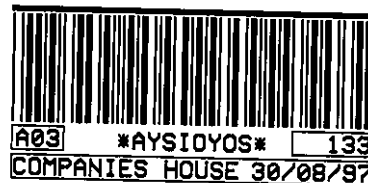


EAST MIDLANDS ELECTRICITY GENERATION (CORBY) LTD

Registered no. 2452735

Financial statements for the year ended 31 March 1997

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Report of the Directors

The Directors present their report and audited Financial Statements for the year ended 31 March 1997.

Principal Activities and Business Review

The Company is a wholly owned subsidiary of East Midlands Electricity Generation (Development) Limited. The principal activity of the Company is investment in electricity generation projects.

Throughout the year the Company held a 40 per cent holding in Corby Power Limited, a joint venture formed to construct and operate a combined cycle gas turbine power station. The other shareholders in Corby Power Limited are Electricity Supply Board International Consultants Limited, a subsidiary of Electricity Supply Board of Ireland (20%), and Hawker Siddeley Power (Corby) Limited, a subsidiary of BTR plc (40%).

The power station has operated successfully throughout the year.

Results and Dividends

The Company did not trade during the year. The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors who served office during the year were as follows:

S. V. Goalby
J. A. Keohane (resigned on 24 March 1997).
M. A. Read

Other than the interests in the share capital of East Midlands Electricity plc shown below, none of the Directors or their families had any beneficial interest in the share capital of the Company, or DR Investments its UK ultimate registered company, or any of its subsidiaries.

	Beneficial Holdings		Share Options	
	Ordinary shares		Sharesave scheme	
	31 March 97	31 March 96	31 March 97	31 March 96
S. V. Goalby	-	2000	-	3196
M. A. Read	-	673	-	3196

Purchasing and Payment Policy

The company's policy in respect of all its suppliers is to pay for goods and services supplied in line with the terms and conditions of purchase which have been negotiated and agreed.

Auditors

In accordance with provisions under Section 379A of the Companies Act 1989 elective resolutions were passed at a previous Annual General Meeting to dispense with both obligations of holding Annual General Meetings and appointing auditors annually.

Statement of directors' responsibilities

The directors are required to present for each accounting period financial statements which comply with the provisions of the Companies Act 1985 and give a true and fair view of the state of affairs of the company as at the end of the accounting period and of its profit or loss for that period. In preparing the financial statements the directors are required to select suitable accounting policies, supported by reasonable and prudent judgements and estimates, and to ensure that these are consistently applied and applicable accounting standards have been followed.

The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are also responsible for maintaining adequate accounting records and for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors confirm their compliance with these requirements.

Approved by the Board of Directors
& signed on its behalf by:-

A handwritten signature in black ink, appearing to read 'J. V. Dawes', written in a cursive style.

J. V. Dawes
Secretary

12 June 1997

**Auditors' report to the members of
East Midlands Electricity Generation (Corby) Limited**

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs as at 31 March 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors

Hill House
1 Little New Street
London
EC4A 3TR

23 June 1997

Profit and loss account for the year ended 31 March 1997

	Note	1997 £'000	1996 £'000
Administrative expenses		-	(172.3)
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(172.3)
Tax credit on loss on ordinary activities	4	-	1.5
RETAINED LOSS FOR THE FINANCIAL YEAR	11	-	(170.8)

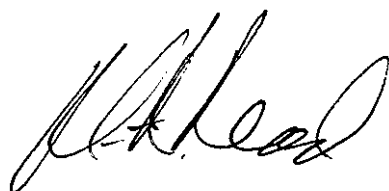
There were no recognised gains or losses or movements in shareholders funds other than the loss for the year.

All figures relate to continuing activities.

Balance Sheet as at 31 March 1997

	Note	1997 £000s	1996 £000s
FIXED ASSETS			
Investments	6	5,902.4	5,902.4
		<u>5,902.4</u>	<u>5,902.4</u>
CURRENT ASSETS			
DEBTORS	7		1.5
CREDITORS (amounts falling due within one year)	8	(6,881.9)	(6,883.4)
NET CURRENT LIABILITIES		<u>(6,881.9)</u>	<u>(6,881.9)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(979.5)</u>	<u>(979.5)</u>
CAPITAL AND RESERVES			
Called up share capital	10	1.0	1.0
Profit and loss account	11	(980.5)	(980.5)
TOTAL EQUITY SHAREHOLDERS FUNDS		<u>(979.5)</u>	<u>(979.5)</u>

The accounts on pages 4 to 8 were approved by the Board of Directors on 12 June 1997 and were signed on its behalf by



M. A. READ, DIRECTOR

Notes to the financial statements for the year ended 31 March 1997

1 Parent Undertaking and Ultimate Parent Undertaking

Dominion Resources, Inc., which is incorporated in the United States of America and listed on the New York Stock Exchange, is considered by the directors to be the company's ultimate parent undertaking.

The largest group in which the results of the company are consolidated is that of which Dominion Resources, Inc. is the parent company. The consolidated accounts of Dominion Resources, Inc. can be obtained from:

Company Secretary
Dominion Resources, Inc.
P. O. Box 26532
Richmond
Virginia 23261-6532

The smallest such group is that of which East Midlands Electricity plc is the parent company. East Midlands Electricity plc is registered in England and Wales and its consolidated accounts may be obtained from:

Company Secretary
East Midlands Electricity plc
P. O. Box 444, Woodyard Lane,
Wollaton, Nottingham NG8 1EZ

2 Accounting Policies

These financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Investments

Fixed asset investments are stated at cost.

Deferred taxation

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Provision for deferred taxation, using the liability method, is made to the extent that it is probable that the liability or asset will crystallise in the foreseeable future.

3 Directors and Auditors

The directors received no remuneration or fees in respect of the period ended 31 March 1997 (31 March 1996 nil). The auditors are remunerated by East Midlands Electricity plc in respect of their services.

4 Tax credit on loss on ordinary activities

	1997 £000s	1996 £000s
Receivable current year: group relief at 33%	-	1.5

5 Tangible fixed assets

The freehold to the land for the Corby power station is owned by the company and has been let on a long lease to Corby Power Limited. Within these financial statements the £800,000 purchase cost has been offset against an equivalent lease premium received from Corby Power Limited.

Notes to the financial statements for the year ended 31 March 1997

6 Fixed Asset Investments

Associated undertakings

	£000s
At 1 April 1996	5,902.4
Additions in the year	-
At 31 March 1997	<u>5,902.4</u>

Details of the associated undertaking are as follows:

<u>Associated undertaking</u>	<u>Activity</u>	<u>Holding</u>	<u>Country of Incorporation</u>
Corby Power Limited	Generation	40%	England

The above company's share capital consists of ordinary shares only apart from a £1 'special share'. The special share preserves East Midlands Electricity's optional right to acquire, following the adoption of Corby Power Limited's accounts for 2013, the shares in Corby Power Limited which it does not then hold.

Fixed asset investments include no listed investments.

The financial year of Corby Power Limited ends on 30 September. The following information is extracted from the audited accounts of Corby Power Limited for the year ended 30 September 1996 and from the unaudited management accounts for the 6 months ended 31 March 1997:

	Six months ended 31 March 1997 (Unaudited) £'000	Year ended 30 September 1996 (Audited) £'000
Turnover	<u>45,188</u>	<u>82,864</u>
Depreciation charges	<u>3,516</u>	<u>7,146</u>
Profit/(loss) before taxation	<u>2,354</u>	<u>2,798</u>
Amount of profit before taxation attributable to the East Midlands Electricity plc group (40%)	<u>942</u>	<u>1,119</u>
Fixed assets	171,638	180,843
Net current assets	30,392	5,365
Creditors due after more than one year and provisions	(165,413)	(155,600)
Net assets	<u><u>36,617</u></u>	<u><u>30,608</u></u>
Share capital	14,756	14,756
Reserves	21,861	15,852
	<u><u>36,617</u></u>	<u><u>30,608</u></u>

At 31 March 1997, Corby Power Ltd has non-recourse loan financing liabilities of £165.4m (31 March 1996 £171.4m).

Notes to the financial statements for the year ended 31 March 1997

7 Debtors

	1997 £000s	1996 £000s
Amounts falling due within one year:		
Amount owed by East Midlands Electricity plc	-	1.5

8 Creditors

	1997 £000s	1996 £000s
Amounts falling due within one year:		
Amounts owed to parent company (note 9)	6,881.9	6,883.4

9 Loans

The operations of the company were financed by non-interest bearing loans repayable within one year to the parent company, East Midlands Electricity Generation (Development) Limited. The amount outstanding at 31 March 1997 was £6.88m (31 March 1996 £6.88m).

10 Called up share capital

	1997 £000s	1996 £000s
Authorised, issued, fully paid and allotted:		
1000 £1 ordinary shares	1.0	1.0

11 Retained loss

	1997 £000s	1996 £000s
At 1 April	980.5	(809.7)
Retained loss for year	-	(170.8)
At 31 March	980.5	(980.5)