

POWER FROM WASTE LIMITED

2902302

DirectorsP.N. Jackson
J. Pebworth
A.R. Ellis**Secretary**

J.R. Probert

Registered Office and Head Office

234 Bath Road, Slough, SL1 4EE

Registered Number

2902302

REPORT OF THE DIRECTORS

The directors submit their annual report and financial statements for the year ended 31st December 2003 which were approved by the board on 15th March 2004.

Business of the Company

The principal activities of the company are as an investment company for waste to energy projects and fuel manufacturing ventures. 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 2003 are set out in the attached financial statements. The loss for the year on ordinary activities is £93,000 (2002:loss £35,000). The directors do not recommend payment to shareholders of a dividend (2002:£NIL).

Taxation

Slough Estates plc is expected to assume the responsibility for discharging any liability for United Kingdom corporation tax, current or deferred, so long as the company remains a member of the Group.

Directors

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

Directors' Interests

None of the directors who were in office at 31st December 2003 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 statements of Slough Heat & Power Ltd.



POWER FROM WASTE 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.

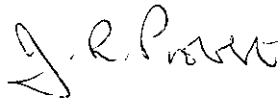
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that *reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003* and that applicable accounting standards have 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.

By Order 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

POWER FROM WASTE 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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

POWER FROM WASTE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2003**

	<u>Notes</u>	<u>2003</u> <u>£000's</u>	<u>2002</u> <u>£000's</u>
Operating expenses – administration		(20)	(20)
		<hr/>	<hr/>
OPERATING LOSS BEFORE INTEREST AND TAXATION		(20)	(20)
Interest payable to group undertaking	5	(73)	(15)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(93)	(35)
Taxation	6	--	--
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR	10	<u>(93)</u>	<u>(35)</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 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.

POWER FROM WASTE LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2003

	<u>Notes</u>	<u>2003</u> <u>£000's</u>	<u>2002</u> <u>£000's</u>
FIXED ASSETS			
Investments	7	1,288	1,288
CURRENT ASSETS			
DEBTORS			
Amounts due after one year	8	23,997	23,997
TOTAL ASSETS		<u>25,285</u>	<u>25,285</u>
CAPITAL AND RESERVES			
Called up share capital	9	--	--
Profit and loss account	10	(1,881)	(1,788)
Equity shareholders' deficit	11	(1,881)	(1,788)
CREDITORS			
Amounts falling due after more than one year	12	27,166	27,073
		<u>25,285</u>	<u>25,285</u>

The financial statements were approved by the Board of Directors on 15th March 2004 and were signed on its behalf by:-



P.N. Jackson
Director

The notes on pages 6 to 8 form part of these financial statements.

POWER FROM WASTE 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) Investment in Subsidiaries and Associates

Investments in subsidiaries are stated at cost less any adjustment for impairment.

c) Deferred Taxation

No provision for deferred United Kingdom taxation has been made, nor is any contingent liability disclosed, as any such liability is expected to be discharged by the ultimate holding company, Slough Estates plc.

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) Transactions with Group Companies

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

f) Consolidated Accounts

The company has taken advantage of the exemption provided by section 228 of the Companies Act 1985 from preparing consolidated accounts.

2. Employees

There are no employees directly employed by the company. (2002: None)

3. Audit Fees

Audit fees are borne by Slough Heat & Power Limited.

4. Directors' Remuneration

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.

5. Interest Payable

	<u>2003</u> <u>£000's</u>	<u>2002</u> <u>£000's</u>
Interest payable to parent undertaking	73	15

POWER FROM WASTE LIMITED**6. Taxation**

Any United Kingdom corporation tax liability which may arise and is not eliminated by the offset of group relief and/or advance corporation tax, for neither of which payment will be made, is expected to be discharged by the ultimate holding company, Slough Estates plc. No payment is made to the company in the event of losses being surrendered for group relief. As a result of this policy, the theoretical tax charge of 30% will always be reduced to £NIL as the liability is expected to be assumed by Slough Estates plc.

7. Fixed Asset Investments

	<u>Cost</u> <u>£000's</u>	<u>Amounts</u> <u>written off</u> <u>£000's</u>	<u>NBV</u> <u>£000's</u>
At 1 st January 2003 and 31 st December 2003	<u>2,400</u>	<u>(1,112)</u>	<u>1,288</u>

Fibre Fuel Limited is a wholly owned subsidiary of Power from Waste Limited which is incorporated in Great Britain. Fibre Fuel Limited operates a waste recycling facility for the production and sale of fibre fuel pellets.

The company continues to own the entire issued ordinary share capital of £100 of Fibre Power (Slough) Ltd, a company incorporated in Great Britain. Fibre Power (Slough) Limited is a holder of a 15 year electricity supply contract and commenced trading in the early part of 2003.

8. Debtors

	<u>2003</u> <u>£000's</u>	<u>2002</u> <u>£000's</u>
<u>Amounts due after one year</u>		
Amount due from group undertaking	<u>23,997</u>	<u>23,997</u>

9. Called up Share Capital

	<u>Authorised</u>		<u>Issued & Fully Paid</u>	
	<u>Number</u>	<u>£</u>	<u>Number</u>	<u>£</u>
Ordinary shares of £1 each at 31 st December 2002 and at 31 st December 2003	<u>100,000</u>	<u>100,000</u>	<u>100</u>	<u>100</u>

10. Profit & Loss account

	<u>Profit & Loss</u> <u>account</u> <u>£000's</u>
Balance at 1 st January 2003	(1,788)
Loss for the financial year	(93)
	<u> </u>
Balance at 31 st December 2003	<u>(1,881)</u>

POWER FROM WASTE LIMITED

11. <u>Reconciliation of Movement in Shareholders' Deficit</u>	<u>2003</u> <u>£000's</u>	<u>2002</u> <u>£000's</u>
Shareholders' deficit at 1 st January	(1,788)	(1,753)
Loss attributable to ordinary shareholders	(93)	(35)
	<hr/>	<hr/>
Shareholders' deficit at 31 st December	<u>(1,881)</u>	<u>(1,788)</u>

12. <u>Creditors due after more than one year</u>	<u>2003</u> <u>£000's</u>	<u>2002</u> <u>£000's</u>
Amounts due to parent undertaking	<u>27,166</u>	<u>27,073</u>

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

13. **Going Concern**

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

14. **Ultimate Holding Company and Controlling Party**

The company's ultimate holding company and controlling party is Slough Estates plc and its immediate parent company is Slough Heat & Power Limited. Copies of the consolidated accounts of Slough Estates plc can be obtained from 234 Bath Road, Slough, SL1 4EE.