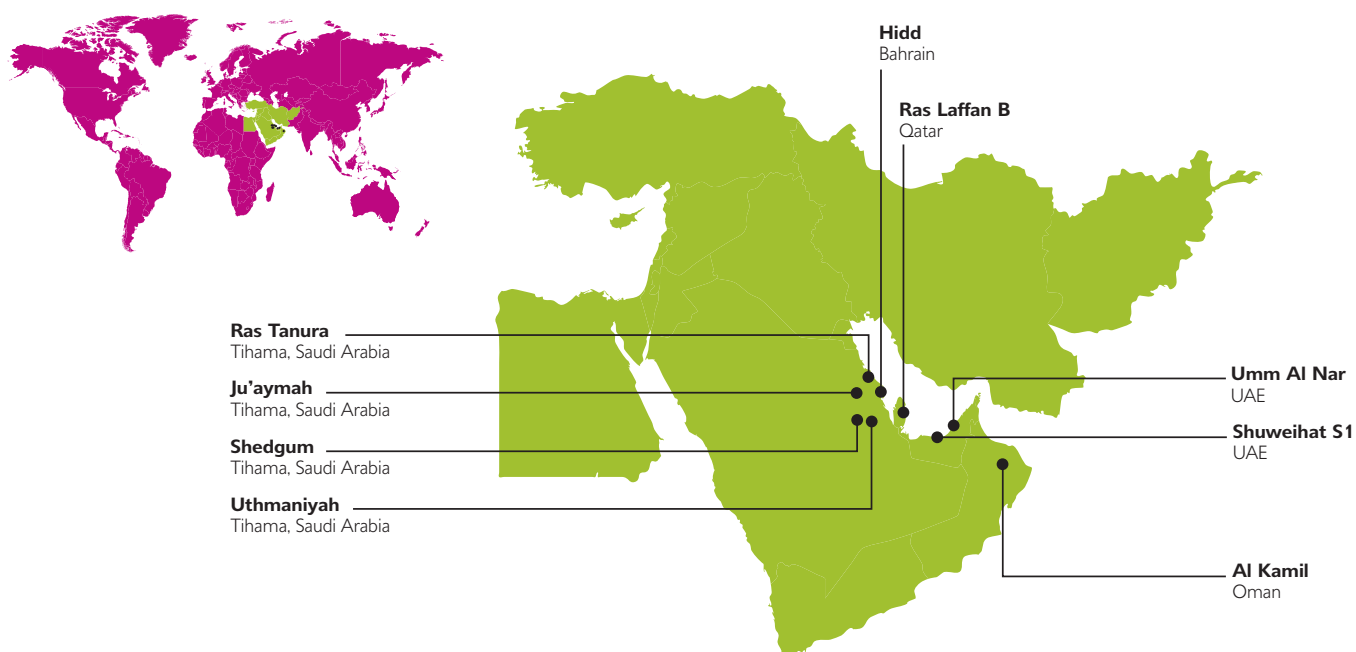


Regional review Middle East



Profit from operations increased to £52 million from £24 million last year, principally reflecting new capacity coming on stream at Tihama in Saudi Arabia and Ras Laffan B in Qatar, together with a first time contribution from Hidd in Bahrain. The other assets in the region, namely Al Kamil, Shuweihat and Umm Al Nar continue to deliver a good performance.

- ➔ Profit from operations increased to £52 million from £24 million last year
- ➔ Construction of Tihama plants in Saudi Arabia completed and fully operational
- ➔ New capacity (phase 1) now on stream from Ras Laffan B in Qatar
- ➔ First-time contribution from Hidd in Bahrain

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
Profit from operations	52	24
Exceptional items and specific IAS 39 mark to market movements – (profits)/losses	–	–
PFO (excluding exceptional items and specific IAS 39 mark to market movements)	52	24

	Fuel / Type	Gross capacity power MW	Net capacity power MW	Gross capacity desal (MIGD) steam (million lbs/hr)	Net capacity desal (MIGD) steam (million lbs/hr)
As at 5 March 2007					
Assets in operation					
Hidd, Bahrain	Gas (CCGT)/desalination	910	364	30 MIGD	12 MIGD
Al Kamil, Oman	Gas (OCGT)	285	185	–	–
Ras Laffan B, Qatar	Gas (CCGT)/desalination	600	240	15 MIGD	6 MIGD
Tihama, Saudi Arabia	Gas (Cogen)	1,074	645	4.5m lbs/hr	2.7m lbs/hr
Shuweihat S1, UAE	Gas (CCGT)/desalination	1,500	300	100 MIGD	20 MIGD
Umm Al Nar, UAE	Gas (CCGT)/desalination	1,495	299	185 MIGD	37 MIGD
Middle East total in operation		5,864	2,033		
Assets under construction					
Hidd, Bahrain	Desalination	–	–	60 MIGD	24 MIGD
Ras Laffan B, Qatar	Gas (CCGT)/desalination	425	170	45 MIGD	18 MIGD
Umm Al Nar Expansion, UAE	Gas (CCGT)/desalination	925	185	–	–
Middle East total under construction		1,350	355		

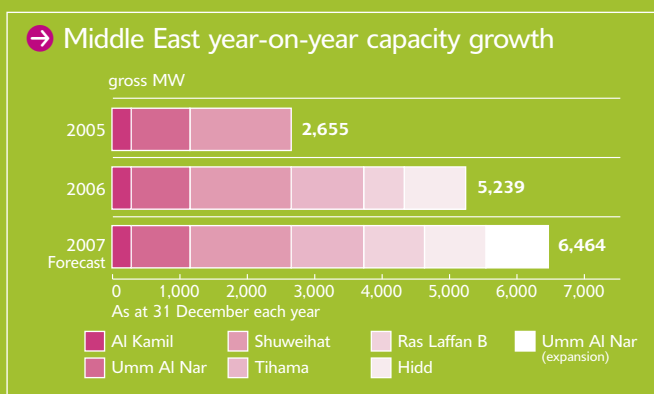
Construction at Tihama in Saudi Arabia was completed on schedule during 2006 and all sites are now fully operational. The project consists of four separate plants (Shedgum, Uthmaniyah, Ras Tanura and Ju'aymah) with a total capacity of 1,074 MW of power and 4.5m lbs/hr of steam. Performance to date has been robust with average availability of 95%.

In Qatar, construction continues to make good progress at the Ras Laffan B project where the first three 200 MW gas turbines (phase 1) and the first desalination distiller entered commercial operation during 2006, providing 600 MW of power and 15 million imperial gallons per day (MIGD) of water. Another 300 MW is expected to reach commercial operation in the first half of 2007, and final completion of the 1,025 MW, 60 MIGD project is expected in 2008. At Umm Al Nar, the 25 MIGD desalination extension is now operational and the first three gas turbines, providing 600 MW of power, entered commercial operation during Q1 2007. The balance of the new plant (925 MW)

is expected to be completed in H1 2007. At Hidd in Bahrain, construction of the 60 MIGD desalination extension is well underway and this additional capacity is expected to be operational in two phases by the end of 2007.

During October, International Power signed a heads of agreement with CIC Energy Corporation (CIC) for the development, construction and operation of a coal-fired project at Mmamabula in Botswana.

Driven by economic growth, demand for power and water in the Middle East remains high and is forecast to grow at high rates in the future. For example, the countries in which we operate require some 50,000 MW of additional power capacity by the year 2015. This presents International Power with an opportunity to expand its operations in the region, and the Company will seek high quality projects to create additional value. Overall, the Company's reputation and track record in the region places it in a good position to deliver on further growth.



Hidd, Bahrain