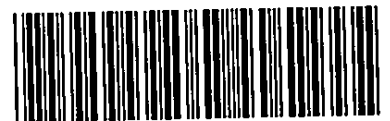


Energy Direct Limited

Annual report and financial statements for the year ended 31 December 2009

Registered number 03696638

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Directors' report

For the year ended 31 December 2009

The directors present their annual report on the affairs of the company, together with the financial statements and the independent auditors' report, for the year ended 31 December 2009

Principal activities and business review

The company is a group finance company with no trading activities

The financial statements for the year ended 31 December 2009 are set out on pages 5 to 9 The profit for the year after taxation was £4,526,000 (2008 £8,752,000)

During the year a dividend of £nil (2008 £nil) was paid

Research and development

The company's activities do not lend themselves to research and development

Future outlook

It is the directors' intention that the main purpose of this company is to continue to offer financing to its fellow subsidiaries within the RWE Npower Holdings plc group for the foreseeable future

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately Accordingly, the principal risks and uncertainties of RWE AG, which include those of the company, are discussed on page 95 to 104 of the group's annual report which does not form part of this report

Key performance indicators ("KPIs")

The directors of RWE AG manage the group's operations on a divisional basis For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Energy Direct Limited

Financial risk management

The company does not use financial instruments

Directors

The directors who held office during the year and up to date of signing are given below

L Boss

J Keene

K Akhurst

Resigned 30 September 2009

Directors' report (continued)

For the year ended 31 December 2009

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms, so far as they are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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.

By order of the Board



Jason Keene
Director

Windmill Hill Business Park
Whitehill Way
Swindon
SN5 6PB
6 September 2010

Independent auditors' report to the members of Energy Direct Limited

For the year ended 31 December 2009

We have audited the financial statements of Energy Direct Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

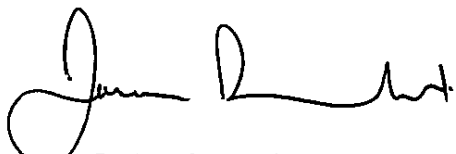
Independent auditors' report to the members of Energy Direct Limited (continued)

For the year ended 31 December 2009

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Jason Burkitt (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 September 2010

Profit and loss account
For the year ended 31 December 2009

	<i>Notes</i>	2009 £'000	2008 £'000
Interest receivable and similar income	3	6,291	12,245
Interest payable and similar expenses	4	(5)	(4)
Profit on ordinary activities before taxation		<hr/> 6,286	<hr/> 12,241
Taxation on profit on ordinary activities	5	(1,760)	(3,489)
Profit for the financial year		<hr/> 4,526	<hr/> 8,752

All results above are derived from continuing activities

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year and their historical cost equivalents

The company has no recognised gains or losses other than these included in the profit and loss account above and therefore no statement of total recognised gains losses has been presented

The accounting policies and notes on pages 7 to 9 form an integral part of these financial statements

Balance sheet
As at 31 December 2009

		2009 £'000	2008 £'000
	<i>Notes</i>		
Current assets			
Debtors	7	244,934	242,136
Creditors: amounts falling due within one year	8	(1,763)	(3,491)
		<hr/>	<hr/>
Net assets		243,171	238,645
		<hr/>	<hr/>
Capital and reserves			
Called-up share capital	9	214,914	214,914
Share premium account	10	2,862	2,862
Profit and loss account	10	25,395	20,869
		<hr/>	<hr/>
Equity shareholders' funds	11	243,171	238,645
		<hr/>	<hr/>

The financial statements on pages 5 to 9 were approved by the Board of Directors on 6 September 2010 and signed on their behalf by


Jason Keene
Director

Energy Direct Limited
Registered number 03696638

The accounting policies and notes on pages 7 to 9 form an integral part of these financial statements

Notes to the financial statements

For the year ended 31 December 2009

1 Statement of accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Cash flow statement and related parties

The company is a wholly-owned subsidiary of RWE AG and is included in the consolidated financial statements of RWE AG, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the RWE AG group or investees of the RWE AG group.

Interest

Interest receivable and payable is credited or charged to the profit and loss account on an accruals basis.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

2 Operating profit

The audit fee in 2008 and 2009 was borne by RWE Npower plc, an immediate parent undertaking.

The company has no employees. The directors were paid through RWE Npower plc and received no remuneration for their services to Energy Direct Limited.

3 Interest receivable and similar income

	2009 £'000	2008 £'000
Interest receivable and similar income on inter-company loan	6,291	12,245
	<hr/>	<hr/>

4 Interest payable and similar expense

	2009 £'000	2008 £'000
Other interest payable and similar expense	(5)	(4)
	<hr/>	<hr/>

Notes to the financial statements (continued)

For the year ended 31 December 2009

5 Taxation on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax		
Group relief payable	<u>(1,760)</u>	<u>(3,489)</u>

The current tax charge for the year is the same as (2008 the same as) the standard rate of corporation tax in the UK 28% (2008 28.5%)

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

6 Dividends

	2009 £'000	2008 £'000
Equity – Ordinary		
Final paid nil	<u>-</u>	<u>-</u>

7 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	<u>244,934</u>	<u>242,136</u>

On 29 December 2009 a loan of £244,919,397 was made to an intermediate parent company, RWE Npower plc. The loan is unsecured and repayable on 29 December 2010. Interest is charged at twelve month LIBOR rate as at 29 December 2009 less 0.5% and is repayable on termination or repayment of the principal.

8 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts due to group undertakings	(1,760)	(3,489)
Accruals	(3)	(2)
	<u>(1,763)</u>	<u>(3,491)</u>

Amounts due to group undertakings relate entirely to group relief payable

Notes to the financial statements (continued)

For the year ended 31 December 2009

9 Called-up share capital

	2009 £'000	2008 £'000
<i>Authorised, allotted and fully paid</i>		
214,913,914 ordinary shares of £1 each	<u>214,914</u>	<u>214,914</u>

10 Reserves

	Share premium £'000	Profit and loss £'000	Total £'000
At 1 January 2009	2,862	20,869	23,731
Retained profit for the financial year (note 11)	-	4,526	4,526
	<u>2,862</u>	<u>25,395</u>	<u>28,257</u>
At 31 December 2009	2,862	25,395	28,257

11 Reconciliation of movement in equity shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	4,526	8,752
Retained profit for the financial period	<u>4,526</u>	<u>8,752</u>
Closing equity shareholders' funds	<u>243,171</u>	<u>238,645</u>

12 Financial commitments

The company had no financial commitments as at 31 December 2009 (2008 nil)

13 Ultimate controlling party

The immediate parent undertaking is Energy Direct Supply Limited. The directors regard RWE AG, a company incorporated in Germany, as the ultimate parent company and the ultimate controlling party.

RWE AG is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the consolidated financial statements are available from RWE AG, Opernplatz 1, 45128 Essen, Germany.