

POWERGEN OVERSEAS HOLDINGS LIMITED

REPORT AND ACCOUNTS

for the year ended 31 December 2000



Registered No: 2851411

POWERGEN OVERSEAS HOLDINGS LIMITED

Report of the directors for the year ended 31 December 2000

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2000.

Principal activities, review of business and future developments

The Company's principal activity during the year was as an investment company and is expected to continue in this capacity in the future.

Results and dividends

The Company's retained profit for the financial year is £2,919,976 (year ended 2 January 2000: retained loss £11,311,058). The directors do not recommend the payment of a dividend (year ended 2 January 2000: £14,107,594).

Directors and their interests

The directors who held office during the year were Mr R G Barber and Mr D J Jackson. On 10 January 2001 Mr R G Barber resigned and Powergen Directors Ltd was appointed.

During the year, no director had an interest in the shares of the company.

The following directors had the following interests in the ordinary shares of Powergen plc, the Company's ultimate parent undertaking, at 31 December 2000:

	Beneficial holdings in ordinary shares		Options over ordinary shares			
	At 2 January 2000	At 31 December 2000	At 2 January 2000	Exercised /Lapsed	Granted	At 31 December 2000
R G Barber	11,603	11,760	77,671	(4,000)	-	73,671
D J Jackson	14,730	15,112	92,075	(4,575)	152,283	239,783

No director had any interest (other than as a nominee on behalf of Powergen plc) in the shares of any other member of the Powergen group.

POWERGEN OVERSEAS HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

Introduction of the Euro

The Powergen group recognises the wide implications of the Euro for businesses, including impacts on commercial arrangements and financial systems. Appropriate preparation is being made in those of its entities resident in Euro-land countries, based on the EU timetable for transition towards the introduction of hard currency in January 2002. Within the UK, the Powergen group's preparations recognise the uncertain position regarding possible UK entry to the single currency, and the situation is monitored closely.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

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

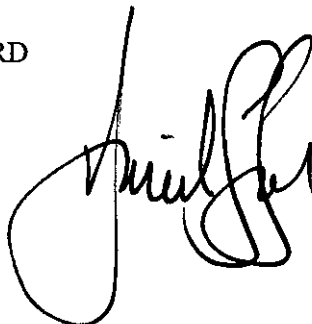
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 8 November 1993, the Company passed an elective resolution dispensing with the requirement to appoint auditors annually. Therefore, PricewaterhouseCoopers will continue in office.

BY ORDER OF THE BOARD

D J Jackson
53 New Broad Street
London
EC2M 1SL



26 June 2001

POWERGEN OVERSEAS HOLDINGS LIMITED

Report of the Auditors to the members of Powergen Overseas Holdings Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, 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 and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 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 financial statements.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

~~June~~ 2001

2 July

POWERGEN OVERSEAS HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Note	Year ended 31 December 2000 £	Year ended 2 January 2000 £
Operating income/(expenses)			
Continuing activities	2	14,219	-
Discontinued activities	2	94,736	(622,284)
	2	<u>108,955</u>	<u>(622,284)</u>
Operating profit/(loss)			
Continuing activities	2	14,219	-
Discontinued activities	2	94,736	(622,284)
		<u>108,955</u>	<u>(622,284)</u>
Net interest receivable	3	4,072,547	4,631,321
Profit on ordinary activities before taxation		<u>4,181,502</u>	<u>4,009,037</u>
Tax on profit on ordinary activities	4	(1,261,526)	(1,212,501)
Profit on ordinary activities after taxation		<u>2,919,976</u>	<u>2,796,536</u>
Dividends	5	-	(14,107,594)
Retained profit/(loss) for the financial year	12	<u>2,919,976</u>	<u>(11,311,058)</u>

The Company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The accounting policies and the notes on pages 6 to 11 form part of these financial statements.

POWERGEN OVERSEAS HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Note	At 31 December 2000 £	At 2 January 2000 £
Fixed assets			
Investments	6	1,497	1,497
		<u>1,497</u>	<u>1,497</u>
Current assets			
Debtors: amounts falling due after more than one year	7	-	15,887
Debtors: amounts falling due within one year	8	63,814,588	61,009,953
Cash at bank and in hand		19,168	19,744
		<u>63,833,756</u>	<u>61,045,584</u>
Creditors: amounts falling due within one year	9	-	(130,307)
Net current assets		<u>63,833,756</u>	<u>60,915,277</u>
Total assets less current liabilities		<u>63,835,253</u>	<u>60,916,774</u>
Creditors: amounts falling due after more than one year	10	-	(1,497)
		<u>63,835,253</u>	<u>60,915,277</u>
Capital and reserves			
Called-up share capital	11	60,000,002	60,000,002
Profit and loss account	12	3,835,251	915,275
Shareholders' funds (including non- equity shareholders' funds)	13	<u>63,835,253</u>	<u>60,915,277</u>

The financial statements on pages 4 to 11 were approved by the Board on 26 June 2001 and were signed on its behalf by:

.....Director

D J Jackson

26 June 2001

The accounting policies and the notes on pages 6 to 11 form part of these financial statements.

POWERGEN OVERSEAS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2000

1 Accounting policies

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable United Kingdom accounting standards all of which have been consistently applied. The Company is exempt from the requirement to produce consolidated financial statements as it is included in the consolidated financial statements of Powergen plc, a company registered in England and Wales.

(a) Fixed asset investments

Fixed asset investments are stated at original cost. Provision is made for any impairment in the value of investments.

(b) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the end of the financial year. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date payment takes place unless related or matching forward foreign exchange contracts have been entered into when the rate specified in that contract is used. Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise.

(c) Cash flow statement

The Company is a wholly-owned subsidiary undertaking of Powergen plc and is included in the consolidated financial statements of Powergen plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

(d) Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Powergen plc group or investees of the Powergen plc group.

2 Net operating income / (expenses)

	Year ended 31 December 2000	Year ended 2 January 2000
	£	£
Administrative expenses	94,736	(622,284)
Other operating income	14,219	-
Net operating income (expenses)	108,955	(622,284)

POWERGEN OVERSEAS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2000 (continued)

Administrative expenses in the year include a £120,846 credit relating to the write back of estimated amounts accrued in the prior period for Tax and Social Security costs on the closure of the Company's US offices.

Other operating income of £14,219 relates to a dividend received in the year from PTP Jawar Timur (year ended 2 January 2000: £nil)

The directors received no emoluments from the Company during the year (year ended 2 January 2000: £nil).

Auditors' remuneration is borne by a parent undertaking, Powergen UK plc.

The Company had no employees during the year (year ended 2 January 2000: nil).

3 Net interest receivable

	Year ended 31 December 2000 £	Year ended 2 January 2000 £
Interest receivable	-	29
Interest receivable from fellow group undertakings	4,072,547	4,631,296
Amortisation of loss on redemption of Government Gilts	-	(4)
Net interest receivable	4,072,547	4,631,321

4 Tax on profit on ordinary activities

	Year ended 31 December 2000 £	Year ended 2 January 2000 £
UK Corporation Tax at 30% (year ended 2 January 2000: 30.25%)	1,261,526	1,212,501

POWERGEN OVERSEAS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2000 (continued)

5 Dividends

	Year ended 31 December 2000 £	Year ended 2 January 2000 £
Dividends paid on preference shares of £nil per share (year ended 2 January 2000: 5p)	-	3,000,000
Interim dividend paid on ordinary shares of £nil per share (year ended 2 January 2000: £5,553,797)	-	11,107,594
	-	14,107,594

6 Fixed asset investments

	Cost £
At 31 December 2000 and 2 January 2000	1,497

The interest in fellow group undertaking represents the investment in 1% of the share capital of PT Powergen Jawa Timur, a company registered in Indonesia, and in 100% of the share capital of Ergon Generation (Malaysia) Sdn Bhd (formerly Ergon Industries (Malaysia) Sdn Bhd), a non-trading company with net assets of £nil.

7 Debtors: amounts falling due after more than one year

	At 31 December 2000 £	At 2 January 2000 £
Amounts owed by fellow subsidiary undertaking	-	15,887

POWERGEN OVERSEAS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2000 (continued)

8 Debtors: amounts falling due within one year

	At 31 December 2000 £	At 2 January 2000 £
Amounts owed by fellow group undertakings	3,633	-
Amounts owed by parent company	63,810,955	60,997,802
Prepayments and accrued income	-	12,151
	<u>63,814,588</u>	<u>61,009,953</u>

The amounts owed by the parent company are repayable on demand and bear interest at the Barclays Bank base rate plus 1/8%

9 Creditors: amount falling due within one year

	At 31 December 2000 £	At 2 January 2000 £
Trade creditors	-	6,200
Other tax and social security	-	124,107
	<u>-</u>	<u>130,307</u>

10 Creditors: amounts falling due after more than one year

	At 31 December 2000 £	At 2 January 2000 £
Amounts owed to fellow group undertakings	-	1,497
	<u>-</u>	<u>1,497</u>

POWERGEN OVERSEAS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2000 (continued)

11 Share capital

	At 31 December 2000 £	At 2 January 2000 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
60,000,000 non-cumulative 5% redeemable preference shares of £1 each	60,000,000	60,000,000
	<u>60,001,000</u>	<u>60,001,000</u>
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	2	2
60,000,000 non-cumulative 5% redeemable preference shares of £1 each	60,000,000	60,000,000
	<u>60,000,002</u>	<u>60,000,002</u>

The preference shares carry a fixed non-cumulative dividend, at the rate of 5% per annum, in priority to the payment of dividends to any other class of shares and rank ahead of any other shares on a winding up or other repayment of capital.

12 Reserves

	Profit and Loss Account £
At 2 January 2000	915,275
Retained profit for the financial year	2,919,976
At 31 December 2000	<u>3,835,251</u>

POWERGEN OVERSEAS HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2000 (continued)

13 Reconciliation of movements in shareholders' funds

	31 December 2000 £	2 January 2000 £
Profit for the financial year	2,919,976	2,796,536
Dividends	-	(14,107,594)
Net addition/ (reduction) to shareholders' funds	2,919,976	(11,311,058)
Opening shareholders' funds	60,915,277	72,226,335
Closing shareholders' funds	63,835,253	60,915,277

Shareholders' funds include £60,000,000 in respect of non-equity shareholders' funds.

14 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Powergen International Ltd. The ultimate parent undertaking and controlling party is Powergen plc, which is the parent company of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is that of which Powergen UK plc, the principal trading subsidiary of Powergen plc, is the parent undertaking. Copies of Powergen plc's accounts are available from the Company Secretary at the following address:

D J Jackson
Company Secretary
Powergen plc
53 New Broad Street
London
EC2M 1SL