

**ERGON OVERSEAS HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 December 2007**

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COMPANIES HOUSE

**Registered No: 2290763**

# **ERGON OVERSEAS HOLDINGS LIMITED**

## **Report of the directors for the year ended 31 December 2007**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2007.

### **Principal activities**

The Company's principal activity during the year and at the year end was that of an investment company for Powergen International Limited and its subsidiaries

### **Business review**

#### **Fair review of the Company's business**

During the year the Company held a 100% interest in Powergen Holdings BV, a holding company for a number of the overseas assets of the E ON UK plc group. This is expected to continue in the future.

#### **Principal risks and uncertainties**

The key business risk and uncertainties affecting the Company are considered to relate to the Company's investments. The principal risks and uncertainties of E ON UK plc, which include those of the Company, are discussed within the financial review section of the E ON UK plc group's annual report, which does not form part of this report.

#### **Key performance indicators ('KPIs')**

Given the straight forward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

### **Results and dividends**

The Company's result for the financial year is £nil (2006: £nil). The directors do not recommend the payment of a dividend.

### **Directors and their interests**

The directors who held office during the year and subsequent to the year end are given below:

E.ON UK Directors Limited

Mr B J Tear (appointed 4 July 2007)

Mr G J Bartlett (resigned 4 July 2007)

During the year, no director had an interest in the shares of the Company. At 31 December 2006 and 31 December 2007, no director had any interest requiring disclosure.

### **Statement of directors' responsibilities**

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.

## **ERGON OVERSEAS HOLDINGS LIMITED**

### **Report of the directors for the year ended 31 December 2007 (continued)**

#### **Statement of directors' responsibilities (continued)**

In preparing those financial statements the directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent
- c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- d) Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to 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

#### **Going concern**

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the accounts on the going concern basis. The directors have received confirmation from E.ON UK plc, the principal UK trading subsidiary of the E.ON Group, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these accounts

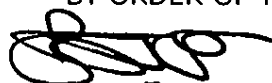
#### **Auditors and disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

#### **Auditors**

On 12 March 1992, the Company passed an elective resolution dispensing with the requirement to appoint auditors annually. Therefore PricewaterhouseCoopers LLP will continue in office

BY ORDER OF THE BOARD



Brian Tear  
Director  
Ergon Overseas Holdings Limited  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG

24 June 2008

## ERGON OVERSEAS HOLDINGS LIMITED

### Independent auditor's report to the members of Ergon Overseas Holdings Limited

We have audited the financial statements of Ergon Overseas Holdings Limited for the year ended 31 December 2007 which comprise of the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

24 June 2008

**ERGON OVERSEAS HOLDINGS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

		<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2006</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Profit for the year		-	-
Gain on revaluation of investment	8	<b>2,600,891</b>	1,249,289
<b>Total gain for the year</b>		<b>2,600,891</b>	1,249,289

The accounting policies and the notes on pages 6 to 9 form part of these financial statements

**ERGON OVERSEAS HOLDINGS LIMITED**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

	Note	At 31 December 2007 £	At 31 December 2006 £
<b>Fixed assets</b>			
Investments	3	<b>874,079,647</b>	871,478,756
<b>Current assets</b>			
Debtors' amounts falling due within one year	4	<b>312,092,540</b>	312,092,540
<b>Creditors: amounts falling due within one year</b>	5	<b>(358,455,859)</b>	(358,455,859)
<b>Net current liabilities</b>		<b>(46,363,319)</b>	(46,363,319)
<b>Net Assets</b>		<b>827,716,328</b>	825,115,437
<b>Capital and reserves</b>			
Called-up share capital	6	<b>566,278,239</b>	566,278,239
Share premium account	7	<b>171,000,000</b>	171,000,000
Revaluation reserve	7	<b>146,762,908</b>	144,162,017
Profit and loss deficit	7	<b>(56,324,819)</b>	(56,324,819)
<b>Total shareholders' funds</b>	8	<b>827,716,328</b>	825,115,437

The financial statements on pages 4 to 9 were approved by the Board of Directors on 24 June 2008 and were signed on its behalf by:



Brian Tear  
Director

24 June 2008

The accounting policies and the notes on pages 6 to 9 form part of these financial statements.

# **ERGON OVERSEAS HOLDINGS LIMITED**

## **Notes to the financial statements** **for the year ended 31 December 2007**

### **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of investments in subsidiaries, in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards, all of which have been consistently applied. The Company is exempt from the requirement to produce consolidated financial statements as it is included in the consolidated financial statements of E.ON AG, a company registered in Germany. The principal accounting policies are set out below.

#### **(a) Fixed asset investments**

The carrying value of the Company's investment in Powergen Holdings BV is determined by the directors' valuation of the underlying investments, based on the cost of the investment and subsequent loans advanced, plus changes in the underlying net asset value. The directors consider this to be an appropriate treatment as this subsidiary operates as an intermediate holding company. As such, underlying net asset value at the year end reflects a more appropriate valuation of the underlying business than historic cost. Provision is made for any impairment in the value of investments

#### **(b) Taxation**

The tax charge for the year is based on the profits or losses on ordinary activities for the year and takes into account full provision for deferred tax in respect of timing differences on a discounted basis, using the approach set out in Financial Reporting Standard 19 'Deferred tax'. Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

#### **(c) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the end of the financial year. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date payment takes place unless related or matching forward foreign exchange contracts have been entered into when the rate specified in that contract is used. Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise.

#### **(d) Cash flow statement**

The Company is a wholly-owned subsidiary undertaking of E.ON AG, the ultimate parent undertaking of the E.ON Group, and is included in the publicly available consolidated financial statements of E.ON AG. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

#### **(e) Related party transactions**

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with E.ON AG, its subsidiaries and associates (together "the E.ON Group") or investees of the E.ON Group.

# ERGON OVERSEAS HOLDINGS LIMITED

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 1 Accounting policies (continued)

#### (f) Going concern

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the accounts on the going concern basis. The directors have received confirmation from E.ON UK plc, the principal UK trading subsidiary of the E.ON Group, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these accounts.

### 2 Administration Costs

All administration costs were borne by the parent undertaking E.ON UK plc and not recharged

The directors received no emoluments from the Company during the year (2006 £nil).

Auditors' remuneration was borne by the parent undertaking E.ON UK plc and not recharged.

There were no employees during the year (2006. nil).

### 3 Fixed asset investments

	<b>Investments</b>
	<b>£</b>
Valuation at 1 January 2007	871,478,756
Change in value of underlying net assets	2,600,891
<b>At 31 December 2007</b>	<b>874,079,647</b>

The historical cost of the investments at 31 December 2006 and at 31 December 2007 was £727,316,739.

Fixed asset investments comprise the following

Name	Country of incorporation	Shares held	Voting rights held	Nature of business
Powergen Holdings BV	The Netherlands	100% of ordinary shares at €100	100%	Holding and Investment Company

Name	Aggregate capital and reserves at 31 December 2007	Profit for the year ended 31 December 2007
Powergen Holdings BV	£874,320,710	£2,600,891



**ERGON OVERSEAS HOLDINGS LIMITED**

**Notes to the financial statements**  
**for the year ended 31 December 2007 (continued)**

**4 Debtors: amounts falling due within one year**

	<b>At 31 December 2007 £</b>	<b>At 31 December 2006 £</b>
Amounts owed by group undertakings	<b>312,092,540</b>	312,092,540

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**5 Creditors: amounts falling due within one year**

	<b>At 31 December 2007 £</b>	<b>At 31 December 2006 £</b>
Amounts owed to group undertakings	<b>358,455,859</b>	358,455,859

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**6 Called up share capital**

	<b>At 31 December 2007 £</b>	<b>At 31 December 2006 £</b>
<b>Authorised</b>		
750,000,000 ordinary shares of £1 each	<b>750,000,000</b>	750,000,000
<b>Allotted, called-up and fully paid</b>		
566,278,239 ordinary shares of £1 each	<b>566,278,239</b>	566,278,239

# **ERGON OVERSEAS HOLDINGS LIMITED**

## **Notes to the financial statements** **for the year ended 31 December 2007 (continued)**

### **7 Reserves**

	Share premium account £	Profit and loss deficit £	Revaluation reserve £
At 1 January 2007	171,000,000	(56,324,819)	144,162,017
Gain on revaluation of investments	-	-	2,600,891
<b>At 31 December 2007</b>	<b>171,000,000</b>	<b>(56,324,819)</b>	<b>146,762,908</b>

### **8 Reconciliation of movements in shareholders' funds**

	31 December 2007 £	31 December 2006 £
Gain on revaluation of fixed asset investments	<b>2,600,891</b>	1,249,289
Net addition to equity shareholders' funds	<b>2,600,891</b>	1,249,289
Opening equity shareholders' funds	<b>825,115,437</b>	823,866,148
Closing equity shareholders' funds	<b>827,716,328</b>	825,115,437

### **9 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Powergen International Limited. The ultimate parent undertaking and controlling party is E.ON AG, a company incorporated in Germany, which is the parent company of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is that of which E.ON UK plc, the principal UK trading subsidiary of E.ON AG is the parent undertaking. Copies of E.ON AG's accounts are available from the offices of E.ON AG at the following address:

E.ON AG  
E.ON-Platz 1  
D-40479  
Dusseldorf  
Germany