

# Corporate

- Corporate costs increased in 2005 to support the expanded operational capacity
- Net interest for the year was £202 million
- The tax charge for the year (pre-exceptional items) was £55 million, compared to £25 million in 2004

## Corporate costs

International Power's headquarters is in London, where corporate and business functions are based to support our worldwide operations. In addition, International Power operates regional business support offices in the UK, the US, Australia, the Czech Republic, Italy, Singapore and the UAE. These offices vary in size dependent on the scale of operations.

Corporate costs at £59 million are £27 million higher than 2004. This is due to the significant growth and complexity of the Group, together with some costs which may not necessarily recur such as higher employee share scheme costs and a provision for certain CEGB legacy pension liabilities.





Marmara, Turkey

### Interest

Net interest expense (excluding exceptional items) at £202 million is £125 million higher than 2004. This is mainly due to the impact of additional debt relating to the EME, Turbogás and Saltend acquisitions. 2004 also benefited from interest income earned on cash reserves held in contemplation of the EME and Turbogás acquisitions.

### Tax

The tax charge (excluding the tax effect of exceptional items) at £55 million is £30 million up on the 2004 charge. This is mainly due to higher profitability and an increase in the effective tax rate from 25% to 31%. This higher tax rate reflects the tax profile of the EME portfolio and the reducing benefit of foreign tax holidays.

### Exceptional items

Net exceptional gains of £120 million were booked in 2005, comprising:

- £58 million compensation in respect of the tolling agreement with TXU;
- £52 million on the impairment reversal of Rugeley plant;
- £4 million profit on disposal of Tri Energy;
- £3 million profit on sale of land in Thailand;
- £3 million profit on sale of shares in Interconnector UK.

The tax charge on exceptional items was £34 million relating to all of the above gains with the exception of the profit on disposal of Tri Energy.