



Umm Al Nar, UAE

- Profit from operations increased to £24 million from £20 million last year
- Portfolio growth – we now have six projects in five countries
- Shuweihat in first full year of operation
- Agreement to acquire 40% of 910 MW/30 MIGD Hidd power and water plant in Bahrain
- Financing completed and construction commenced at Ras Laffan B in Qatar
- Construction of the four Tihama sites in Saudi Arabia progressing on track

	Year ended 31 December 2005	Year ended 31 December 2004
	£m	£m
Revenue	67	54
Profit from operations (before exceptional items)	24	20
Exceptional items	–	–
Profit from operations (post exceptional items)	24	20

Regional review

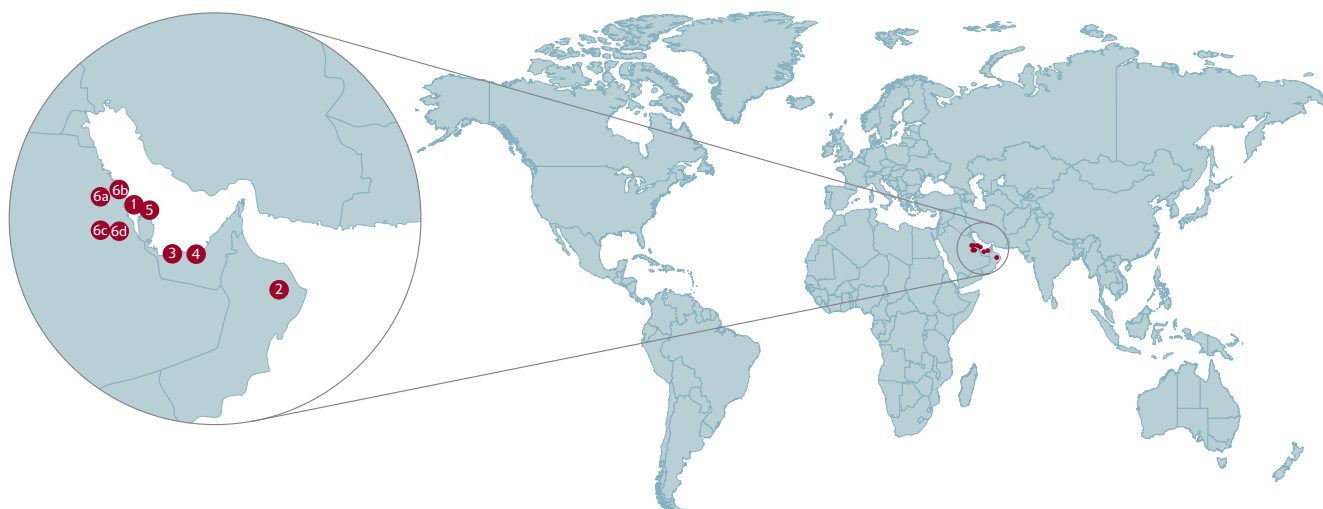
Middle East

Revenue in the Middle East increased to £67 million (2004: £54 million) and profit from operations increased to £24 million from £20 million last year. The region benefited from a first full year of operation at Shuweihat in the UAE where the overall commercial availability for both power and water was at a very high (99%) level.

The existing plant at Umm Al Nar in the UAE also delivered high levels of availability for power and water, both in excess of 90% and well above its Power and Water Purchase Agreement (PWPA) requirements. In relation to plant expansion, all three new gas turbines have been fired and synchronised with the grid in open-cycle mode and full commercial operation is expected in the second half of 2006.

Construction at the four Tihama sites in Saudi Arabia, for Saudi Aramco – Ju'aymah, Ras Tanura, Shedgum and Uthmaniyah, together comprising 1,074 MW and 4.5m lbs/hr of steam – is progressing well. Uthmaniyah is at the most advanced stage of construction and is expected to commence operation in the first half of 2006. Overall, the Tihama construction programme is on track to conclude in the last quarter of 2006, with the four plants progressively reaching commercial operation throughout this year.

In Qatar, the financing for the Ras Laffan B (1,025 MW, 60 MIGD) power and water plant was completed in April 2005. The financing was strongly supported by a consortium of major local and international banks. International Power's equity contribution amounts to US\$72 million (£42 million) for its 40% share in this project. Construction commenced in the first half of 2005 with final completion expected in 2008. The output from Ras Laffan B is contracted to Qatar General Electricity and Water Corporation (KAHRAMAA) under a 25-year PWPA.



	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)		
Assets in operation							
1	Hidd, Bahrain ⁽¹⁾	Gas (CCGT)/desalination	910	364	30	12	
2	Al Kamil, Oman	Gas (OCGT)	285	185	–	–	
3	Shuweihat S1, UAE	Gas (CCGT)/desalination	1,500	300	100	20	
4	Umm Al Nar, UAE	Gas (CCGT)/desalination	870	174	162	32	
Middle East total in operation			3,565	1,023	292	64	
Assets under construction							
1	Hidd, Bahrain	Desalination	–	–	60	24	
4	Umm Al Nar Expansion, UAE	Gas (CCGT)/desalination	1,550	310	25	5	
5	Ras Laffan B, Qatar	Gas (CCGT)/desalination	1,025	410	60	24	
Ju'aymah 6a	6	Tihama, Saudi Arabia	Gas (Cogen)	1,074	644	4.5m lbs/hr	2.7m lbs/hr
Ras Tanura 6b	Middle East total under construction		3,649	1,364	–	–	
Shedgum 6c							
Uthmaniyah 6d							

⁽¹⁾ Hidd acquisition is expected to complete in July 2006.

On 22 January 2006, along with our partners Suez Energy International of France and Sumitomo Corporation of Japan, we signed an agreement to acquire the Hidd independent power and water project in Bahrain: 40% owned by International Power, 30% by Suez Energy International and 30% by Sumitomo Corporation. The consortium also signed a 22-year PWPA with the Ministry of Electricity and Water for its output. The PWPA covers the output from the existing 910 MW combined cycle gas turbine (CCGT) and 30 MIGD water desalination facility, together with the output from a new-build 60 MIGD desalination expansion which is expected to be in operation by the end of 2007.

The total cost of the Hidd project is estimated to be US\$1.25 billion (£728 million), which will be funded by a mix of debt and equity in an 85:15 ratio. The total project cost includes the purchase price for the existing plant and the cost

of the 60 MIGD extension. International Power's 40% equity investment will be US\$75 million (£44 million). Financial close is expected in April 2006, and completion of the acquisition is expected to take place in July 2006.

International Power now has six projects in five countries in the Middle East region with a project enterprise value of some US\$6.5 billion (£3.8 billion) and an equity commitment of around US\$400 million (£233 million). The growing economies of the Middle East, and the strong increase in demand for both power and water, make this region attractive for further investment by International Power.



Shuweihat S1

Middle East

Located in Abu Dhabi, Shuweihat S1 is one of the largest power and water plants in the United Arab Emirates (UAE). Shuweihat S1 commenced operation in 2004 and all of its output is contracted to the Abu Dhabi Water & Electricity Company (ADWEC) under a long-term agreement.

Fuelled by strong economic growth, the UAE is experiencing robust growth in demand for power and even greater growth in demand for water. The country relies on desalination (removal of salts from seawater) to produce fresh water for human consumption, agriculture and industrial use. At Shuweihat S1, which has the world's largest desalination units in commercial operation, waste heat from the power generation process is used to produce up to 100 million imperial gallons of fresh water every day.

Integrated power and water projects are standard in the Middle East, because the use of waste steam in the desalination process increases the overall efficiency of the plant. The excellent performance of Shuweihat's desalination units has encouraged the system operator to use these as preferred units for despatch.

Shuweihat's plant operation and maintenance is carried out jointly by International Power and CMS. In 2004 Shuweihat was awarded ISO 9001, ISO 14001 and OHSAS 18001 making it the first plant in the region to have achieved these environmental and operational certifications simultaneously.

