5% stamp duty on purchases) with a minimum charge of £10. Details may be obtained by telephoning Hoare Govett Limited Service Helplines 020 7661 6617 (sales) and 020 7661 6616 (purchases). Please note that this service is only available for dealing by post.

Payment of Dividends by BACS
Many shareholders have already arranged for dividends to be paid by mandate directly to their Bank or Building Society account. The Company mandates dividends through the BACS (Bankers' Automated Clearing Services) system. The benefit to shareholders of the BACS payment method is that the Registrar posts the tax vouchers directly to them, whilst the dividend is credited on the payment date to the shareholder's Bank or Building Society account. Shareholders who have not yet arranged for their dividends to be paid direct to their Bank or Building Society account and wish to benefit from this service should request the Company's Registrar to send them a Dividend/Interest mandate form or alternatively complete the mandate form accompanying their dividend warrant and tax voucher in May.

Classification of Ordinary Share Holdings

	2000		1999	
By size	Number of accounts	Percentage of issued shares	Number of accounts	Percentage of Issued shares
1-1,000 shares	**7,548**	**1.3**	7,580	1.3
1,001-15,000 shares	**3,229**	**3.7**	2,971	3.6
15,001-100,000 shares	**322**	**5.3**	310	4.9
100,001-500,000 shares	**189**	**16.9**	189	17.0
500,001-2,000,000 shares	**81**	**27.7**	82	30.8
2,000,001 shares and over	**25**	**45.1**	21	42.4
	11,394	**100.0**	11,153	100.0

	2000		1999	
By type of holder	Number of accounts	Percentage of issued shares	Number of accounts	Percentage of Issued shares
Individuals	**10,198**	**44.6**	10,004	43.0
Banks and nominees	**789**	**8.3**	764	9.2
Insurance companies	**68**	**8.0**	41	9.8
Pension funds	**118**	**25.7**	101	22.4
Investment trusts and unit trusts	**68**	**10.6**	78	12.6
Other institutions and corporate bodies	**153**	**2.8**	165	3.0
	11,394	**100.0**	11,153	100.0

Officers and Advisers

Secretary and Registered Office
A Paul Allen
Ailsa Court
121 West Regent Street
GLASGOW G2 2SD
United Kingdom
Tel 0141 225 5900
Fax 0141 225 5949
Company No. 177553

Registrars and Transfer Office
Capita IRG plc
Balfour House
390/398 High Road
ILFORD
Essex
IG1 1NQ
United Kingdom
Tel 020 8639 2000

Stockbrokers
Cazenove & Co – London
Hoare Govett Limited – London

Auditors
PricewaterhouseCoopers
Chartered Accountants

Financial Calendar

	Year ended 31 December 2000	6 Months ending 30 June 2001
Results announced	27 February 2001	Late August 2001
Report posted	15 March 2001	Early September 2001
Annual General Meeting	25 April 2001	
Ex-dividend date	25 April 2001	Late October 2001
Dividend record date	27 April 2001	Late October 2001
Dividend payment date	25 May 2001	Late November 2001

Financial Summary

Year ended	Dec 97	Dec 98	Dec 99	**Dec 00**
TURNOVER £ million	163.3	178.9	226.0	**279.5**
TRADING PROFIT £ million*	36.1	42.3	53.7	**66.8**
TRADING MARGIN %	22.1	23.6	23.8	**23.9**
INTEREST £ million	(5.5)	(6.1)	(5.8)	**(8.0)**
PROFIT BEFORE TAX £ million	33.2	39.3	51.3	**60.8**
EARNINGS PER SHARE pence	8.15	9.48	12.33	**14.51**
NET OPERATING ASSETS £ million	154.9	186.4	226.4	**284.5**
NET DEBT £ million	(75.1)	(83.1)	(94.8)	**(116.2)**
SHAREHOLDERS' FUNDS £ million	68.5	80.9	103.6	**139.1**
RETURN ON AVERAGE NET OPERATING ASSETS %	24.9	26.6	27.7	**26.9**