

EDISON MISSION ENERGY
Form 10-K/A
June 16, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 2

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

Commission File Number 333-68630

Edison Mission Energy

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

**18101 Von Karman Avenue
Irvine, California**
(Address of principal executive offices)

95-4031807
(I.R.S. Employer Identification No.)

92612
(Zip Code)

Registrant's telephone number, including area code: **(949) 752-5588**

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Securities registered pursuant to Section 12(b) of the Act:

None
(Title of Class)

Not Applicable
(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$0.01 per share
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES NO

Aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of June 30, 2004: \$0. Number of shares outstanding of the registrant's Common Stock as of March 10, 2005: 100 shares (all shares held by an affiliate of the registrant).

EXPLANATORY NOTE

The annual report on Form 10-K/A for the fiscal year ended December 31, 2004 is being filed to include in Part IV, Item 15, financial statements with respect to ISAB Energy S.r.l., which were omitted from the annual report on Form 10-K for the year ended December 31, 2004 filed on March 16, 2005.

This Amendment No. 2 does not update any other disclosures to reflect developments since the original date of filing.

The following item of the original filing is amended by this Amendment No. 2:

Item 15. Exhibits and Financial Statement Schedules

Unaffected items have not been repeated in this Amendment No. 2.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) (1) List of Financial Statement

None

- (2) List of Financial Statement Schedules

The following item is filed as a part of this report pursuant to Item 15(c) of Form 10-K:

	Page
Investment in Unconsolidated Affiliates Financial Statements: ISAB Energy S.r.l. Financial Statements as of December 31, 2004, 2003 and 2002	4

- (b) Exhibits

The following documents are filed as part of this Form 10-K/A:

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32	Statement Pursuant to 18 U.S.C. Section 1350.

- (c) Financial Statement Schedules

The financial statements with respect to ISAB Energy S.r.l., which meets the definition of a foreign business as defined in Rule 1-02(1) of Regulation S-X, are being filed in this report pursuant to Rule 3-09 of Regulation S-X. These statements are prepared in accordance with generally accepted accounting principles in Italy which differ from generally accepted accounting principles in the United States. See Note 10 to the financial statements on page 59.

ISAB Energy S.r.l.

Annual report for the year ended December 31st 2004

Directors Report on Operations

Board of Directors

Jonathan Gibson	Chairman
Roberto del Bravo	Deputy Chairman
Filippo Bifulco	Director
Pier Francesco Pinelli	Director
Makoto Ichikawa	Director

Board of Statutory Auditors

Maria Sarno	Chairman
Antonio Ippoliti	Standing Auditor
Mario Pacciani	Standing Auditor

External Auditors

Reconta Ernst & Young S.p.A.

ISAB Energy Structure

ISAB Energy, of which 51% is held by ERG Power & Gas S.r.l. and 49% by MEC Priolo B.V. - Holland, is owner of the Integrated Gasification Combined Cycle plant in Priolo Gargallo (Syracuse), built near the refinery of ERG Raffinerie Mediterranee (ERG Med).

The plant is capable of generating 507 MW guaranteed net power and during the year generated 4,452 GWh.

Main economic and financial data

The currency in which the figures of this annual report are expressed is Euro. In the tables where the figures are indicated in millions the total amounts may differ from the total amounts which they comprise.

	2004 (millions of Euro)	2003	2002
Total revenues	478	423	442
EBITDA	224	179	208
EBIT	177	132	162
Profit or loss from ordinary activities	148	93	115
Extraordinary net income (charges)			
Net profit or loss for the financial period	90	81	107
Cash flow from activities	184	174	124
Cash flow related to investments	(8)	(13)	(12)
Cash flow from capital and reserves	(39)	(18)	(34)
Net variation of financial debt	137	142	79
Total capital and reserves	257	206	144
Net financial debt	412	550	692
Net capital invested	670	756	836
Employees (units at end of period)	11	20	19
Electricity production in GWh	4,452	4,000	4,197

Report on Operations

The construction of the plant was financed through Non-Recourse Project Financing amounting to 971 million Euro.

ISAB Energy generates electricity using gas produced from the gasification of heavy residues from the crude oil refining process at the ERG Med refinery nearby. The electricity generated is sold to the National Grid (Gestore della Rete di Trasmissione Nazionale)) at the CIP 6 tariff. To that regards it should be noted that in application of the Bersani Decree (Legislative Decree of 16 March 1999), the Ministry of Industry resolved to transfer all rights and obligations relative to Italian third party purchase of energy from ENEL S.p.A. to the National Grid effective as of January 1 2001.

Comment on the results for the year

The 2004 financial statements expressed in Euro show a profit of Euro 89.7 million (compared to a profit of Euro 80.5 million in 2003) after depreciation amounting to Euro 47.6 million (Euro 46.6 million in 2003).

The results reflect the plant's high reliability during the year whose utilisation level reached 92%.

These financial statements have been audited by Reconta Ernst & Young S.p.A..

Events which took place during the financial period

The most significant events which took place in 2004 are outlined below:

on 16 December, Edison Mission Energy Ltd. sold its share of Mec Priolo B.V. to IPM Eagle LLP which as a result changes the controlling shareholder of the company which holds 49% of ISAB Energy.

net generation by year-end reached 4,452 GWh and 92% was obtained from syngas. Compared to the previous year this reflects the plant's increased reliability. Lower down time due to maintenance and minor accidents allowed electricity generation to increase by over 10% compared to the previous year;

the electricity was sold at a provisional rate of Euro 102.7 per MWh (CIP 6/92 rate) except for a minor amount sold (2.2%) at the surplus tariff. Based on methane price trends, which are presumed to rise (2004 over 2003) by +5.9%, the final price for 2004 is estimated at Euro 105.2 per MWh (+2.4% compared to the provisional price). In any case, it should be noted that the final value will be published by the Rate Adjustment Body for the Electricity Sector at the end of April;

the National Grid requested the plant not to despatch power for the equivalent of 283.7 hours. It should be noted that the Operator's yearly limit to exercise this right is equal to 320 hours for a total of 2,400 hours maximum over the first eight years the plant is in operation.

the plant's increased efficiency during the year allowed ISAB Energy to purchase a higher quantity of raw materials than the minimum quota therefore there were no Purchaser Shortfall costs;

as a result of declarations issued by our company and the adequate documentation provided to the National Grid, based on production in 2003 the plant was granted cogeneration status for the year 2004 pursuant to resolution 42/02 of the Electricity and Gas Authority. Therefore, our company is not compelled to buy green certificates as required by the Bersani Decree;

concerning insurance claims, on 19 February 2004, the last instalment of 1.5 million was paid to the company for accidents which occurred after take over.

after specific authorisation from the banks and in consideration of the minutes of the meeting of the board of directors held on 14 June 2004, the general shareholders meeting of 19 July 2004 resolved to distribute dividends amounting to Euro 39 million from retained earnings. Euro 4.6 million was paid to the group company ISAB Energy Services relative to price components in accordance with the Operation & Maintenance Agreement. As a result of an amendment to the PCFA, the company adjusted the Insurance Reserve to Euro 22.4 million and made Euro 6.8 million of advance repayments to the banks of tranches B and C;

in March 2004, after defining the Maintenance Programme for the current cycle of 2004 - 2007, the Maintenance Reserve amounting to Euro 6.3 million was set up. This provision should guarantee coverage for any major maintenance costs not covered by regular financial resources;

interest accrued up to 31/12/2003 totalling Euro 6.1 million was paid to the financing companies in accordance with the Subordinated Loan Agreements :

- 1) Erg Power & Gas Spa : Euro 3.1 million
- 2) Edison Mission Energy : Euro 2.6 million
- 3) MEC Priolo B.V. : Euro 0.4 million

effective December 2004, the interest rate swap relating to tranche B, already underwritten with Barclays Capital was partly renewed with the entrance of Banca Intesa, Unicredit and M.C.C.

after Edison Mission Energy's sale of its holdings in ISAB Energy Srl, Ponama Holdings Limited took over its obligations under the Subordinated Loan Agreement effective 16 December 2004 with the assumption of debt amounting to Euro 18.2 million. This transfer required the updating of several financing agreements in particular the Deed of Undertaking dated 16 December 2004, IPM Eagle LLP undertook obligations as per the Sponsor Agreement; with the Deed of Assignment, International Power PLC entered in the O&M Direct Agreement and as a result in the O&M Guarantee. Lastly, Ponama Holdings Limited, International Power PLC and IPM Eagle LLP became New Subordinated Creditors of the Intercreditor Agreement.

on 21 December the board of directors of ERG S.p.A. resolved to take part in the national tax consolidation act for the three-year period of 2004-2006 as consolidator with most of its subsidiary companies including ISAB Energy. This was communicated to the tax authorities on 27 December.

Relations with the tax authorities

In consideration of the report on findings after the audit by the tax authorities for the year 1999 a risk provision amounting to Euro 0.2 million was created as of 31.12.2002 which is still adequate to face any such tax burdens.

Relations with the banks

As already mentioned, in the month of April the insurance policies covering the plants were renewed as provided for by the Project Credit Facility Agreement (PCFA). The on-going crisis in the insurance sector and in particular in the energy sector, as mentioned, prevented the company from obtaining the cover required by the banks.

Consequentially, the company and the banks reached an agreement whereby ISAB Energy obtained exemption from the block on dividends and subordinate debt repayments totalling Euro 50.0 million, agreeing in exchange to maintain Euro 22.4 million in the Insurance Reserve. This provision guarantees the banks against the higher risk of having a higher number of deductible days of business interruption over what is set forth in the Project Credit Facility Agreement. The company has also made a partial advance repayment of debt for a total of Euro 6.8 million which has improved prospective cash indices in the financial model. Lastly, the debt amortisation plan was updated in line with prospective cash flow.

Contract Management

In 2004 there were no significant developments in contracts signed by ISAB Energy with the parent company ERG Power & Gas for services relative to administration, plant management, sales and programming. All other on-going contracts carried on normally and the contract with ERG S.p.A. was renewed relative to IT systems linked to the use of SAP.

IT and telecommunications systems

For what concerns infrastructure, the local network was upgraded to 1 gigabit/s and security related to Internet access was increased using the best technology and services available on the market. A project is ready to cover the entire plant with a WiFi network.

The MIS system was completely upgraded to make it Web enabled and accessible from any PC connected to the Internet.

A business intelligence system was implemented to generate company reports on purchasing, maintenance and investments.

The Gepad and Sigef (ex GeFer) projects were completed thereby improving company investment processes and the planning of extraordinary maintenance shutdowns.

The program that enables electronic archiving of both incoming and outgoing documents, faxes and emails as well as internal correspondence, had a significant impact. This way all documents with significant importance to the company are available over the Internet.

Management and coordination

Our company is under the management and coordination of ERG S.p.A.

In particular, these activities are carried out through the definition of business strategies, indication of strategic guidelines relative to overall organisation and policies concerning employees, management of tax issues above-all concerning planning, management of communications policies, management of environmental issues, health and safety.

Staff

In 2004, in line with the process to decentralise specific ERG centrally managed activities and the consequential transfer of related shareholdings to the operating companies, 9 employees belonging to Administration, Finance and IT Systems, Sales and Production Planning and Performance, Quality, Environment and Safety, were transferred from ISAB Energy to the sub holding ERG Power & Gas with a service agreement being signed between the two companies.

Summary financial statements**Profit and Loss Account**

	2004 (thousands of Euro)	2003	2002
Revenues	477,035	417,487	420,912
Other revenues and income	534	5,579	21,400
Total revenues	477,569	423,066	442,312
Purchase costs	(182,502)	(170,620)	(164,117)
Inventory variations	(927)	(843)	1,075
Costs for services and other operational costs	(69,188)	(71,569)	(70,229)
Labour costs	(803)	(1,250)	(1,320)
EBITDA	224,149	178,784	207,721
Depreciation	(47,566)	(46,575)	(45,776)
EBIT	176,583	132,209	161,945
Net financial income (charges)	(28,719)	(39,636)	(47,232)
Net income (charges) from equity investments			
Profit from ordinary activities	147,864	92,573	114,713
Net extraordinary income (charges)		(332)	(391)
Profit before taxes	147,864	92,242	114,321
Income tax	(58,122)	(11,694)	(7,362)
Net profit (loss) for the year	89,742	80,548	106,959

Revenues

The revenues consist of the sale of electricity to the National Grid amounting to Euro 463 million and approximately Euro14 million from the sale of minor products and utilities.

Other revenues and income

Other revenues and income are from leasing contracts and various revenues for services to group companies. In 2003 there was an insurance indemnity for Euro 4.5 million and in 2002 there was a penalty paid by the Snamprogetti Foster Wheeler Energy consortium for a claim of Euro 21 million.

Purchase Costs

Purchase Costs mainly refer to the supply of feedstock, other fuel oils, oxygen and vanadium.

Costs for services and other operating costs

Services received include maintenance, insurance, commercial services and technical and general consulting.

Depreciation and write-downs

This item includes economic-technical depreciation of tangible fixed assets amounting to Euro 38.7 million and intangible assets amounting to Euro 8.9 million.

The average plant life has been estimated at 23.4 years from 18 April 2000, when the IGCC plant went into production.

Net financial income (charges)

The financial charges in 2004 are mainly relative to interest on the financing totalling Euro 16.7 million and accessory bank charges and intermediation margins totalling Euro 4.0 million.

Financial income is relative to cash in the current accounts which earn approximately 1.055% interest on average. The difference in rates paid as a result of the Swap contract in 2004 amounts to Euro 7.1 million.

Income tax

Current IRES amounts to Euro 41.8 million.

Current IRAP has been calculated as Euro 6.5 million.

Balance Sheet

Below are the figures of the balance sheet compared to the figures of the previous financial period.

	31.12.04 (thousands of Euro)	31.12.03	31.12.02
Fixed assets	691,763	731,627	766,565
Working capital	23,065	15,461	50,361
Employee severance indemnity	(105)	(168)	(161)
Other assets	24,307	20,835	37,154
Other liabilities	(69,461)	(11,727)	(17,897)
NET CAPITAL INVESTED	669,570	756,029	836,022
Shareholders funds	(257,113)	(206,371)	(144,083)
Medium-long term financial debt	(478,906)	(567,403)	(657,618)
Short-term financial debt	66,449	17,745	(34,322)
SHAREHOLDERS FUNDS AND FINANCIAL DEBTS	(669,570)	(756,029)	(836,022)

As at 31 December 2004 net invested capital amounted to approximately Euro 670 million with a decrease of about Euro 86 million.

Below is an analysis of the most significant variations between 31 December 2003 and 31 December 2004.

Fixed assets

	31.12.04 (thousands of Euro)	31.12.03	31.12.02
Intangible fixed assets	39,799	48,063	56,331
Tangible fixed assets	651,959	683,555	710,225
Financial investments	5	9	9
Total	691,763	731,627	766,565

Net operating capital

	12/31/04 (Euro in thousands)	12/31/03	12/31/02
Inventories	13,811	14,698	15,615
Trade receivables	53,832	43,534	76,528
Trade payables	(44,578)	(42,771)	(41,783)
Total	23,065	15,461	50,361

The inventory includes the write-down of spare parts amounting to Euro 0.9 million.

The increase of trade receivables is mainly due to the increased production obtained in the last month of the year and to the adjustment on electricity generation.

The short-term trade payables increased due to the higher value of the services and supplies received.

Other assets

	31.12.04 (thousands of Euro)	31.12.03	31.12.02
Short term tax receivables	8,091	1,511	5,950
Other short-term receivables	3,908	4,189	17,955
Short-term prepayments and accrued income	3,099	4,274	3,989
Medium-long term amounts tax receivables	4,053	5,156	3,231
Other medium-long term receivables	5,156	5,705	6,030
Total	24,307	20,835	37,154

Short-term tax receivables mainly increased as a result of the tax on reserves.

Other liabilities

	31.12.04 (thousands of Euro)	31.12.03	31.12.02
Short-term tax payables	(40,416)	(2,477)	(2,497)
Other short-term payables	(205)	(1,294)	(4,790)
Short-term accruals and deferred income	(292)	(369)	(543)
Other provisions for risks and charges	(28,549)	(7,587)	(10,068)
Total	(69,461)	(11,727)	(17,897)

The item short-term tax payables includes the expected tax charges IRES/IRAP of the period net of amounts paid and tax credits.

Other provisions include:

the provision for cyclical maintenance which during the year registered an allocation of Euro 7.5 million and shows a total balance of Euro 14.8 million;

the provision for deferred taxes amounting to Euro 13.0 million.

Net financial debt

Below is a table containing figures on medium-long term financial debt for ISAB Energy S.r.l.

	31.12.04 (thousands of Euro)	31.12.03	31.12.02
Medium-long term amounts owed to banks	510,307	593,811	700,142
Other medium-long term amounts owed	53,017	57,654	81,425
Current amount of loans and financing	(84,418)	(84,063)	(123,949)
Total	478,906	567,403	657,618

Short-term financial debt is as follows:

	31.12.04 (thousands of Euro)	31.12.03	31.12.02
Short-term amounts owed to banks	79,760	77,011	97,598
Other short-term amounts owed	4,657	7,051	26,351
Short-term financial liabilities	84,418	84,063	123,949
Cash on hand	(150,867)	(101,761)	(85,101)
Other short-term financial amounts	0	(47)	(4,526)
Short term financial amounts	(150,867)	(101,808)	(89,627)
TOTAL	(66,449)	(17,745)	34,322

An analysis of the net financial debt variation during the periods in question shows the following:

	2004 (thousands of Euro)	2003	2002
CASH FLOWS FROM OPERATING			
Cash flows from current operations	155,356	130,710	159,391
Charges in assets and liabilities for the period	28,885	43,112	(35,284)
Total	184,241	173,822	124,107
CASH FLOW FROM INVESTMENT			
Investment	(8,045)	(13,378)	(12,059)
Disposal	5	97	
Total	(8,040)	(13,280)	(12,059)
CASH FLOW FROM CAPITAL			
Capital increase			
Contributions to capital account			
Dividends distributed	(39,000)	(18,260)	(25,000)
Other changes to assets			(8,534)
Total	(39,000)	(18,260)	(33,534)
CHANGE IN NET FINANCIAL	137,201	142,281	78,514
INITIAL NET FINANCIAL DEBT	549,658	691,939	770,454
Change for the period	(137,201)	(142,281)	(78,514)
FINAL NET FINANCIAL DEBT	412,457	549,658	691,939

Equity investments in other companies

ISAB Energy S.r.l. does not hold shares in its holding companies nor in the group company ISAB Energy Services S.r.l. It holds a share of 5% of the share capital of Industria Acqua Siracusana S.p.A. a consortium for handling industrial waste water.

Relations with holding companies, group companies and other correlated parties

ISAB Energy S.r.l. buys the main raw material needed for production from ERG Raffinerie Mediterranee. At the same time it sells certain raw materials and auxiliary services to the same company. The relation between the two companies also includes some contracts relative to providing industrial and general services, such as:

Health assistance;

Employee administration;

Internal post;

Fire fighting services.

ISAB Energy also receives other general services from ERG S.p.A. such as public relations and IT services and employee performance services from ERG Power & Gas S.p.A..

Payment for such services is detailed in the explanatory notes.

The company also has a service contract in place with ERG Power & Gas and MEC Priolo B.V., within the Sponsor Support Agreements.

The relationship that ties ISAB Energy and ISAB Energy Services is regulated by the Operation and Maintenance contract which assigns ISAB Energy Services the role of plant operator and maintenance provider.

For what concerns other relations with correlated parties as defined by CONSOB on 20 February 1997, and again on 27 February 1998, there are no current relations in place falling under such definition involving significant operations.

Significant issues taking place after the end of the financial period

There are no particularly significant issues after the end of the financial period. The company continues its positive performance and also in the first quarter of 2005 it has reached production results in line with the same period of 2004.

In relation to the next general shutdown scheduled for May 2005, all the necessary activities are being completed such as procuring spare parts and carrying out necessary services to ensure timeframes are adhered to and activities are conducted with respect to worker safety conditions.

In line with the spin-off process undertaken by the ERG Group, on 1 January 2005, 5 more employees from the administration and legal departments of the company were transferred to ERG Power and Gas. Consequentially the staff amount to 4. At the same time the company implemented service contracts with ERG Power & Gas to cover professional needs.

Expectations on operations

For 2005 the company expects similar performance to that of 2004. The company expects investments of about Euro 7.8 million, of which Euro 1.6 million is intended for Health, Safety and Environment. During 2005, the packing plant for vanadium concentrate, an activity that is currently outsourced, will be completed.

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A general maintenance shutdown is planned for May which is expected to last for an equivalent of about 34 days and which represents the longest shutdown the plant will have experienced since its opening.

Privacy Programme document on safety

In 2005, the ERG Group updated the Programme Document on Safety following the latest indications provided by the Authority on privacy and the new technical and organisation provisions introduced by the group IT system. A Privacy site has also been created on the company Intranet containing procedures, company forms, information and presentations on IT Privacy and Safety, these latter two are also used for internal training on the subject.

Proposal from the board of directors

Dear shareholders,

We end the management report by asking that you:

approve your company's financial statements for the financial period ending 31 December 2004;

resolve on how to allocate the period profits of Euro 89,741,666, bearing in mind that there are certain limits which are set forth above in Relations with financial institutions .

Rome, 23 March 2005

For the board of directors

The Chairman

Jonathan Gibson

ISAB Energy S.r.l.

Annual report for the year ended December 31st 2004

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Shareholders of

Isab Energy S.r.l.

We have audited the accompanying balance sheets of Isab Energy S.r.l. as of December 31, 2004 and 2003, and the related statements of income for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Isab Energy S.r.l. as of December 31, 2004 and 2003 and the results of its operations for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in Italy.

Accounting principles generally accepted in Italy vary in certain significant respects from U.S. generally accepted accounting principles. The application of the latter would have affected the determination of net income for each of the three years ended December 31, 2004 and the determination of shareholder's equity as of December 31, 2004 and 2003 to the extent summarized in Note 10.

Reconta Ernst & Young S.p.A.

Genoa, Italy

May 18, 2005

ISAB Energy S.r.l.

Annual report for the year ended December 31st 2004

Financial statements

Balance Sheet

Assets

		(Euro)	12/31/2004	12/31/2003
A)	Unpaid subscribed capital			
B)	Fixed assets			
I.	Intangible assets			
1)	Start-up and expansion costs		1,550,473	6,783,680
2)	Research, development and advertising costs			
3)	Patents and right to use the intellectual property of others			
4)	Concessions, licenses, trademarks and similar rights		4,653,391	4,989,853
5)	Goodwill			
6)	Pending acquisitions of intangible assets and payments on account		46,363	158,560
7)	Other		33,548,668	36,131,218
	Total		39,798,895	48,063,311
II.	Tangible assets			
1)	Land and buildings		15,734,759	15,768,242
2)	Plants and machinery		631,374,648	661,256,779
3)	Industrial and commercial equipment		184,952	202,589
4)	Other		594,027	769,944
5)	Pending acquisitions of tangible assets and payments on account		4,070,913	5,557,642
	Total		651,959,299	683,555,196
III	Financial assets			
1)	Equity investments in:			
	a) subsidiary companies			
	b) affiliated companies			
	c) parent companies			
	e) other companies		5,165	5,165
			5,165	5,165
2)	Amounts receivable	within		within
		12 months:		12 months:
	a) from subsidiary companies			
	b) from affiliated companies			
	c) from parent companies			
	d) other receivables			3,525
				3,525
3)	Other securities			
4)	Own shares, with indication of their aggregate nominal value			

Total		5,165	8,690
TOTAL FIXED ASSETS (B)		691,763,359	731,627,197
C)	Current assets		
I.	Inventories		
1)	raw materials, ancillary materials and consumer goods	13,273,663	14,345,821
2)	work in progress and semi-finished goods		
3)	work in progress on commission		
4)	finished goods and goods for sale	439,346	294,094
5)	advances	97,773	58,416
Total		13,810,782	14,698,331

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		(Euro)	12/31/2004		12/31/2003
			beyond		beyond
II.	Receivables		12 months:		12 months:
	1)	trade receivables	50,596,842		39,766,025
	2)	amounts owed by subsidiary companies			
	3)	amounts owed by affiliated companies			
	4)	amounts owed by associated companies	3,202,275		3,814,525
	5)	amounts owed by parent companies	3,393,383		
	5bis)tax credits			1,603,187
	5ter)deferred tax assets	4,053,074	8,783,677	5,612,259
	6)	other receivables	5,156,326	9,063,832	5,704,797
	Total		75,040,009		60,141,212
III.	Financial assets that are not fixed assets				
	1)	shareholding in subsidiary companies			
	2)	shareholding in affiliated companies			
	3)	shareholding in parent companies			
	4)	other shareholdings			
	5)	own shares, with indication of their aggregate nominal value			
	6)	other securities			
	Total				
IV.	Cash and equivalents				
	1)	Bank and post-office deposits	150,855,553		101,756,200
	2)	Bank checks			
	3)	Cash and valuables on hand	11,370		4,686
	Total		150,866,923		101,760,886
TOTAL CURRENT ASSETS (C)			239,717,714		176,600,429
D)	Accrued income and prepayments				
		Accrued income			
		prepayments	3,098,930		4,273,861
TOTAL ACCRUED INCOME AND PREPAYMENTS (D)			3,098,930		4,273,861
TOTAL ASSETS			934,580,003		912,501,487

Liabilities

		(Euro)		12/31/2004	12/31/2003
A)	Capital and reserves				
	I.	Share capital		5,165,000	5,165,000
	II.	Share premium reserve			
	III.	Revaluation reserves			
	IV.	Legal reserve		1,033,000	1,033,000
	V.	Reserve for own shares in portfolio			
	VI.	Reserve provided in the by-laws			
	VII.	Other reserves:			
	VIII.	Profits (losses) carried forward		161,172,925	119,624,793
	IX.	Profits (losses) for the financial period		89,741,666	80,548,132
	TOTAL CAPITAL AND RESERVES (A)			257,112,591	206,370,925
B)	Provisions for risks and charges				
	1)	Provision for retirement benefits and similar obligations			
	2)	Provision for taxes, including deferred taxes		13,230,770	202,944
	3)	Other		15,318,047	7,384,510
	TOTAL PROVISIONS FOR RISKS AND CHARGES (B)			28,548,817	7,587,454
C)	Employee severance indemnity			104,662	167,638
D)	Payables				
			beyond 12 months:	beyond 12 months:	
	1)	Debenture loans			
	2)	Convertible debenture loans			
	3)	Due to shareholders for financing	44,305,500	48,062,087	45,648,090
	4)	Due to banks	430,546,925	510,307,046	516,799,746
	5)	Due to other financing sources			
	6)	Amounts received on account			
	7)	Due to suppliers		23,740,004	21,395,127
	8)	Debts represented by negotiable instruments			
	9)	Due to subsidiary companies			
	10)	Due to affiliated companies			
	10bis)	Due to associated companies	4,053,912	25,359,054	4,954,785
	11)	Due to parent companies		39,830,721	1,234,583
	12)	Due to the tax authority		1,018,626	2,476,602
	13)	Due to social security and insurance institution		44,825	79,230
	14)	Other debts		159,863	326,503
	TOTAL DEBTS (D)			648,522,226	698,006,916
E)	Accrued expenses and deferred income				
		-Accrued expenses		291,707	368,554
		-Deferred income			
	TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)			291,707	368,554
	TOTAL LIABILITIES			677,467,412	706,130,562

TOTAL CAPITAL AND RESERVES AND LIABILITIES	934,580,003	912,501,487
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		12/31/2004	12/31/2003
		(Euro)	
Memorandum accounts			
1.	Guarantees given:		
	a) Suretyships		
	in favor of affiliated companies		
	in favor of others		
	b) Endorsements		
	c) Other personal guarantees		
	d) Other real security		
2.	Other memorandum accounts		
	a) Guarantees received		
	b) Our commitments		
	c) Risks		
	d) Other	4,198,198	3,137,378
		4,198,198	3,137,378
TOTAL MEMORANDUM ACCOUNTS		4,198,198	3,137,378

Income Statement

		(Euro)	2004	2003	2002
A) VALUE OF PRODUCTION					
1)	Revenues from sales and services		477,035,042	417,487,546	420,912,077
2)	Changes in inventories of finished goods, semi-finished goods and works in progress		145,252	181,001	(137,317)
3)	Changes in work in progress on commission				
4)	Capitalized internal work		1,629,811	1,421,152	823,962
5)	Other revenues and incomes:				
	other		534,346	5,579,269	21,400,135
	contributions for operating expenses		534,346	5,579,269	21,400,135
TOTAL VALUE OF PRODUCTION (A)			479,344,451	424,668,968	442,998,857
B) COST OF PRODUCTION					
6)	For raw materials, ancillary materials, consumer goods, and goods for sale		(184,131,787)	(172,040,656)	(164,941,851)
7)	For services		(55,435,550)	(59,260,621)	(58,114,760)
8)	For leases and rentals		(1,730,325)	(1,595,681)	(1,856,230)
9)	For personnel costs:				
	a) wages and salaries		(562,837)	(886,917)	(951,889)
	b) social security costs		(196,738)	(285,029)	(284,266)
	c) provision for severance indemnity		(39,871)	(61,972)	(65,045)
	d) pension costs				
	e) other costs		(3,252)	(16,161)	(18,599)
			(802,698)	(1,250,079)	(1,319,799)
10)	Value adjustments				
	a) Amortization of intangible assets		(8,855,502)	(8,740,658)	(8,795,294)
	b) Depreciation of tangible assets		(38,710,855)	(37,834,415)	(36,980,636)
	c) Other devaluation of fixed assets				
	d) devaluation of claims included in current assets and of cash and equivalents				
			(47,566,357)	(46,575,073)	(45,775,930)
11)	Changes in inventories of raw materials, ancillary materials, consumer goods and goods for sale		(1,072,158)	(1,024,378)	1,212,427
12)	Provisions for risks				
13)	Other provisions		(7,966,174)	(5,478,818)	(6,458,753)
14)	Sundry operating charges		(4,056,339)	(5,234,282)	(3,799,371)
TOTAL COSTS OF PRODUCTION (B)			(302,761,388)	(292,459,588)	(281,054,267)

DIFFERENCE BETWEEN VALUE AND				
COST OF PRODUCTION (A-B)				
		176,583,063	132,209,380	161,944,590

C) FINANCIAL INCOME AND CHARGES

- 15) Income from equity investments:
 - from subsidiary companies
 - from affiliated companies
 - from other companies
 - tax credits on dividends

16) Other financial income:

- a) from claims entered as fixed assets
 - from subsidiary companies
 - from affiliated companies
 - from parent companies
 - from other companies
- b) from securities entered as fixed assets other than equity investments
- c) from securities entered as current assets other than equity investments

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		(Euro)	2004	2003	2002
	d)	other income not included in the above			
		from subsidiary companies			
		from affiliated companies			
		from parent companies			52,306
		from associated companies	3,056	176,710	25,969
		other companies	1,489,859	2,003,713	2,431,860
			1,492,915	2,180,423	2,510,135
			1,492,915	2,180,423	2,510,135
17)	Interest and other financial charges:				
		subsidiary companies			
		affiliated companies			
		parent companies	(1,231,148)	(1,654,727)	(2,803,600)
		associated companies	(545)	(105,005)	(114,739)
		other companies	(28,978,346)	(40,330,245)	(46,818,969)
			(30,210,039)	(42,089,977)	(49,737,308)
17bis)	Profits and losses on foreign currency exchanges		(2,342)	273,453	(4,650)
TOTAL FINANCIAL INCOME AND CHARGES (C)			(28,719,466)	(39,636,101)	(47,231,823)
D)	VALUE ADJUSTMENT OF FINANCIAL ASSETS				
18)	Revaluation				
	a)	of equity investments			
	b)	of fixed financial assets other than equity investments			
	c)	of securities entered as current assets other than equity investments			
19)	Devaluation				
	a)	of equity investments			
	b)	of fixed financial assets other than equity investments			
	c)	of securities entered as current assets other than equity investments			
TOTAL VALUE ADJUSTMENT OF FINANCIAL ASSETS (D)					
E) EXTRAORDINARY INCOME AND CHARGES					
20)	Extraordinary income				
		gains on disposal of assets			
		contingent assets			
		other			
21)	Extraordinary charges				
		losses on disposal of assets			
		income taxes pertaining to previous years		(331,600)	(305,286)
		contingent liabilities			
		other			(85,992)

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		(331,600)	(391,278)
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)		(331,600)	(391,278)
PROFITS (LOSSES) BEFORE INCOME TAXES (A-B±C±D±E)	147,863,597	92,241,679	114,321,489
22)	Current, deferred and advance income taxes for the year	(58,121,930)	(11,693,547)
			(7,362,343)
23) PROFITS (LOSSES) FOR THE FINANCIAL PERIOD	89,741,666	80,548,132	