



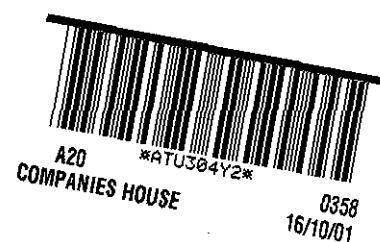
Fortum

Regional Power Generators Limited

(Registered Number: 2352390)

Directors' Report And Financial Statements

For The Year Ended 31 December 2000



Regional Power Generators Limited

Report for the Year Ended 31 December 2000
(Registered Number: 2352390)

	Page
Directors' Report	1 - 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 13

Regional Power Generators Limited

Directors' Report For The Year Ended 31 December 2000

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

Principal Activities

The principal activity of the company is the operation of a power station at Brigg, North Lincolnshire, and associated energy purchases and sales.

Review Of The Business

The station operated on base load throughout the year and achieved similar levels of output and efficiency as in the previous year. Profitability in a generally difficult year of falling electricity prices and rising gas prices was good. The company implemented a new trading system in readiness for NETA. A programme of changes to improve the efficiency and flexibility of operation of the plant was begun during the year and is scheduled to be completed by the end of 2001. In response to Fortum Oyj's refocusing the company was placed on the market in July 2000.

Result And Dividend

The results of the company for the period are set out in detail on page 4. The company paid an interim dividend amounting to £4 million in the period (1999: £4 million). The directors do not recommend the payment of a final dividend.

Directors

The directors of the company at 31 December 2000, all of whom have been directors for the whole period ended on that date except as noted, were:

MC Mannion	(resigned 18 August 2000)
JA Deane	(resigned 9 October 2000)
E Auranne	(resigned 30 March 2000)
P Österlund	
J Cox	
O Lähelmä (alternate)	(resigned 30 March 2000)
Dr V Kohler	(appointed 18 September 2000)
R Jones	(appointed 1 November 2000)

Directors' Interests

No directors held beneficial interests in the shares of the company as at 31 December 2000 (31 December 1999: nil), or at any time during the period, which would require disclosure under the Companies Act 1985.

Regional Power Generators Limited

Directors' Report For The Year Ended 31 December 2000 (Continued)

Directors' Responsibility Statement

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 period. The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. The parent companies have indicated their intention to provide financial support to the company for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing these financial statements.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

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

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board



Lauri Peltola
Company Secretary

1 March 2001

Auditors' Report To The Members Of Regional Power Generators Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including, as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established 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 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.

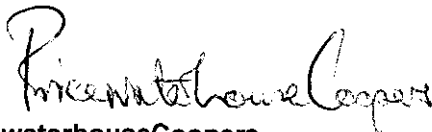
Basis of opinion

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 affairs of the company at 31 December 2000 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

1 March 2001

Regional Power Generators Limited

Profit And Loss Account For The Year Ended 31 December 2000

		31 December 2000 £'000	13 months ended 31 December 1999 £'000
Turnover	2	46,965	58,333
Cost of sales		(24,318)	(22,754)
Gross profit		22,647	35,579
Administrative expenses		(11,402)	(15,558)
Operating profit		11,245	20,021
Interest receivable and similar income	3	962	1,315
Interest payable and similar charges	4	(3,783)	(5,335)
Profit on ordinary activities before taxation	6	8,424	16,001
Taxation	7	(2,127)	(4,025)
Profit on ordinary activities after taxation		6,297	11,976
Equity dividends	8	(4,000)	(4,000)
Retained profit for the period	17, 18	2,297	7,976

All figures included in the profit and loss account are derived from continuing operations.

The company has no recognised gains and losses other than those included in 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 as stated above, and their historical cost equivalents.

The notes on pages 6 to 13 form an integral part of these accounts.

Regional Power Generators Limited

Balance Sheet As At 31 December 2000

	Notes	31 December 2000 £000	31 December 1999 £000
Fixed assets			
Tangible assets	9	86,437	89,980
Current assets			
Stocks	10	2,148	2,078
Debtors	11	6,563	9,677
Investments	12	9,459	14,589
Cash at bank and in hand		261	-
		18,431	26,344
Creditors – amounts falling due within one year	13	(11,795)	(20,973)
Net current assets		6,636	5,371
Total assets less current liabilities		93,073	95,351
Creditors – amounts falling due after more than one year	14	(57,176)	(61,667)
Provisions for liabilities and charges	15	(20,694)	(20,778)
Net assets		15,203	12,906
Capital and reserves			
Called up share capital	16	10	10
Profit and loss account	17	15,193	12,896
Equity shareholder's funds	18	15,203	12,906

Approved by the board of directors on 1 March 2001 and signed on their behalf by:



V Kohler
Director

The notes on pages 6 to 13 form an integral part of these accounts.

Regional Power Generators Limited

Notes To The Financial Statements For The Year Ended 31 December 2000

1 Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The particular accounting policies that the Directors have adopted are set out below.

a) Accounting convention

The financial statements have been prepared under the historical cost convention.

b) Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is charged so as to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful lives for this purpose are:

	Years
Generating plant	25
Computer hardware and software	3
Capitalised outage costs	Period to next planned outage

c) Stock

Stocks are stated at the lower of cost and net realisable value.

d) Deferred taxation

Provision is made for deferred tax, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

e) Cash flow statement

The company's ultimate parent company prepares a cash flow statement which includes the cash flows of the company. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

2 Turnover

Turnover represents sales of electricity, net of difference payments.

Regional Power Generators Limited

Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

3 Interest Receivable

	31 December 2000 £'000	13 months ended 31 December 1999 £'000
Interest receivable		
- Group	726	-
- Other	236	1,315
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	962	1,315

4 Interest Payable And Similar Charges

	31 December 2000 £'000	13 months ended 31 December 1999 £'000
Interest payable on bank loans	3,694	4,391
Interest payable on Group loans	89	944
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	3,783	5,335

5 Directors And Employees

The directors received no emoluments during the period (period ended 31 December 1999: £nil). The company had no employees other than the directors (period ended 31 December 1999: nil).

Employees' contracts of service are with the parent company and their remuneration is included in the parent company's financial statements. The management charge levied by the parent company in respect of services provided by these employees amounted to £142,500.

Regional Power Generators Limited

Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

6 Profit On Ordinary Activities

Profit on ordinary activities before taxation is stated after charging:

	31 December 2000 £'000	13 months ended 31 December 1999 £'000
Depreciation of tangible fixed assets	5,155	5,584
Auditors' remuneration		
- audit services	5	12
- other services	3	7

7 Taxation On Profit On Ordinary Activities

	31 December 2000 £'000	31 December 1999 £'000
Corporation tax payable on profits at 30% (1999: 30.25%)		
Current	1,720	4,111
Deferred	(127)	(86)
Under provision in respect of prior years		
Current	491	-
Deferred	43	-
Charge for the period	2,127	4,025

8 Dividends

	31 December 2000 £'000	13 months ended 31 December 1999 £'000
£400 dividend per share paid in December 2000 (period to December 1999: £400 per share)	4,000	4,000

Regional Power Generators Limited

Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

9 Tangible Fixed Assets

	Freehold Land £'000	Building £000	Computer Equipment £'000	Plant and Equipment £'000	Outage Costs £000	Total £'000
Gross capital cost						
As at 31 December 1999	364	4,169	903	115,743	3,784	124,963
Disposals	-	-	-	-	(355)	(355)
Additions	-	177	339	1,450	-	1,966
As at 31 December 2000	364	4,346	1,242	117,193	3,429	126,574
Depreciation						
As at 31 December 1999	-	1,145	862	32,136	839	34,982
Charge for period	-	161	22	4,388	584	5,155
As at 31 December 2000	-	1,306	884	36,524	1,423	40,137
Net book amount						
As at 31 December 2000	364	3,040	358	80,669	2,006	86,437
As at 31 December 1999	364	3,024	41	83,606	2,945	89,980

Capitalised interest of £10,921,000 (31 December 1999: £10,921,000) is included in the cost of the generating station within plant and equipment.

10 Stocks

	31 December 2000 £'000	31 December 1999 £'000
Raw materials and consumables	2,148	2,078

Regional Power Generators Limited

Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

11 Debtors

	31 December 2000 £'000	31 December 1999 £'000
Trade debtors	10	117
Amounts owed by group undertakings	25	95
<i>Prepayments and accrued income</i>	<i>6,528</i>	<i>9,465</i>
	6,563	9,677

12 Investments

	31 December 2000 £'000	31 December 1999 £'000
Money market deposits	9,459	14,589

13 Creditors: Amounts Falling Due Within One Year

	31 December 2000 £'000	31 December 1999 £'000
Trade creditors	17	49
Bank overdraft	-	263
Bank loans	3,701	5,236
Amounts owed to group undertakings:		
- immediate Parent company	17	23
- other Group companies	922	687
Loans due to group undertakings	-	7,481
Taxation	43	1,360
VAT payable	1,012	890
<i>Accruals and deferred income</i>	<i>6,083</i>	<i>4,984</i>
	11,795	20,973

Amounts owed to group undertakings (other than loans) are non-interest bearing and repayable on demand.

Regional Power Generators Limited

Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

15 Creditors: Amounts Falling Due After More Than One Year

	31 December 2000 £'000	31 December 1999 £'000
Bank loans	41,147	44,848
Subordinated loan stock	13,000	16,000
Amounts payable to fellow subsidiaries	2,555	819
Amounts payable to associates	474	-
	57,176	61,667

Loans outstanding are repayable as follows:

Within one year	3,701	12,717
Between one and two years	4,054	3,701
Between two and five years	14,519	13,302
After five years	22,574	43,845
	44,848	73,565

Interest rates (Including loans due in less than one year)

Floating rate – LIBOR plus 0.85% (Loans from Group undertakings)	-	7,481
Fixed rate – 8.05% (Bank Loans)	44,848	50,084
	44,848	57,565

The bank loans have been guaranteed by the ultimate parent company.

The subordinated loan stock is non-interest bearing and repayable on 31 December 2024.

16 Provisions For Liabilities And Charges

Full provision has been made for deferred taxation as follows:

	31 December 2000 £'000
Accelerated Capital Allowances	20,694
As at 1 January 2000	20,778
Decrease in provision in respect of current period	(84)
As at 31 December 2000	20,694

Regional Power Generators Limited

Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

17 Share Capital

	31 December 2000 £'000	31 December 1999 £'000
Authorised: 15,000,000 Ordinary Equity Shares of £1 each	15,000	15,000
Allotted and fully paid up: 10,000 Ordinary Equity Shares of £1 each	10	10

18 Profit And Loss Account

	2000 £'000	1999 £'000
As at 1 January	12,896	4,920
Retained profit for the period	2,297	7,976
As at 31 December	15,193	12,896

19 Reconciliation Of Movements In Shareholder's Funds

	31 December 2000 £'000	31 December 1999 £'000
Profit attributable to the shareholder of the company	6,297	11,976
Dividends paid	(4,000)	(4,000)
Net addition to shareholder's funds	2,297	7,976
Opening shareholder's funds at 1 January 2000	12,906	4,930
Closing shareholder's funds at 31 December 2000	15,203	12,906

Regional Power Generators Limited

Notes To The Financial Statements For The Year Ended 31 December 2000 *(Continued)*

20 Related Party Transactions

As a wholly owned subsidiary of the Fortum Corporation group, whose accounts are publicly available, the Company has taken advantage of the exemption under Financial Reporting Standard No. 8 not to disclose separately intra-group transactions and balances with other members of the IVO Group, except as disclosed in notes 12, 14 and 15 of the financial statements.

21 Immediate and Ultimate Parent Company

The directors regard Fortum Corporation, a company incorporated in Finland, as the ultimate controlling parent company. The immediate parent company is IVO Energy Limited, a company registered in England and Wales. Copies of the ultimate parent's consolidated financial statements may be obtained from Patentti- ja Rekisterihallitus, Kaupparekisteriosasto, Arkadiankatu 6 A, 00101 Helsinki.