

FIBRE POWER (SLOUGH) LIMITED

<u>Directors</u>	P.N. Jackson (resigned 31 st December 2004) J. Pebworth A.R. Ellis
<u>Secretary</u>	J. Probert
<u>Registered Office and Head Office</u>	234 Bath Road, Slough, SL1 4EE
<u>Registered Number</u>	2902170

REPORT OF THE DIRECTORS

The directors submit their annual report and financial statements for the year ended 31st December 2004 which were approved by the board on 22nd June 2005.

Business of the Company

The company is a holder of a 15 year electricity supply contract, which was awarded on 11th February 1997. The principal activity of the company is the generation and supply of electricity. The company has performed in line with expectations. The directors are satisfied with the year end position.

Results and Dividends

The results for the year ended 31st December 2004 are set out in the attached financial statements. The directors do not recommend payment to shareholders of a dividend (2003:£NIL).

Directors

The present directors of the company, all of whom served throughout the year unless otherwise stated, are as shown above.

Directors' Interests

None of the directors who were in office at 31st December 2004 had an interest in the shares of the company during the year.

The interests of P.N. Jackson, J. Pebworth and A.R. Ellis in the shares of Slough Estates plc are disclosed in the financial statement of Slough Heat & Power Ltd.



FIBRE POWER (SLOUGH) LIMITED

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. 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.

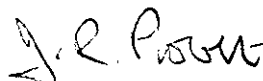
The directors confirm that suitable accounting policies have been used and applied consistently, with the exception of the changes arising from the incorporation of the tax charge in the current year accounts as explained in the statement of accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board

A handwritten signature in dark ink, appearing to read 'J.R. Probert', is written above the printed name.

J.R. Probert
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FIBRE POWER (SLOUGH) LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit 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 at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Reading

15 July 2005

FIBRE POWER (SLOUGH) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2004**

	<u>Notes</u>	<u>2004</u> <u>£000's</u>	<u>Restated</u> <u>2003</u> <u>£000's</u>
Turnover	2	8,115	3,298
Cost of sales		(2,719)	(1,611)
		<hr/>	<hr/>
GROSS PROFIT		5,396	1,687
Administrative Expenses		(2,324)	(1,978)
Other income		--	239
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)		3,072	(52)
		<hr/>	<hr/>
Interest payable to a parent undertaking		(723)	(647)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,349	(699)
Taxation	6	(301)	140
		<hr/>	<hr/>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	10	<u>2,048</u>	<u>(559)</u>

All company operations for the year are continuing.

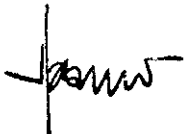
There are no recognised gains or losses other than those included in the profit and loss account above (and the restatement of prior year results as disclosed in the accounting policy note) and, therefore, no separate statement of total recognised gains and losses has been prepared.

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

FIBRE POWER (SLOUGH) LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2004

	<u>Notes</u>	<u>2004</u> <u>£000's</u>	<u>Restated</u> <u>2003</u> <u>£000's</u>
FIXED ASSETS			
Tangible assets	7	26,792	27,437
CURRENT ASSETS			
Debtors – Amounts falling due within one year	8	2,760	1,611
Bank and cash		3,846	--
TOTAL ASSETS		<u>33,398</u>	<u>29,048</u>
CAPITAL AND RESERVES			
Called up share capital	9	--	--
Profit and loss account	10	1,232	(816)
Equity shareholders' deficit	11	1,232	(816)
CREDITORS			
Amounts falling due within one year	12	3,600	840
Amounts falling due after more than one year	12	24,496	25,581
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	4,070	3,443
		<u>33,398</u>	<u>29,048</u>

The financial statements were approved by the Board of Directors on 22nd June 2005 and were signed on its behalf by:-



J Pebworth
Director

The notes on pages 6 to 10 form part of these financial statements.

FIBRE POWER (SLOUGH) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. Principal Accounting Policies****a) Basis of Preparation of Financial Statements**

These financial statements have been prepared on the basis of historical costs and in accordance with applicable Accounting Standards.

b) Transactions with Group Companies

The company has taken advantage of the exemption allowed by FRS8 from disclosing transactions with other group companies.

c) Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The company has changed its accounting policy in respect of taxation, in order to recognise its share of tax charge for the group in its accounts. Previously this charge was accounted for in the company's holding company, Slough Estates plc. The directors believe that this will give a fairer representation of the tax effects of each company's activities within the group. The comparative figures for the year ended 31 December 2003 have been adjusted as follows:

	<u>Loss for the Year £000's</u>	<u>Net Liabilities £000's</u>
As previously reported	(699)	(956)
Effect of adjustments in respect of prior periods	140	140
	<hr/>	<hr/>
As restated	<u>(559)</u>	<u>(816)</u>

d) Cash Flow Statement

The company is a wholly owned subsidiary of Slough Estates plc and the cash flows of the company are included in the consolidated group cash flow statement of Slough Estates plc. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1(Revised) from publishing a cash flow statement.

e) Finance Costs

Interest costs incurred in funding major construction programmes are capitalised during the period of construction.

f) Tangible Fixed Assets

After an initial commissioning period, where depreciation is related to utilisation of plant, depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Plant and equipment	5

2. Turnover

Turnover comprises amounts charged under a 15 year electricity supply contract, excluding VAT and sales of utilities to group undertakings. All turnover arises in the United Kingdom.

FIBRE POWER (SLOUGH) LIMITED**3. Employees**

There are no employees directly employed by the company (2003:NIL).

4. Audit Fees

The audit fees are borne by Slough Heat & Power Ltd.

5. Directors' Emoluments

The remuneration of P N Jackson, J Pebworth and A R Ellis are disclosed in the financial statements of Slough Heat & Power Limited, the immediate parent company. It is not practicable to allocate the remuneration of directors to subsidiary undertakings.

6. Taxation

	<u>2004</u> <u>£000's</u>	<u>Restated</u> <u>2003</u> <u>£000's</u>
Current tax:		
UK corporation tax credit (30%)	(106)	(3,832)
Adjustments in respect of prior periods	(220)	249
	<hr/>	<hr/>
Total current tax - amounts payable to a fellow subsidiary in respect of group relief	(326)	(3,583)
Deferred tax:		
Origination and reversal of timing differences	627	(3,443)
	<hr/>	<hr/>
Total tax	<u>301</u>	<u>(140)</u>

The tax for the year is lower (2003 : lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2004</u> <u>£000's</u>	<u>Restated</u> <u>2003</u> <u>£000's</u>
Profits/(loss) on ordinary activities before taxation:	2,349	(699)
Profits on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 : 30%)	705	(210)
Effects of:		
Capital allowances	(1,174)	(2,361)
Interest capitalised	--	--
Permanent differences	363	(1,261)
Adjustments in respect of prior periods	(220)	249
	<hr/>	<hr/>
	<u>(326)</u>	<u>(3,583)</u>

FIBRE POWER (SLOUGH) LIMITED**7. Tangible Assets****Plant and
Equipment
£000's****Cost**

Balance at 1 st January 2004	28,035
Additions	616

Balance at 31 st December 2004	28,651
---	--------

Depreciation

Balance at 1 st January 2004	598
Charge for the year	1,261

Balance as at 31 st December 2004	1,859
--	-------

Net book value 31 st December 2004	26,792
---	--------

Net book value 31 st December 2003	27,437
---	--------

Tangible fixed assets additions represent work performed on a Power Station currently under construction. Tangible fixed assets include aggregate finance costs of £3,928,000 (2003:£3,928,000). Interest capitalised during the year amounted to £NIL (2003:£NIL).

8. Debtors - Due Within One Year**2004
£000's****2003
£000's**

Trade Debtors	925	571
Prepayments and accrued income	1,835	228
Other debtors	--	812
	<u>2,760</u>	<u>1,611</u>

9. Called up Share Capital**Authorised
Number****£****Issued & Fully Paid
Number****£**

Ordinary shares of £1 each at 31st December 2003
And at 31st December 2004

<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
------------	------------	------------	------------

10. Profit and Loss Account**£000's**

Balance at 1 st January 2004 as previously reported	(956)
Adjustments in respect of prior periods	140

Balance at 1 st January 2004 as restated	(816)
Profit for the financial year	2,048

Balance at 31 st December 2004	<u>1,232</u>
---	--------------

Details of the adjustments in respect of prior periods are disclosed in the statement of accounting policies.

FIBRE POWER (SLOUGH) LIMITED**11. Reconciliation of Movement in Shareholders Funds**

	<u>2004</u> <u>£000's</u>
Profit attributable to ordinary shareholders	2,048
Shareholders' funds at 1 st January as previously reported	(956)
Adjustments in respect of prior periods	140
	<hr/>
Shareholders' funds at 1 st January as restated	(816)
	<hr/>
Shareholders' funds at 31 st December	<u>1,232</u>

12. Creditors

	<u>2004</u> <u>£000's</u>	<u>2003</u> <u>£000's</u>
<u>Amounts falling due within one year</u>		
Trade creditors	--	573
Other creditors	3,372	--
Accrual and deferred income	228	267
	<hr/>	<hr/>
	3,600	840
	<hr/>	<hr/>
<u>Amounts falling due after more than one year</u>		
Amounts due to group undertakings	<u>24,496</u>	<u>25,581</u>

Intercompany loans have no fixed repayment terms and are interest bearing at the Group weighted average cost of funds.

13. Provisions for liabilities and charges

	<u>Deferred</u> <u>Tax</u> <u>£000's</u>
Balance at 1 st January 2004 (restated)	3,443
Charged to profit and loss account	627
	<hr/>
Provision at 31 December 2004	<u>4,070</u>

	<u>2004</u> <u>£000's</u>	<u>2003</u> <u>£000's</u>
Deferred tax consists of:		
Accelerated capital allowances	2,892	2,265
Interest capitalised	1,178	1,178
	<hr/>	<hr/>
	4,070	3,443
	<hr/>	<hr/>

14. Capital Commitments

	<u>2004</u> <u>£000's</u>	<u>2003</u> <u>£000's</u>
Capital expenditure	<u>--</u>	<u>--</u>

FIBRE POWER (SLOUGH) LIMITED**15. Contingent Liabilities**

At 31st December 2004 Fibre Power (Slough) Limited was in commercial discussions with Amec Spareco (12) Limited regarding the contract to build the renewable energy power station. Amec Spareco (12) Limited have lodged an £8.1m claim for time delay and additional work they allege to have done in respect of the project. The directors of Fibre power (Slough) Limited, having taken both legal and technical specialist's advice, do not accept this claim on the basis that the work referred to in the claim was covered by the original contract. It has also been rejected by the Independent Consulting Engineer who supervised the project. Furthermore Fibre Power (Slough) Limited have raised a counter claim for £6.6m in respect of liquidated damages and extra work incurred because of the late delivery of the contract and poor fitness for purpose of the installation.

16. Going Concern

The ultimate holding company has indicated its willingness to continue to support the company for the foreseeable future.

17. Ultimate Holding Company and Controlling Party

The immediate holding of Fibre Power (Slough) Limited is Power From Waste Limited. The company's ultimate holding company and controlling party is Slough Estates plc. Copies of the consolidated accounts of Slough Estates plc can be obtained from 234 Bath Road, Slough, SL1 4EE.