

2 SEGMENT REPORTING

The Group is a global energy business that operates solely in one business segment, that of electricity generation. The international operations are managed on a geographical basis, reflecting the different characteristics within each geographical market. The Group reports its primary segment information by geographic segment as this reflects how results are reported for management purposes in the day-to-day management of the business. In presenting information on the basis of geographical segments, segment revenues and segment assets are based in the geographical location of both customers and assets. There is no inter-segmental revenue.

	Year ended 31 December 2006			Year ended 31 December 2005		
	Subsidiaries	Share of joint ventures and associates	Total	Subsidiaries	Share of joint ventures and associates	Total
	£m	£m	£m	£m	£m	£m
a) Revenue (excluding exceptional items and specific IAS 39 mark to market movements)						
North America	732	183	915	527	171	698
Europe	1,266	411	1,677	1,014	397	1,411
Middle East	51	99	150	24	43	67
Australia	378	107	485	388	48	436
Asia	25	393	418	27	341	368
	2,452	1,193	3,645	1,980	1,000	2,980
Revenue (including exceptional items and specific IAS 39 mark to market movements)						
North America	761	183	944	523	171	694
Europe	1,426	411	1,837	990	397	1,387
Middle East	51	99	150	24	43	67
Australia	321	113	434	369	51	420
Asia	25	393	418	27	341	368
	2,584	1,199	3,783	1,933	1,003	2,936
b) Profit from operations (excluding exceptional items and specific IAS 39 mark to market movements)						
North America	73	28	101	21	27	48
Europe	381	69	450	229	54	283
Middle East	32	20	52	12	12	24
Australia	121	3	124	136	4	140
Asia	3	88	91	6	94	100
	610	208	818	404	191	595
Corporate costs	(45)	–	(45)	(59)	–	(59)
	565	208	773	345	191	536
Exceptional items and specific IAS 39 mark to market movements included within profit from operations			125			75
Profit from operations (including exceptional items and specific IAS 39 mark to market movements)			898			611
Profit from operations (including exceptional items and specific IAS 39 mark to market movements)						
North America	83	28	111	20	29	49
Europe	547	68	615	315	55	370
Middle East	32	20	52	12	12	24
Australia	64	10	74	119	6	125
Asia	3	88	91	6	96	102
	729	214	943	472	198	670
Corporate costs	(45)	–	(45)	(59)	–	(59)
Profit from operations (including exceptional items and specific IAS 39 mark to market movements)	684	214	898	413	198	611

2 SEGMENT REPORTING continued

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
Profit from operations (including exceptional items and specific IAS 39 mark to market movements)	898	611
Disposal of investments – exceptional	–	10
Net finance costs – excluding exceptional items and specific IAS 39 mark to market movements	(248)	(202)
Net finance costs – exceptional items and specific IAS 39 mark to market movements	(26)	–
Profit before tax	624	419
Income tax expense – excluding exceptional items and specific IAS 39 mark to market movements	(122)	(68)
Income tax expense – exceptional items and specific IAS 39 mark to market movements	(25)	(21)
Profit for the year	477	330

An analysis of exceptional items and specific IAS 39 mark to market movements is included in note 8.

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
c) Depreciation and amortisation expenses (excluding exceptional items)		
North America	52	35
Europe	150	84
Middle East	3	3
Australia	63	62
Asia	2	2
	270	186
Corporate costs	3	2
	273	188

Depreciation and amortisation expenses are included within profit from operations. An impairment reversal of £36 million, relating to Deeside power plant, has been recorded in the income statement in 2006 (refer note 8). In 2005 an impairment reversal of £52 million relating to Rugeley power plant was recorded in the income statement. These impairment reversals are not included within the Europe totals in the above table.

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
d) Additions to property, plant and equipment		
North America	62	26
Europe	83	24
Middle East	47	159
Australia	34	53
Asia	9	4
	235	266
Corporate	1	1
	236	267

	Year ended 31 December 2006			Year ended 31 December 2005		
	Goodwill £m	Commodity contracts £m	Emission allowances £m	Goodwill £m	Commodity contracts £m	Emission allowances £m
e) Expenditure on goodwill and other intangible assets						
North America	40	37	64	–	–	–
Europe	–	2	39	2	234	25

The table above includes both purchased goodwill and intangible assets recognised on the acquisition of subsidiaries during the year in addition to expenditure incurred on other intangible assets.

	At 31 December 2006			At 31 December 2005		
	Segment assets	Investments in joint ventures and associates	Total	Segment assets	Investments in joint ventures and associates	Total
	£m	£m	£m	£m	£m	£m
f) Segment assets						
North America	1,502	184	1,686	773	199	972
Europe	3,475	363	3,838	2,972	341	3,313
Middle East	366	92	458	383	71	454
Australia	1,972	43	2,015	2,196	39	2,235
Asia	194	582	776	63	755	818
	7,509	1,264	8,773	6,387	1,405	7,792
Corporate	601	–	601	258	–	258
Total assets	8,110	1,264	9,374	6,645	1,405	8,050

The Asia region segment assets includes assets held for sale amounting to £128 million. In 2005 these assets were included in investments in joint ventures and associates (refer note 24).

	Segment liabilities	Investments in joint ventures and associates	Total	Segment liabilities	Investments in joint ventures and associates	Total
	£m	£m	£m	£m	£m	£m
	g) Segment liabilities					
North America	1,149	–	1,149	588	–	588
Europe	2,565	–	2,565	2,102	–	2,102
Middle East	340	–	340	335	–	335
Australia	1,504	–	1,504	1,676	–	1,676
Asia	95	–	95	95	–	95
	5,653	–	5,653	4,796	–	4,796
Corporate	981	–	981	879	–	879
Total liabilities	6,634	–	6,634	5,675	–	5,675

The analysis of total assets and liabilities includes all attributable goodwill and excludes intercompany balances, which have been eliminated on consolidation. Corporate assets and liabilities include cash held at the corporate level, included in cash and cash equivalents; corporate borrowings, included in loans and bonds; and provisions and deferred tax liabilities included in non-current liabilities.