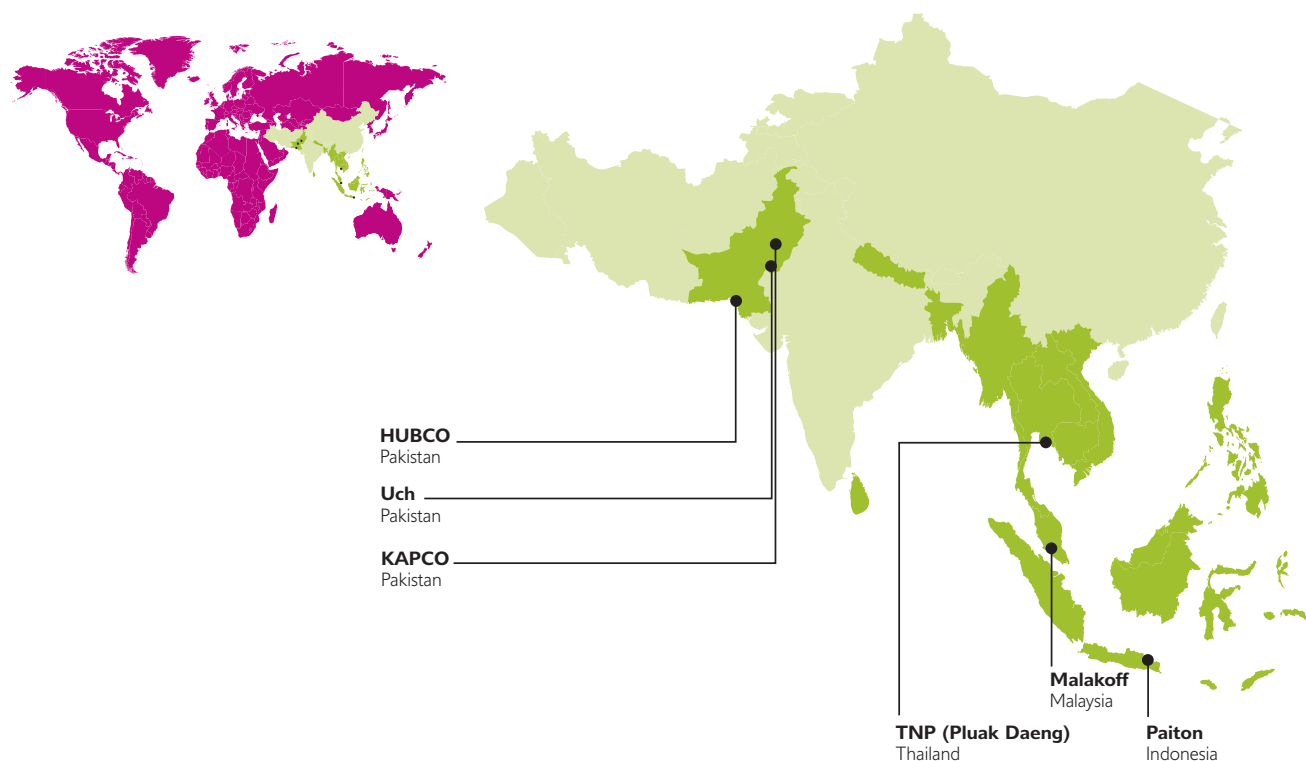


Regional review Asia



Profit from operations decreased to £91 million from £100 million in 2005. Performance in this region, where all assets have long-term offtake contracts, was characterised by high levels of availability and good underlying profitability and cash flow.

- ➔ Profit from operations decreased to £91 million from £100 million last year
- ➔ First full year's contribution from Uch in Pakistan
- ➔ The sale of Malakoff in which we have an 18% shareholding is expected to complete in 2007

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
Profit from operations	91	102
Exceptional items and specific IAS 39 mark to market movements – (profits)/losses	–	(2)
PFO (excluding exceptional items and specific IAS 39 mark to market movements)	91	100

	Fuel / Type	Gross capacity power MW	Net capacity power MW	Gross capacity heat (MWth) desal (MIGD)	Net capacity heat (MWth) desal (MIGD)
As at 5 March 2007					
Assets in operation					
Paiton, Indonesia	Coal	1,230	385	–	–
Malakoff, Malaysia ⁽¹⁾	Gas (OCGT/CCGT)	3,760	677	–	–
HUBCO, Pakistan	Oil	1,290	219	–	–
KAPCO, Pakistan	Gas/oil (CCGT)	1,600	575	–	–
Uch, Pakistan	Gas (CCGT)	586	234	–	–
TNP (Pluak Daeng), Thailand	Gas (Cogen)	143	143	7.7MWth ⁽²⁾	7.7MWth ⁽²⁾
Asia total in operation		8,609	2,233		

⁽¹⁾ Gross capacity amount shown for Malakoff represents the actual net interest owned directly or indirectly by Malakoff. International Power's investment in Malakoff is classified on its group balance sheet as an asset held for sale following Malakoff's shareholder approval to divest its business to MMC, another Malaysian Corporate.

⁽²⁾ District cooling system capacity.

The region benefited from a full year's contribution from Uch, although this was more than offset by a decrease in KAPCO's earnings as it became a full tax payer following the expiry of its tax holiday in June 2006. Earnings at Malakoff were down on 2005 due to lower output levels in 2006.

On 22 December 2006, the shareholders of Malakoff Berhad approved the sale of their wholesale power generating business to MMC for 10.35 Malaysian ringgits per share. International Power has an 18% shareholding in Malakoff and on completion this sale would equate to approximately £240 million (at current exchange rates) for International Power's shareholding, which is substantially above its book value. The sale process is progressing with completion expected in mid 2007.

All Asian assets are covered under long-term contracts with contractually agreed pricing for the contract duration. The completion for current contracts ranges from 2017 to 2040.

Demand for power in the region is high and is forecast to grow significantly. This offers International Power an opportunity to expand capacity at existing sites. In 2006, an additional 23 MW was added to Thai National Power and we are at early stages of reviewing expansion opportunities in Pakistan, Indonesia and Thailand. Similarly, we will consider acquisition opportunities in the region (in existing and new markets) where these add value to the portfolio. Decisions to proceed will be based on project economics.



Paiton, Indonesia