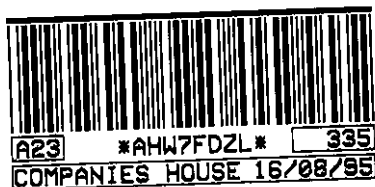


BIOGENERATION LIMITED

Financial statements for the period ended 31 March 1995

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DIRECTORS AND ADVISORS

Directors

Mr S. V. Goalby
Mr I. D. Parker (Alternate)
Mr M. A. Read
Mr R. B. Tate
Mr G. R Thomas (Alternate)
Mr M. L. Yates (Chairman)

Auditors

Coopers & Lybrand
Cumberland House
35 Park Row
Nottingham
NG1 6FY

Secretary and registered office

Miss J. V. Dawes
398 Coppice Road
Arnold
Nottingham
NG5 7HX

Bankers

Midland Bank plc
6 Victoria Street
Nottingham
NG1 2FF

Report of the Directors

The Directors present their report and audited Financial Statements for the period ended 31 March 1995.

Principal Activities and Business Review

The Company was incorporated on 21 September 1994 as Statco One Limited. The Company changed its name to Biogeneration Limited on 22 September 1994 and commenced operations. The share capital issued is disclosed in note 3 to the financial statements.

The principal activity of the Company is the development, construction and subsequent operation of electricity generation projects.

During the year the Company submitted projects to the third round of the Non Fossil Fuel Obligation (NFFO) through which a premium sale price is available. The projects involved the generation of electricity from landfill gas produced at landfill sites owned by Biffa Waste Services a subsidiary of Severn Trent plc. The Company was successful in gaining four contracts through the NFFO and electricity will be sold to the Electricity Distribution Company within whose boundary the landfill sites are located. It is anticipated that construction work will commence at these sites early in the next financial year. The locations of the landfill sites are:

Himley Wood, Dudley, West Midlands.
Howden Clough, Morley, Leeds.
Redhill, Surrey.
Welford, Portley Ford, Welford, Northampton.

Results

The Company did not trade during the period. Subject to the approval at the Annual General Meeting, the Directors do not recommend a dividend in respect of the period ended 31 March 1995.

Material Contracts

During the period the Company entered, on normal commercial terms, into the following material contracts in respect of the construction and subsequent operation of the generation facilities at each landfill site.

- (a) An Electricity sales contract with the NFPA and East Midlands Electricity plc
- (b) An Electricity sales contract with the NFPA and Midlands Electricity plc
- (c) An Electricity sales contract with the NFPA and SEEBOARD plc
- (d) An Electricity sales contract with the NFPA and Yorkshire Electricity Group plc
- (e) A Loan facility agreement with East Midlands Electricity Generation (Development) Ltd and Severn Trent Power Generation Ltd.

No drawdowns against this facility had been made as at 31 March 1995.

Directors and their interests

The present Directors of the Company are as shown on page 1. The movement in directors during the period was as follows:

	<u>Date appointed</u>	<u>Date resigned</u>
East Midlands Electricity Directors Ltd	21 September 1994	26 September 1994
East Midlands Electricity Secretaries Ltd	21 September 1994	26 September 1994
Mr S. V. Goalby	26 September 1994	
Mr I. D. Parker	26 September 1994	
Mr M. A. Read	26 September 1994	
Mr R. B. Tate	26 September 1994	
Mr G. R Thomas	26 September 1994	
Mr M. L. Yates	26 September 1994	

None of the Directors in office at 31 March 1995 had any registered interests in the share and loan capital of the Company.

Close Company provisions

As far as the Directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company. There has been no change in this respect since the end of the financial year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

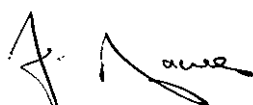
Statement of directors' responsibilities

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 these are consistently applied and that 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:-



J. V. Dawes
Secretary

23 June 1995

Auditor's report to the members of Biogas Generation Limited

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

As described on page 3 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.

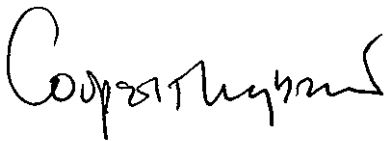
Basis of opinion

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 1995 and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Nottingham

27 June 1995

Profit and loss account for the period ended 31 March 1995

The Company did not trade during the period, therefore no profit and loss account has been prepared.

BIOGENERATION LIMITED**Balance Sheet as at 31 March 1995**

	Note	1995 £'000s
CURRENT ASSETS		
Cash at Bank		1.0
NET ASSETS		<u>1.0</u>
CAPITAL AND RESERVES		
Called up share capital	3	1.0
EQUITY SHAREHOLDERS FUNDS		<u>1.0</u>

The accounts on pages 5 to 8 were approved by the Board of Directors on 23 June 1995 and were signed on its behalf by

M. L. YATES CHAIRMAN



Notes to the financial statements for the year ended 31 March 1995

1 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.

Comparative figures

The period ended 31 March 1995 was the Company's first year. For this reason no corresponding amounts have been presented for the preceding year.

Development costs

Development costs are capitalised when recoverability can be assessed with reasonable certainty and amortised by equal instalments over the expected life of the project. No amortisation is provided during the development phase.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. The charge for depreciation is calculated to write off assets over their estimated useful lives. Assets in the course of construction are not depreciated.

Cashflow Statement

The Company is exempt from the requirement to prepare a cashflow statement on the basis of its small company status.

2 Directors and Employees

The company has no employees

The Chairman and directors received no remuneration or fees in respect of the period ended 31 March 1995.

3 Called up share capital

	1995 £'000s
Authorised	
500 "A" ordinary shares of £1 each	0.5
500 "B" ordinary shares of £1 each	0.5
	<hr/> 1.0
Allotted, called up and fully paid	
500 "A" ordinary shares of £1 each	0.5
500 "B" ordinary shares of £1 each	0.5
	<hr/> 1.0

Both classes of shares have equal voting rights, entitlement to dividends and claim to any surplus on a winding up of the company.

Notes to the financial statements for the year ended 31 March 1995**4 Commitments and contingent liabilities****1995
£'000s***Fixed asset expenditure commitments*

Contracted for but not provided for in the financial statements

Authorised by the directors but not yet contracted for

**-
4,474.0****5 Ultimate Parent Undertakings**

The Company is jointly owned by East Midlands Electricity Generation (Development) Ltd, a wholly owned subsidiary of East Midlands Electricity plc, and Severn Trent Power Generation Ltd, a wholly owned subsidiary of Severn Trent plc.

All companies are registered in England. Copies of the accounts of each respective parent company can be obtained from the following addresses:

The Company Secretary
East Midlands Electricity plc
P. O. Box 4, North P.D.O.,
398 Coppice Road,
Arnold,
Nottingham
NG5 7HX

The Company Secretary
Severn Trent plc
2308 Coventry Road
Birmingham
B26 3JZ