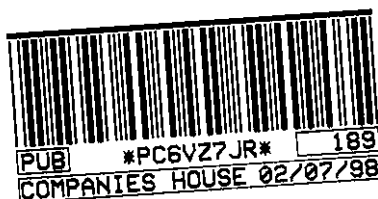


Registered Company No: 2579323

South Wales TPL Investments Limited

**Annual report
for the year ended 31 March 1998**

R G Curtis, LLB ACIS
Company Secretary,
Newport Road,
St Mellons
CARDIFF
CF3 9XW



**Annual report
for the year ended 31 March 1998**

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South Wales TPL Investments Limited

**Annual report
for the year ended 31 March 1998**

Directors & advisors

Directors

M D Mackey

J E Roberts

J A Thomas

Company Secretary & registered office

R G Curtis, LLB ACIS

Newport Road

St Mellons

Cardiff CF3 9XW

Auditors

Coopers & Lybrand

Solicitors

Edwards Geldard

Principal bankers

Midland Bank plc

Report of the directors for the year ended 31 March 1998

The directors present their report and the audited financial statements for the year ended 31 March 1998.

Principal activities

The principal activity of this company is the investment in projects for the generation of electricity.

Review of business and future developments

The profit for the year is disclosed in the profit and loss account on page 7, and is in accordance with the directors' expectations.

The company holds 7.7% of the equity of Teesside Power Limited (TPL), which owns and operates Europe's largest gas-fired power station next to the ICI chemicals site at Wilton.

The £13.1 million stake in TPL produced investment income of £7.2 million and turnover of £760,000 in 1997/98. The directors believe that the company is soundly based for the future.

The company paid an interim dividend of £554,000 per share during the year.

Policy on payment of creditors

It is company policy to comply with terms of payment agreed with suppliers. Where payment terms are not negotiated, the company endeavors to adhere with the suppliers standard terms. The company had no trade creditors at the year end, accordingly no average payment period is disclosed.

Directors and their interests

The directors who held office throughout the year are listed on page 1.

No director had any interest in the share capital of the company at any time during the year.

The interests of directors at 31 March 1998 in the share capital of the company's ultimate parent company, Hyder plc, are as follows:

Report of the directors for the year ended 31 March 1998 (continued)

	Ordinary share of 120p		Cumulative redeemable preference shares of £1		Options over ordinary shares of 120p	
	31 March 1998	31 March 1997	31 March 1998	31 March 1997	31 March 1998	31 March 1997
J A Thomas	118	114	Nil	Nil	3,211	3,145

J E Roberts is a director of Hyder plc and his interests are disclosed in the report of the directors of that company. M D Mackey is a director of South Wales Electricity plc and his interests are disclosed in the report of the directors of that company.

The 3,211 options held by J A Thomas are held under the sharesave scheme at prices of 522p and 650p.

There were no significant contracts subsisting during or at the end of the financial year with the company in which any director is or was materially interested.

Year 2000 and Euro costs


Year 2000 issues are being addressed on behalf of the company as part of a Hyder plc group initiative. It is not expected that the company's share of these costs will be material.

Preparations for Euro compliance which are also being addressed as part of a Hyder plc group initiative are at an early stage. Costs incurred to date have been negligible, and it is too early to estimate future compliance costs.

Auditors

Pursuant to an elective resolution passed on 17 October 1994, the auditors, Coopers & Lybrand will continue in office.

By order of the Board


R G Curtis, LLB ACIS
Company Secretary
4 June 1998

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 March 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board

A handwritten signature in black ink, appearing to read 'R G Curtis'.

R G Curtis, LLB ACIS
Company Secretary
4 June 1998

Report of the auditors to the members of South Wales TPL Investments Limited

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditors

As described on page 4, 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 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 of the state of the company's affairs at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Cardiff
4 June 1998

Principal accounting policies for the year ended 31 March 1998

Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Changes in presentation of financial information

Since the previous directors' report and financial statements, the Accounting Standards Board has issued Financial Reporting Standard 9-Associates and joint ventures and Financial Reporting Standard 10 - Goodwill and intangible assets. In addition the Urgent Issues Task Force ("UITF") has issued a number of abstracts in the year. Where relevant these financial statements comply with the new Standards and UITF abstracts, and the presentation of financial information has been restated accordingly.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Turnover

Turnover represents the income receivable in the ordinary course of business and excludes, where appropriate, Value Added Tax.

Fixed asset investments

Investments which the company intends to hold to maturity are carried as fixed asset investments. These investments are carried at cost unless, in the opinion of the directors, there is a permanent diminution in their value, in which case appropriate provision against the carrying value is made.

Income from such investments, including dividends declared in respect of the period but not paid, is accrued up to the end of the relevant accounting period.

Deferred tax

Provision is made for deferred taxation using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Profit & loss account for the year ended 31 March 1998

	Notes	1998 £'000	1997 £'000
Turnover		760	183
Net operating costs	1	(2)	(31)
Operating profit		758	152
Income from fixed asset investments		7,188	2,830
Interest payable	3	(189)	(828)
Profit on ordinary activities before taxation		7,757	2,154
Tax on profit on ordinary activities	4	(507)	(610)
Profit on ordinary activities after taxation		7,250	1,544
Dividends paid	5	(1,108)	-
Retained profit for the year	10	6,142	1,544

All operations are continuing.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

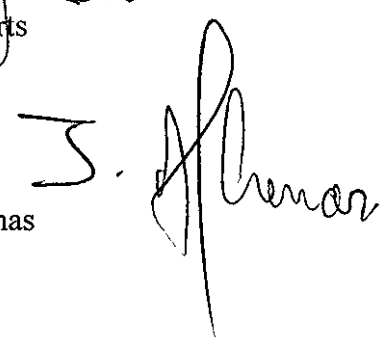
South Wales TPL Investments Limited

**Balance sheet
at 31 March 1998**

	Notes	1998 £'000	1997 £'000
Fixed asset investments	6	13,072	13,077
Current assets			
Debtors	7	1,221	839
Creditors: amounts falling due within one year	8	(3,830)	(9,595)
Net current liabilities		(2,609)	(8,756)
Total assets less current liabilities		10,463	4,321
Net assets		10,463	4,321
Capital reserves			
Called up share capital	9	-	-
Profit and loss account	10	10,463	4,321
Equity shareholders funds		10,463	4,321

The financial statements on pages 6 to 13 were approved by the board of directors on 4 June 1998 and were signed on its behalf by:


J E Roberts
Director


J A Thomas
Director

Reconciliation of movements in shareholders' funds for the year ended 31 March 1998

	1998	1997
	£'000	£'000
As at 1 April	4,321	2,777
Profit for the year	7,250	1,544
Dividends	(1,108)	-
As at 31 March	10,463	4,321

Notes to the financial statements for the year ended 31 March 1998

1. Net operating costs

The remuneration of the auditors was £1,650. (1997: £1,550). No fees were payable in respect of non audit work.

2. Employees and directors' emoluments

The emoluments of all of the directors were paid by either Hyder plc, Hyder Investments Limited or South Wales Electricity plc. Their services to this company and to a number of fellow subsidiaries were of a non-executive nature and their emoluments were deemed to be wholly attributable to their services to either Hyder plc, Hyder Investments Limited, or South Wales Electricity plc. Accordingly, there were no emoluments paid or payable in respect of the year ended 31 March 1998, or the corresponding year. The company had no other employees during the year, or the corresponding year.

3. Interest payable

Interest was payable to other group undertakings in respect of the utilisation of corporate funding during the period.

4. Tax on profit on ordinary activities

	1998 £'000	1997 £'000
Based on the results for the year:		
United Kingdom corporation tax at 31% (1997: 33%)	-	-
Group relief payable	230	2,295
Deferred taxation	-	(1,583)
Tax suffered on Dividends Received	277	-
	<u>507</u>	<u>712</u>
Prior year adjustments:		
Group relief receivable	-	(102)
	<u>507</u>	<u>610</u>

Notes to the financial statements for the year ended 31 March 1998 (continued)

5. Dividend

	1998 £'000	1997 £'000
Interim dividend of £554,000 (1997: £nil) per ordinary share	1,108	-
	<hr/>	<hr/>

6. Fixed asset investments

Cost and net book value	Listed investments £'000	Unlisted investments £'000	Total £'000
At 31 March 1997	5	13,072	13,077
Disposals	(5)	-	(5)
At 31 March 1998	<hr/> - <hr/>	<hr/> 13,072 <hr/>	<hr/> 13,072 <hr/>

Unlisted - South Wales TPL Investments holds a 7.7% interest in the ordinary share capital of Teesside Power Limited whose principal activity is the generation of electricity.

Notes to the financial statements for the year ended 31 March 1998 (continued)

7. Debtors: Amounts falling due within one year

	1998 £'000	1997 £'000
Receivable from Teesside Power Limited	1,216	839
Other debtors	5	-
	<hr/> 1,221	<hr/> 839

8. Creditors: Amounts falling due within one year

	1998 £'000	1997 £'000
Amounts due to other group undertakings	3,256	9,416
Corporation Tax	574	179
	<hr/> 3,830	<hr/> 9,595

9. Called up share capital

	1998	1997
Authorised		
100 ordinary shares of £1 each (1997: 100)	£100	£100
	<hr/>	<hr/>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each (1997: 2)	£2	£2
	<hr/>	<hr/>

10. Profit and loss account

	<u>£'000</u>
At 1 April 1997	4,321
Retained profit for the year	6,142
At 31 March 1998	<hr/> 10,463

Notes to the financial statements for the year ended 31 March 1998 (continued)

11. Cash flow statement

A cash flow statement is not presented since Hyder plc, the ultimate parent company, has prepared a consolidated cash flow statement, including the cash flows of this company, for the year ended 31 March 1998, in accordance with Financial Reporting Standard No 1.

12. Related party transactions

In accordance with the exemption afforded by Financial Reporting Standard 8 there is no disclosure in these financial statements of transactions with entities that are part of the Hyder plc group.

13. Parent and ultimate parent company

The immediate parent company is South Wales Electricity Generating Limited. The directors regard the ultimate parent company to be Hyder plc. Copies of the ultimate parent's consolidated financial statements may be obtained from the Company Secretary, Hyder plc, PO Box 295, Alexandra Gate, Rover Way, Cardiff, CF2 2UE.