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Aggreko plc Interim Report 2006

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INSIDE

Reports

Highlights 1

Chairman's Statement 2

Operating and Financial Review 4

Accounts

Group Income Statement 12

Group Statement of Recognised Income and Expense 12

Group Balance Sheet 13

Group Cash Flow Statement 14

Notes to the Interim Accounts 15

Independent Review Report to Aggreko plc 19

Shareholders

Shareholder Information 20

Financial Summary 21

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On our website

Visit our investors' section at

www.aggreko.com/investors for the following:

🖱️ Interim Results Announcement 2006

🖱️ Interim Results Presentation

🖱️ Annual Report and Accounts 2005

🖱️ IFRS Analyst Briefing March 2005

🖱️ Interactive Charting 2000-2005

🖱️ Major Projects 2005 – Image Gallery

HIGHLIGHTS

Performance for the six months ended 30 June 2006

	2006	2005	Movement	
			As reported %	Constant Currency %
Revenue £m	238.0	167.2	42.4	38.1
Trading profit £m	30.7	17.8	72.3	69.7
Profit before tax £m	29.6	16.6	78.4	
Diluted EPS pence	7.08	4.13	71.4	
Dividend per share pence ¹	2.53	2.34	8.0	

Revenue £m

2006	238.0	
2005	167.2	417.7
2004	150.8	323.6
2003	159.3	331.8
2002	167.7	340.1

Trading profit £m

2006	30.7	
2005	17.8	59.6
2004	16.8	45.1
2003	17.8	42.1
2002	26.3	58.2

Profit before tax £m

2006	29.6	
2005	16.6	56.4
2004	15.7	42.5
2003	17.2	40.1
2002	25.6	55.1

Diluted eps pence

2006	7.08	
2005	4.13	13.72
2004	3.98	10.79
2003	4.36	10.14
2002	6.04	13.02

Dividend per share pence

2006	2.53 ¹	
2005	2.34	6.10
2004	2.25	5.82
2003	2.20	5.65
2002	2.20	5.55

■ Half year □ Full year

¹ Under IFRS the liability for an interim dividend is only recognised in the period when it is approved and therefore these interim accounts do not reflect the interim dividend of 2.53 pence (2005: 2.34 pence). The dividend in the accounts represents the final dividend for 2005 of 3.77 pence per share which was paid during the first half of 2006.

Chairman's Statement



Philip Rogerson
Chairman

Introduction

I am pleased to report that Aggreko has produced a very strong set of results for the first half of 2006. The businesses in North America and International have continued to grow strongly, while we have made some encouraging progress in Europe.

Trading

Reported revenue in the first half increased by 42.4% to £238.0 million. Revenue, in constant currency¹ and excluding £18.3 million of pass-through fuel revenue² from our International business, increased by 31.3%.

Pre-tax profits rose to £29.6 million, an increase of 78.4% and basic earnings per share grew by 71.9% to 7.14 pence; diluted earnings per share grew by 71.4% to 7.08 pence. Earnings per share growth has been slightly slower than growth in pre-tax profits due to a higher tax charge arising from the changing geographic mix in our regional profits.

During the first six months of the year, Aggreko's capital expenditure amounted to £70.6 million, compared to £29.1 million in the same period last year. It is expected that capital expenditure for the full year will be around £130 million compared with £80.2 million in 2005. This increase in capital expenditure reflects the continued high levels of utilisation across the Group, most notably in our North American and International businesses. This investment

will support continued revenue growth and includes further additions to our new fleet of gas-powered generators. The flexibility and short lead-time of our design and assembly operation allows Aggreko to increase or reduce capital expenditure very quickly in response to market conditions.

Largely as a consequence of the higher level of capital expenditure, net debt increased during the period by £27.3 million to £130.2 million; this compares with £99.7 million at 30 June 2005. Aggreko's financial position remains strong, as measured by net assets of £213.0 million (30 June 2005: £183.4 million) and interest cover of 11.5 times (2005: 10.1 times).

Dividend

Taking account of the strong trading performance, the Board has decided to declare an interim dividend of 2.53 pence per share, which is an increase of 8% over the 2005 interim dividend. This interim dividend will be paid on 17 November 2006 to shareholders on the register at 20 October 2006, with an ex-dividend date of 18 October 2006.

Outlook

Aggreko's International Power Projects business continues to trade strongly. Several large new contracts have been secured including 100MW in Kenya, our first large gas contract in Tanzania and additions to our contract in Uganda. In addition, we have recently signed a contract for a further 50MW in the Yemen. As a result, we expect a strong performance from the International Power Projects business in the second half. We also expect that the Local business in Aggreko International will continue to grow year-on-year in the second half, although the rate of growth is likely to be slower than in the first half.

Chairman's Statement continued

In North America the momentum gained during the first half has enabled us to make a good start to our key summer season. Although the second half of 2005 benefited from \$32 million of exceptional hurricane-related revenues, the growth of our base business is such that we expect the region to exceed the performance achieved in the second half of last year.

The European business has for many years been highly seasonal, with most of the profits being made in the second half. We have had a strong start to the summer trading season, and revenues in the first two months of the second half have been well ahead of last year. Given this strong start we expect performance in the second half, and for the year as a whole, to be materially better than 2005.

At a Group level, we now expect Aggreko's performance for the year to be ahead of our previous expectations.



Philip G Rogerson
Chairman

14 September 2006

- 1 Constant currency takes account of the impact of translational exchange movements in respect of our businesses which operate in currency other than sterling.
- 2 Pass-through fuel revenue relates to contracts in our International Projects business where we pass on fuel costs to the customer at little or no profit margin.

Operating and Financial Review



Rupert Soames
Chief Executive



Angus Cockburn
Finance Director

Group Trading Performance

Aggreko's performance during the first half of 2006 has been very strong, and the Group has made good progress compared with the first half of 2005. Group revenue, as reported, was £238.0 million (2005: £167.2 million), which was 42.4% higher than 2005; Group trading profit of £30.7 million (2005: £17.8 million) was 72.3% ahead. Group trading margin improved from 10.7% in 2005 to 12.9% in 2006 and return on capital employed, measured on a rolling 12-month basis, improved to 21.1% from 15.6%.

Group profit before tax grew by 78.4% to £29.6 million (2005: £16.6 million). An increase in the proportion of profits arising in North America took the overall tax rate from 33.5% to 36.0% in 2006, resulting in profit after tax rising 71.7% to £19.0 million (2005: £11.0 million). Earnings per share increased by 71.9% to 7.14 pence (2005: 4.16 pence).

	2006 £ million	2005 £ million	Movement	
			As reported	Constant currency
Revenue	238.0	167.2	42.4%	38.1%
Revenue excl pass-through fuel	219.7	162.3	35.4%	31.3%
Trading profit	30.7	17.8	72.3%	63.7%
Operating profit	32.4	18.4	76.0%	67.3%
Net interest expense	(2.8)	(1.8)	(54.1)%	
Profit before tax	29.6	16.6	78.4%	
Taxation	(10.6)	(5.6)	(91.7)%	
Profit after tax	19.0	11.0	71.7%	
Basic earnings per share (pence)	7.14	4.16	71.9%	

In the first half, the impact of currency movements – mainly the US dollar exchange rate – has been to increase revenue by £5.2 million and trading profit by £0.9 million on a like-for-like basis while pass-through fuel accounted for £18.3 million (2005: £4.9 million) of reported revenue of £238.0 million.

Excluding the impact of the currency movements as well as the pass-through fuel revenue, Group revenue grew on an underlying basis by 31.3% (as reported: 42.4%) and trading profit by 60.4% (as reported: 72.3%). On the same basis, trading margin in the first half was 13.7% (as reported: 12.9%) which compares with 11.0% in 2005 (as reported: 10.7%).

The Group's growth was made possible by a large increase in investment in new fleet during the period. Total capital expenditure for the period was £70.6 million, £41.5 million up on the prior year; notwithstanding this, the ratio of Revenue (excluding pass-through fuel) : Gross Rental Assets, which is a key measure of capital efficiency, increased by over 10 percentage points over the prior year to 67.9%.

Regional Trading Performance

Management Group	Geography	Revenue			Trading Profit/(Loss)		
		2006 £ million	2005 £ million	Change %	2006 £ million	2005 £ million	Change %
Local Business							
North America	USA & Canada	72.2	50.4	43.3%	12.3	4.9	152.2%
Europe	Northern Europe	30.5	26.8	13.9%	1.0	1.2	(13.7)%
	Continental Europe	28.3	24.4	15.7%	(0.5)	(0.8)	32.8%
International Local Businesses	Middle East, Asia-Pacific, South America	35.2	24.1	46.1%	7.5	4.7	59.2%
Sub-total Local Business		166.2	125.7	32.2%	20.3	10.0	103.3%
International Power Projects							
International	International Power Projects excl pass-through fuel	53.5	36.6	46.3%	9.8	7.8	25.6%
International	Pass-through fuel	18.3	4.9		0.6	-	
Sub-total International Power Projects		71.8	41.5	73.3%	10.4	7.8	33.0%
Group		238.0	167.2	42.4%	30.7	17.8	72.3%
Group							
	North America	72.2	50.4	43.3%	12.3	4.9	152.2%
	Europe	58.8	51.2	14.7%	0.5	0.4	24.3%
	International	107.0	65.6	63.3%	17.9	12.5	42.8%
Group		238.0	167.2	42.4%	30.7	17.8	72.3%
Group excluding pass-through fuel		219.7	162.3	35.4%	30.1	17.8	68.9%

The performance of each of these regions in the first half is described below:

Local business: North America

	2006 \$ million	2005 \$ million	Change %
Revenue	129.3	94.4	37.1%
Trading profit	22.0	9.1	141.3%

Our Local business in North America produced another excellent performance in the first half with revenue increasing by 37.1% to \$129.3 million and trading profit increasing by 141.3% to \$22.0 million. Trading margin increased by more than 7 percentage points from 9.7% to 17.0%. This growth has been driven by investment in new fleet as well as the excellent performance of our sales and service teams. Encouragingly, revenue growth was very broadly based, covering many sectors and geographies.

Operating and Financial Review continued

Amongst the sectors, we achieved particularly strong growth in oil and gas, manufacturing and construction. About \$7 million of the \$129 million of revenue arose from reconstruction work in the aftermath of the severe hurricane season in 2005. Reconstruction work, combined with high activity levels in petrochemicals, were major contributing factors to the strong performance of our business in the Gulf area during the first half; good growth was also seen in several other areas, most notably our businesses in the West and North East.

In terms of business mix, rental revenue grew by 30.6% and services revenue grew by 51.9%. Power revenue for the first half was 45.0% ahead of the prior year, while temperature control revenue for the period was 24.0% ahead of last year. Oil-free air revenue was 14.0% ahead of the prior period.

Our new Local business model is now well established in North America and the initial roll-out of our new Enterprise Resource Planning (ERP) system is now complete. The implementation having gone smoothly, the focus is now on driving efficiency improvement and leveraging the full benefits of the real-time information now available to run the business.

The momentum gained during the first half has enabled us to make a good start to our key summer season. Although the second half of 2005 benefited from \$32 million of exceptional hurricane-related revenues, the growth of our base business is such that we expect the region to exceed the performance achieved in the second half of last year.

Local business: Europe

Revenue	2006 € million	2005 € million	Change %
Northern Europe	44.4	39.1	13.6%
Continental Europe	41.1	35.6	15.4%
Total Europe	85.5	74.7	14.5%

Trading Profit/(Loss)	2006 € million	2005 € million	Change %
Northern Europe	1.5	1.8	(13.9)%
Continental Europe	(0.8)	(1.2)	33.0%
Total Europe	0.7	0.6	24.1%

After a number of periods when we reported declining or flat revenues in Europe, it is encouraging to be able to report a second successive half-year trading period when revenues have shown double-digit growth.

In Northern Europe, revenue of €44.4 million for the first six months was 13.6% higher than the prior period. Rental revenue increased by 10.4%, with power and temperature control revenue increasing by 12.8% and 6.6% respectively; while revenues from our smallest product, oil-free air, decreased by 6.7%. Services revenue, which mainly comprises fuel and transport, grew by 19.8%. Our stated goal of increasing penetration in the construction and utilities sectors was reflected in the strong growth in the first half in both sectors, notably construction where the revenues more than doubled compared with the first half of 2005. This growth more than offset the continuing decline in telecoms where network roll-out activity is running at a greatly reduced level. Our entertainment business will receive a boost in the second half as we secured the contracts to provide power at both the Ryder Cup in September in Ireland and the Open Golf Championship which took place in Liverpool in July.

Revenue in Continental Europe was 15.4% higher than the previous period at €41.1 million. Rental revenue grew by 11.9%, while services revenue grew by 23.1%. Within rental revenue, power increased by 17.9%; temperature control increased by 3.6%; and oil-free air increased by 0.1%. The trading loss decreased by €0.4 million over the previous period.

Performance in most of the areas in Continental Europe was encouraging with particularly strong growth in Benelux and Spain. Across Continental Europe, revenues grew strongly over the prior year in the construction, oil and gas and entertainment sectors. The growth in these sectors more than offset falls in both the manufacturing and services sector.

The trading margin in Europe was 0.9% (2005: 0.8%). Ongoing costs related to the finalisation of the implementation of our new ERP system continue to impact margins as the implementation in Northern Europe, planned towards the end of the roll-out programme, is the largest and most complex of our local businesses, with very high transaction volumes. This implementation has now been successfully completed, and we expect to see an improvement in margins going forward as these one-off costs drop away. We have also had to make significant operational investments in building resources to support our utilities business in Northern Europe.

Operating and Financial Review continued

The European business has for many years been highly seasonal, with most of the profits being made in the second half. We have had a strong start to the summer trading season, and revenues in the first two months of the second half have been well ahead of last year. Given this strong start we expect performance in the second half, and for the year as a whole, to be materially better than 2005.

Local business: Aggreko International

	2006 \$ million	2005 \$ million	Change %
Revenue	63.1	45.2	39.8%
Trading profit	13.4	8.8	52.4%

The Local businesses in the Middle East, Singapore, Australia, New Zealand, Hong Kong and Brazil had a very strong first half. In aggregate, period-on-period revenue grew by 39.8% to \$63.1 million, which resulted in trading profit growth of 52.4% to \$13.4 million and a trading margin of 21.2% as against 19.4% in 2005.

The businesses in the Middle East and Australia produced another excellent performance. Increased oil revenues continue to drive development of new infrastructure projects in the Middle East, particularly in the UAE, Saudi Arabia and Qatar; while in Australia the robust demand for commodities and high levels of utility shutdown maintenance work have resulted in strong revenue growth. Our business in Singapore continued to benefit from the high levels of activity in shipping; while revenues in our Brazilian business continue to grow, driven by the oil and gas sector. During the first quarter, we opened a new depot in Hong Kong to capitalise on the strong shipping and industrial sectors, as well as providing a gateway in the longer term to generating projects in China.

We expect Aggreko International's Local businesses to continue to grow year-on-year in the second half, although the rate of growth is likely to be slower than in the first half.

International Power Projects: Aggreko International

In the International Power Projects business, the strong momentum built in the second half of 2005 carried through to the first half.

	2006 \$ million	2005 \$ million	Change %
Revenue (excluding pass-through fuel)	95.8	68.5	40.0%
Trading profit (excluding pass-through fuel)	17.8	14.7	20.1%

International Power Projects' revenue, excluding pass-through fuel, grew by 40.0% to \$95.8 million in the first six months of 2006 while trading profits increased by 20.1% to \$17.8 million.

The revenue growth reflects the benefit of new contracts signed in 2005 and the number of existing contracts being extended. In addition, the business has been successful in winning new contracts across many parts of the world, a pleasing number of which have been from returning customers. These repeat wins are a tribute to the operational excellence of our team in the International Power Projects business.

In terms of geography, our African business delivered very strong growth and, while much of this has been focussed on East Africa where low rainfall has led to serious shortages of hydro-power, we have won numerous contracts throughout the continent. The biggest contract win during the first half was a contract to supply 100MW of power in Kenya. We also secured an additional 50MW power contract in Uganda, supplementing our first 50MW contract which has been running since mid 2005.

The performance of the International Power Projects business in Asia was also encouraging after several years of building capability and relationships in the region. Contracts are now running in several countries, including South Korea, Indonesia and Malaysia. Our South American business has continued to strengthen its position, while the business in the Middle East has been boosted by two 50MW contract wins in Yemen. The military business has continued to perform well and revenue is ahead of the prior period with additional equipment delivered to existing contracts, many of which are being extended, and by the award of three new military contracts including one supporting European peace-keeping efforts in the Democratic Republic of Congo.

Our strategy of investing in developing and building gas power generators has enabled us to secure our first large gas-powered contract in Tanzania in July. This contract is for 40MW of power to be supplied to The Tanzanian Electric Supply Company over a two year period, using gas from the offshore Songo Songo gas field.

The large number of new contract wins led to a high level of mobilisation costs as a proportion of revenues and consequently the trading margin, excluding pass-through fuel, fell from 21.7% in 2005 to 18.6%. We do not expect mobilisation costs to be as high in the second half and we will also receive the full contribution of revenue and profits from these new contracts which we expect will lead to an improvement in the trading margin relative to the first half.

Operating and Financial Review continued

With the new contracts secured in the first half, and with many existing contracts extending, we anticipate a strong performance from our International Power Projects business in the second half.

Financial Review

Currency Translation

The net overall impact of exchange rates on currency translation in the first six months of 2006 was to increase revenue and operating profit by £5.2 million and £0.9 million respectively. Set out in the table below are the principal exchange rates affecting the Group's overseas profits and net assets.

Per £ Sterling

	2006		2005	
	Average	Period End	Average	Period End
Principal Exchange Rates				
United States dollar	1.79	1.84	1.87	1.77
Euro	1.46	1.45	1.46	1.48
Other Operational Exchange Rates				
UAE Dirhams	6.58	6.77	6.87	6.51
Australian dollar	2.41	2.48	2.42	2.35

(Source: Reuters)

Interest

The net interest charge for the first half of 2006 was £2.8 million, an increase of £1.0 million on 2005, reflecting the higher level of net debt and rising global interest rates during the period. Interest cover increased to 11.5 times from 10.1 times in 2005.

Effective Tax Rate

The current forecast of the effective tax rate for the full year, which has been used in the interim accounts, is 36.0% as compared with 33.5% in the same period last year. This increase in the tax rate largely reflects the changes in the regional mix of profits.

Dividends

Based on the proposed interim dividend of 2.53 pence per ordinary share, an increase of 8.0% as compared with the same period in 2005, dividend cover is 2.8 times (30 June 2005: 1.8 times).

Cashflow

The net cash inflow from operations during the first six months of 2006 totalled £60.5 million (2005: £36.0 million). EBITDA (earnings before interest, taxes, depreciation and amortisation) for the period amounted to £67.5 million, up 40.5% on 2005. This funded capital expenditure of £70.6 million, which was up £41.5 million on the same period in 2005 reflecting increased investment in our rental fleet to support the growth of the business. Net debt increased by £27.3 million during the period and, at £130.2 million, is £30.5 million higher than at 30 June 2005. As a result of the increase in net debt, gearing (net debt as a percentage of equity) at 30 June 2006 increased to 61% from 54% at 30 June 2005.

Shareholders' Equity

Shareholders' equity increased by £4.8 million to £213.0 million in the six months ended 30 June 2006, represented by the net assets of the Group of £343.2 million before net debt of £130.2 million. The movements in shareholders' equity are analysed in the table below:

Movements in Shareholders' Equity

	£ million	£ million
As at 1 January 2006		208.2
Profit for the financial period	19.0	
Dividend ⁽¹⁾	(10.0)	
Retained earnings		9.0
New share capital subscribed		0.1
Credit in respect of employee share awards		1.8
Actuarial gains on retirement benefits		1.9
Currency translation difference		(9.1)
Other ⁽²⁾		1.1
As at 30 June 2006		213.0

(1) Reflects the dividend of 3.77 pence per share (2005: 3.57 pence) that was paid during the period.

(2) Other includes tax on items taken directly to reserves and movements in the hedging reserve.

Auditors

During the period, the Company carried out a competitive tender in relation to the provision of external audit services. Following the outcome of this exercise the Board, on the recommendation of the Audit Committee, will propose a resolution re-appointing PricewaterhouseCoopers LLP as the Company's auditors at the next Annual General Meeting.

Shareholder information

Our website can be accessed at www.aggreko.com. This contains a large amount of information about our business, including a range of charts and data, which can be down loaded for easy analysis. The website also carries further detail about our Strategy Review, as well as all recent Stock Exchange announcements.



Rupert Soames
Chief Executive



Angus Cockburn
Finance Director

14 September 2006

Group Income Statement

For the six months ended 30 June 2006 (unaudited)

		6 months ended 30 June 2006 £ million	6 months ended 30 June 2005 £ million	Year ended 31 Dec 2005 £ million
Revenue	Notes 4	238.0	167.2	417.7
Operating expenses		<u>(205.6)</u>	<u>(148.8)</u>	<u>(357.0)</u>
Operating profit	4	32.4	18.4	60.7
Finance costs				
– Interest expense		(3.2)	(1.9)	(4.8)
– Interest income		<u>0.4</u>	<u>0.1</u>	<u>0.5</u>
Profit before taxation		29.6	16.6	56.4
Taxation	7			
– UK		(2.4)	(1.1)	(6.1)
– Overseas		<u>(8.2)</u>	<u>(4.5)</u>	<u>(13.6)</u>
Profit for the period		<u>19.0</u>	<u>11.0</u>	<u>36.7</u>

The above results relate to continuing operations and all profit for the period is attributable to equity shareholders of the Company.

Earnings per share (pence)

Basic	6	<u>7.14</u>	<u>4.16</u>	<u>13.81</u>
Diluted	6	<u>7.08</u>	<u>4.13</u>	<u>13.72</u>

Group Statement of Recognised Income and Expense

For the six months ended 30 June 2006 (unaudited)

		6 months ended 30 June 2006 £ million	6 months ended 30 June 2005 £ million	Year ended 31 Dec 2005 £ million
Profit for the period		19.0	11.0	36.7
Actuarial gains/(losses) on retirement benefits		1.9	(2.4)	(7.9)
Movement of deferred tax on pension liability		(0.6)	0.7	2.4
Cashflow hedges (net of deferred tax)		1.3	(1.1)	(0.4)
Net exchange (losses)/gains offset in reserves		<u>(9.1)</u>	<u>9.1</u>	<u>14.1</u>
Total recognised income for the period		12.5	17.3	44.9
Prior year adjustment for implementation of IAS 39		<u>–</u>	<u>0.6</u>	<u>0.6</u>
Total recognised income since last annual Accounts		<u>12.5</u>	<u>17.9</u>	<u>45.5</u>

Group Balance Sheet

As at 30 June 2006 (unaudited)

	Notes	30 June 2006 £ million	30 June 2005 £ million	31 Dec 2005 £ million
Non-current assets				
Intangible assets		1.4	1.8	1.5
Property, plant and equipment		315.5	272.4	294.9
Financial assets		1.1	0.5	0.7
Deferred tax asset		0.4	0.2	0.4
		<u>318.4</u>	<u>274.9</u>	<u>297.5</u>
Current assets				
Inventories		38.4	31.6	35.7
Trade and other receivables		121.2	88.4	114.0
Financial assets		0.9	0.1	0.1
Cash and cash equivalents	3	8.6	6.4	8.3
Current tax assets		2.5	4.2	1.6
		<u>171.6</u>	<u>130.7</u>	<u>159.7</u>
Total assets		<u>490.0</u>	<u>405.6</u>	<u>457.2</u>
Current liabilities				
Financial liabilities				
– Borrowings	8	(56.2)	(5.0)	(9.5)
– Derivative financial instruments		–	(1.1)	(0.6)
Trade and other payables		(98.2)	(72.3)	(93.7)
Current tax liabilities		(10.5)	(7.1)	(10.4)
Provisions	9	(0.3)	(3.5)	(0.8)
		<u>(165.2)</u>	<u>(89.0)</u>	<u>(115.0)</u>
Non-current liabilities				
Financial liabilities				
– Borrowings	8	(82.6)	(101.1)	(101.7)
– Derivative financial instruments		(0.1)	(0.5)	(0.2)
Deferred tax liabilities		(12.5)	(18.1)	(14.2)
Retirement benefit obligation		(15.6)	(12.7)	(16.8)
Provisions	9	(1.0)	(0.8)	(1.1)
		<u>(111.8)</u>	<u>(133.2)</u>	<u>(134.0)</u>
Total liabilities		<u>(277.0)</u>	<u>(222.2)</u>	<u>(249.0)</u>
Net assets		<u>213.0</u>	<u>183.4</u>	<u>208.2</u>
Shareholders' equity				
Share capital		53.8	53.6	53.8
Share premium		6.9	6.1	6.8
Treasury shares		(6.5)	(6.5)	(6.5)
Capital redemption reserve		0.1	0.1	0.1
Hedging reserve		1.3	(1.0)	–
Foreign exchange reserve		(14.3)	(10.2)	(5.2)
Retained earnings		171.7	141.3	159.2
Total shareholders' equity		<u>213.0</u>	<u>183.4</u>	<u>208.2</u>

Group Cash Flow Statement

For the six months ended 30 June 2006 (unaudited)

	Notes	6 months ended 30 June 2006 £ million	6 months ended 30 June 2005 £ million	Year ended 31 Dec 2005 £ million
Cash flows from operating activities				
Cash generated from operations	2	60.5	36.0	101.9
Tax paid		(12.2)	(7.3)	(18.3)
Net cash generated from operating activities		<u>48.3</u>	<u>28.7</u>	<u>83.6</u>
Cash flows from investing activities				
Purchases of property, plant and equipment (PPE)		(70.6)	(29.0)	(80.1)
Proceeds from sale of PPE		2.7	1.1	3.8
Purchase of intangible assets		–	(0.1)	(0.1)
Net cash used in investing activities		<u>(67.9)</u>	<u>(28.0)</u>	<u>(76.4)</u>
Cash flows from financing activities				
Net proceeds from issue of ordinary shares		0.1	0.1	1.0
Net increase in borrowings		32.4	12.9	15.9
Interest received		0.4	0.1	0.5
Interest paid		(3.0)	(1.7)	(4.6)
Dividends paid to shareholders		(10.0)	(9.5)	(15.7)
Purchase of treasury shares		–	(3.2)	(3.2)
Net cash generated from/(used in) financing activities		<u>19.9</u>	<u>(1.3)</u>	<u>(6.1)</u>
Net increase/(decrease) in cash and cash equivalents		0.3	(0.6)	1.1
Cash and cash equivalents at beginning of the period		6.0	4.9	4.9
Exchange loss on cash and cash equivalents		(0.1)	(0.1)	–
Cash and cash equivalents at end of the period	3	<u>6.2</u>	<u>4.2</u>	<u>6.0</u>

Reconciliation of net cash flow to movement in net debt

For the six months ended 30 June 2006 (unaudited)

		6 months ended 30 June 2006 £ million	6 months ended 30 June 2005 £ million	Year ended 31 Dec 2005 £ million
Increase/(decrease) in cash and cash equivalents		0.3	(0.6)	1.1
Cash inflow from movement in debt		(32.4)	(12.9)	(15.9)
Changes in net debt arising from cash flows		(32.1)	(13.5)	(14.8)
Exchange gains/(losses)		4.8	(4.1)	(6.0)
Movement in net debt in period		(27.3)	(17.6)	(20.8)
Net debt at beginning of period		(102.9)	(82.1)	(82.1)
Net debt at end of period	8	<u>(130.2)</u>	<u>(99.7)</u>	<u>(102.9)</u>

Notes to the Interim Accounts

For the six months ended 30 June 2006 (unaudited)

1 Basis of preparation of interim Accounts

- i. This interim financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The interim Accounts have been prepared on the basis of the principal accounting policies as set out on pages 63 to 69 of the Group's 2005 Annual Report and Accounts. As permitted, the Group has chosen not to adopt IAS 34 – Interim Financial Statements, in preparing these interim financial statements, and therefore this information is not wholly compliant with International Financial Reporting Standards.
- ii. The results for the half years to 30 June 2006 and 2005 are unaudited but have been reviewed by the Group's auditors, whose report is on page 19.
- iii. The statutory Accounts for 2005 have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under either Section 237(2) or 237(3) of the Companies Act 1985.

2 Cashflow from operating activities

	6 months ended 30 June 2006 £ million	6 months ended 30 June 2005 £ million	Year ended 31 Dec 2005 £ million
Profit for the period	19.0	11.0	36.7
Adjustments for:			
Tax	10.6	5.6	19.7
Depreciation	34.9	29.6	63.0
Amortisation of intangibles	0.2	0.1	0.4
Interest income	(0.4)	(0.1)	(0.5)
Interest expense	3.2	1.9	4.8
Profit on sale of PPE	(1.7)	(0.6)	(1.1)
Share based payment	0.2	0.1	2.5
Changes in working capital (excluding the effects of exchange differences on consolidation):			
Increase in inventories	(4.1)	(5.6)	(9.0)
Increase in trade and other receivables	(11.4)	(14.4)	(35.9)
Increase in trade and other payables	9.9	10.1	25.4
Net movements in provisions for liabilities and charges	(0.6)	(1.8)	(4.2)
Net retirement benefit cost	0.7	0.1	0.1
Cash generated from operations	<u>60.5</u>	<u>36.0</u>	<u>101.9</u>

3 Cash and cash equivalents

	30 June 2006 £ million	30 June 2005 £ million	31 Dec 2005 £ million
Cash at bank and in hand	8.2	5.7	7.9
Short-term bank deposits	0.4	0.7	0.4
	<u>8.6</u>	<u>6.4</u>	<u>8.3</u>

Cash and bank overdrafts include the following for the purposes of the cashflow statement:

	30 June 2006 £ million	30 June 2005 £ million	31 Dec 2005 £ million
Cash and cash equivalents	8.6	6.4	8.3
Bank overdrafts (Note 8)	(2.4)	(2.2)	(2.3)
	<u>6.2</u>	<u>4.2</u>	<u>6.0</u>

Notes to the Interim Accounts continued

For the six months ended 30 June 2006 (unaudited)

4 Segmental reporting

(a) Revenue by segment

	Total revenue			Inter-segment revenue			External revenue		
	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 Dec 2005	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 Dec 2005	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 Dec 2005
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Northern Europe	30.5	26.8	58.7	-	-	-	30.5	26.8	58.7
Continental Europe	28.3	24.4	56.0	-	-	0.1	28.3	24.4	55.9
North America	72.4	50.4	141.8	0.2	-	0.1	72.2	50.4	141.7
Middle East, Asia-Pacific, South America	35.4	24.2	52.5	0.2	0.1	0.5	35.2	24.1	52.0
Local Business	166.6	125.8	309.0	0.4	0.1	0.7	166.2	125.7	308.3
International Power Projects	72.5	42.0	110.7	0.7	0.5	1.3	71.8	41.5	109.4
Eliminations	(1.1)	(0.6)	(2.0)	(1.1)	(0.6)	(2.0)	-	-	-
Group	238.0	167.2	417.7	-	-	-	238.0	167.2	417.7

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

International Power Projects is a global segment administered from Dubai. At the period end the assets of the International Power Projects segment are predominantly located in the Middle East, Asia-Pacific, South America and Africa.

(b) Profit by segment

	Trading profit/(loss)			Gain on sale of PPE			Operating profit/(loss)		
	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 Dec 2005	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 Dec 2005	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 Dec 2005
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Northern Europe	1.0	1.2	4.5	0.3	0.1	0.2	1.3	1.3	4.7
Continental Europe	(0.5)	(0.8)	0.9	0.1	0.1	0.3	(0.4)	(0.7)	1.2
North America	12.3	4.9	26.5	1.2	0.3	0.3	13.5	5.2	26.8
Middle East, Asia-Pacific, South America	7.5	4.7	9.5	-	0.1	0.1	7.5	4.8	9.6
Local Business	20.3	10.0	41.4	1.6	0.6	0.9	21.9	10.6	42.3
International Power Projects	10.4	7.8	18.2	0.1	-	0.2	10.5	7.8	18.4
Group	30.7	17.8	59.6	1.7	0.6	1.1	32.4	18.4	60.7
Finance costs – net							(2.8)	(1.8)	(4.3)
Profit before taxation							29.6	16.6	56.4
Taxation							(10.6)	(5.6)	(19.7)
Profit for the period							19.0	11.0	36.7

5 Dividends

The dividends paid in the period were:

	6 months ended 30 June 2006	6 months ended 30 June 2005	Year ended 31 Dec 2005
Total dividend (£ million)	10.0	9.5	15.7
Dividend per share (pence)	3.77	3.57	5.91

An interim dividend in respect of 2006 of 2.53 pence (2005: 2.34 pence), amounting to a total dividend of £6.7 million (2005: £6.2 million) was declared during the period.

6 Earnings per share

Basic earnings per share have been calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the period, excluding shares held by the Employee Share Ownership Trusts which are treated as cancelled.

	30 June 2006	30 June 2005	31 Dec 2005
Profit for the period (£ million)	19.0	11.0	36.7
Weighted average number of ordinary shares in issue (million)	265.5	265.8	265.3
Basic earnings per share (pence)	7.14	4.16	13.81

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	30 June 2006	30 June 2005	31 Dec 2005
Profit for the period (£ million)	19.0	11.0	36.7
Weighted average number of ordinary shares in issue (million)	265.5	265.8	265.3
Adjustment for share options (million)	2.3	1.5	1.8
Diluted weighted average number of ordinary shares in issue (million)	267.8	267.3	267.1
Diluted earnings per share (pence)	7.08	4.13	13.72

7 Taxation

The taxation charge for the period is based on an estimate of the Group's expected annual effective rate of tax for 2006 which is currently estimated to be 36.0% (2005: 33.5%).

8 Financial assets/liabilities

	30 June 2006 £ million	30 June 2005 £ million	31 Dec 2005 £ million
Non-current			
Bank borrowings	82.6	101.1	101.7
Current			
Bank overdrafts	2.4	2.2	2.3
Bank borrowings	53.8	2.8	7.2
	56.2	5.0	9.5
Total borrowings	138.8	106.1	111.2
Short-term deposits	(0.4)	(0.7)	(0.4)
Cash at bank and in hand	(8.2)	(5.7)	(7.9)
Net borrowings	130.2	99.7	102.9

The bank overdrafts and borrowings are all unsecured.

The maturity of financial liabilities

The maturity profile of the borrowings was as follows:

	30 June 2006 £ million	30 June 2005 £ million	31 Dec 2005 £ million
Within 1 year, or on demand	56.2	5.0	9.5
Between 1 and 2 years	-	49.9	49.0
Between 2 and 3 years	82.6	-	-
Between 3 and 4 years	-	51.2	52.7
Between 4 and 5 years	-	-	-
	138.8	106.1	111.2

Notes to the Interim Accounts continued

For the six months ended 30 June 2006 (unaudited)

9 Provisions

	Reorganisation and restructuring £ million	Legal indemnity employee termination benefit £ million	Total £ million
At 1 January 2006	1.6	0.3	1.9
Utilised during the period	(0.6)	-	(0.6)
At 30 June 2006	1.0	0.3	1.3
	30 June 2006 £ million	30 June 2005 £ million	31 Dec 2005 £ million
Analysis of total provisions			
Current	0.3	3.5	0.8
Non-current	1.0	0.8	1.1
Total provisions	1.3	4.3	1.9

- (i) The provision for reorganisation and restructuring comprises the estimated costs of restructuring the Group's North American, European and International operations and the provisions are generally in respect of severance, property and related costs. The provision is expected to be fully utilised before the end of 2007.
- (ii) The provision for legal indemnity employee termination benefit relates to a statutory employee termination benefit scheme in France. The provision is expected to be utilised within 20 years.

10 Statement of changes in equity

	Attributable to equity holders of the company							Total equity £ million
	Ordinary share capital £ million	Share premium account £ million	Treasury shares £ million	Capital redemption reserve £ million	Hedging reserve £ million	Foreign exchange reserve (translation) £ million	Retained earnings £ million	
Balance at 1 January 2006	53.8	6.8	(6.5)	0.1	-	(5.2)	159.2	208.2
Net movement in foreign currency cash flow hedge	-	-	-	-	1.5	-	-	1.5
Net movement on interest rate swaps	-	-	-	-	0.4	-	-	0.4
Currency translation differences	-	-	-	-	-	(9.1)	-	(9.1)
Current tax on items taken to or transferred from equity	-	-	-	-	-	-	(0.1)	(0.1)
Deferred tax on items taken to or transferred from equity	-	-	-	-	(0.6)	-	(0.1)	(0.7)
Actuarial gains on retirement benefits	-	-	-	-	-	-	1.9	1.9
Credit in respect of employee share awards	-	-	-	-	-	-	1.8	1.8
New share capital subscribed (Note (i))	-	0.1	-	-	-	-	-	0.1
Profit for the period	-	-	-	-	-	-	19.0	19.0
Total recognised income/(loss) for the period	-	0.1	-	-	1.3	(9.1)	22.5	14.8
Dividends paid during period	-	-	-	-	-	-	(10.0)	(10.0)
Balance at 30 June 2006	53.8	6.9	(6.5)	0.1	1.3	(14.3)	171.7	213.0

- (i) During the period 51,397 Ordinary Shares of 20 pence each have been issued at prices ranging from £1.05 to £1.89.

11 Date of approval

The interim Accounts were approved by the Board of Directors on 14 September 2006.

Independent Review Report to Aggreko plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the income statement, statement of recognised income and expense, balance sheet as at 30 June 2006, cash flow statement, comparative figures and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

PricewaterhouseCoopers LLP

Chartered Accountants
Glasgow
14 September 2006

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 £15. Details may be obtained by telephoning Hoare Govett Limited Service Helplines 020 7661 6617 (sales) and 020 7661 6616 (purchases) during market hours. Please note that this service is only available to UK residents. Hoare Govett Limited is authorised and regulated by the Financial Services Authority.

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 directly 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 November 2006.

Online Shareholder Services

Shareholders may wish to take advantage of the "Online" enquiry service offered by the Registrar. This service allows the Shareholder to access his/her own account to verify address details and the number of shares held. The service can be obtained on www.capitaregistrars.com where there is also an "Information Zone" which provides answers to many questions frequently asked by Shareholders. The Registrar also offers a share dealing service to existing Shareholders.

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ABN Amro – Hoare Govett –
London
Citibank Global Markets – London

Auditors

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Chartered Accountants

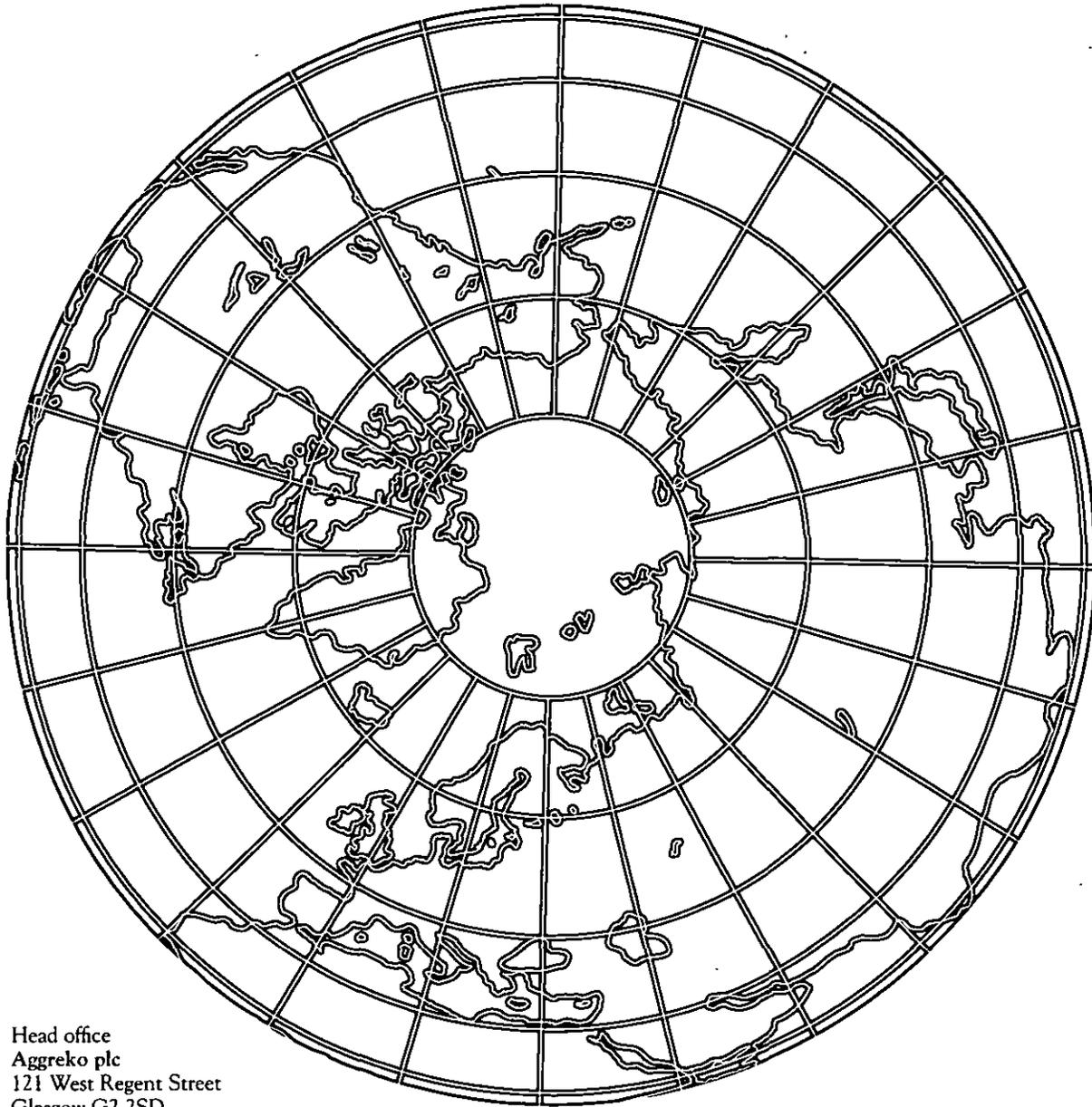
Financial Calendar

	6 months ended	Year ending
Results announced	30 June 2006	31 December 2006
Report posted	14 September 2006	Early March 2007
Annual General Meeting	27 September 2006	Mid March 2007
Ex-dividend date	18 October 2006	Late April 2007
Dividend record date	20 October 2006	Late April 2007
Dividend payment date	17 November 2006	Late May 2007

Financial Summary

Half Year	Jun 02	Jun 03	Jun 04	Jun 05	Jun 06
Revenue (£ million)	167.7	159.3	150.8	167.2	238.0
Trading profit (£ million)	26.3	17.8	16.8	17.8	30.7
Trading margin (%)	15.7	11.2	11.1	10.7	12.9
Finance cost (£ million)	(3.1)	(2.4)	(1.8)	(1.8)	(2.8)
Profit before tax (£ million)	25.6	17.2	15.7	16.6	29.6
Diluted earnings per share (pence)	6.04	4.36	3.98	4.13	7.08
Net operating assets (£ million)	338.6	344.5	306.3	321.8	383.2
Net debt (£ million)	(134.0)	(131.8)	(97.9)	(99.7)	130.2
Shareholders' equity (£ million)	169.4	180.4	171.9	183.4	213.0
Full Year	Dec 02	Dec 03	Dec 04	Dec 05	
Revenue (£ million)	340.1	331.8	323.6	417.7	
Trading profit (£ million)	58.2	42.1	45.1	59.6	
Trading margin (%)	17.1	12.7	13.9	14.3	
Finance cost (£ million)	(6.1)	(4.6)	(3.9)	(4.3)	
Profit before tax (£ million)	55.1	40.1	42.5	56.4	
Diluted earnings per share (pence)	13.02	10.14	10.79	13.72	
Net operating assets (£ million)	328.0	323.7	296.8	356.5	
Net debt (£ million)	(117.2)	(99.9)	(82.1)	(102.9)	
Shareholders' equity (£ million)	173.6	185.9	178.5	208.2	

(1) Trading profit represents operating profit before gain on sale of property, plant and equipment.



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