

POWER FROM WASTE LIMITED

Directors

P.N. Jackson
D.E.F. Simons
D.R. Wilson
J. Pebworth

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 1995 which were approved by the board on 25th March 1996.

Business of the Company

The principal activities of the company are as an investment company for waste to energy fuel manufacturing ventures.

Results and Dividends

The results for the year ended 31st December 1995 are set out in the attached financial statements. The loss for the year on ordinary activities after providing for taxation is £56,000. The directors do not recommend payment to shareholders of a dividend. The deficit has been transferred to revenue reserves.

Directors

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

Directors' Interests

None of the directors who were in office at 31st December 1995 had an interest in the shares of the company during the year.

The interests of D.E.F. Simons and D.R. Wilson in the shares of the ultimate holding company, Slough Estates plc, are disclosed in the financial statements of that company.

The interests of P.N. Jackson and J. Pebworth in the shares of Slough Estates plc are set out below:

	<u>Ordinary Shares</u>				<u>Under Option</u>	
	<u>Other interests</u>		<u>Own Holdings</u>			
	<u>31.12.95</u>	<u>1.1.95</u>	<u>31.12.95</u>	<u>1.1.95</u>	<u>31.12.95</u>	<u>1.1.95</u>
P.N. Jackson	—	—	7,108	5,226	73,452	54,998
J.Pebworth	1,300	1,300	6,811	6,938	31,998	31,138

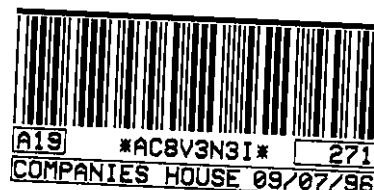
The shares under option are at option prices ranging from 165.505p to 355.430p expiring on various dates up to 3rd April 2005.

Auditors

An elective resolution to dispense with the annual requirement to reappoint the auditors was approved at a previous annual general meeting.

By Order of the Board

J.R. Probert
J.R. PROBERT
Secretary



POWER FROM WASTE LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF**POWER FROM WASTE LIMITED**

We have audited the financial statements on pages 3 to 6.

Respective responsibilities of directors and auditors

As described above, 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.

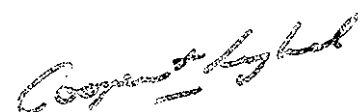
Basis of opinion

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 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 31st December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
LONDON



POWER FROM WASTE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1995**

	<u>Notes</u>	<u>1995</u> <u>£000's</u>	<u>1994</u> <u>£000's</u>
Operating expenses - administration		(40)	—
		<hr/>	<hr/>
OPERATING LOSS		(40)	—
Interest payable to a group company	5	(44)	—
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(84)	—
Taxation credit	6	28	—
		<hr/>	<hr/>
LOSS FOR THE YEAR	10	(56)	—
		<hr/> <hr/>	<hr/> <hr/>

All company operations for the year are continuing.

The loss on ordinary activities all arises in the United Kingdom.


There are no recognised gains or losses other than those included in the loss above and therefore no separate statement of total recognised gains and losses has been prepared.

The notes on pages 5 and 6 form part of these financial statements.

POWER FROM WASTE LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u> <u>£000's</u>	<u>1994</u> <u>£000's</u>
FIXED ASSETS			
Investments	7	1,150	—
CURRENT ASSETS			
Debtors within one year	8	28	—
TOTAL ASSETS		<u>1,178</u> =====	<u>—</u> =====
CAPITAL AND RESERVES			
Called up share capital	9	—	—
Profit and loss account	10	(56)	—
Equity shareholders' funds		<u>(56)</u>	<u>—</u>
CREDITORS			
Amounts falling due after more than one year	12	1,234	—
		<u>1,178</u> =====	<u>—</u> =====

The financial statements were approved by the Board of Directors on 25th March 1996 and were signed on its behalf by:-


D.R. Wilson
Director

The notes on pages 5 and 6 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 Associates**

The value of the investments in the associate is stated at cost.

c) **Deferred Taxation**

Deferred taxation, if applicable, is provided using the liability method in respect of the taxation of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

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 from publishing a cash flow statement.

2. **Employees**

There are no employees directly employed by the company.

3. **Audit Fees**

Audit fees are borne by Slough Heat & Power Limited.

4. **Directors' Remuneration**

None of the directors has received any remuneration from the company during 1995 or 1994.

5. **Interest**

	<u>1995</u> <u>£000's</u>	<u>1994</u> <u>£000's</u>
Interest payable to parent company	44 =====	-- =====

6. **Taxation Credit**

	<u>1995</u> <u>£000's</u>	<u>1994</u> <u>£000's</u>
Based upon the loss for the year		
Group relief	28 =====	-- =====

All tax liabilities are transferred to the ultimate holding company, Slough Estates plc. Any adjustments relating to prior year liabilities are made in the accounts of the ultimate holding company.

7. <u>Fixed Asset Investments</u>	<u>1995</u> <u>£000's</u>	<u>1994</u> <u>£000's</u>
Investments in Associate		
Shares	50	—
Loan	1,100	—
	<u>1,150</u>	<u>—</u>
	=====	=====

During the year the company acquired 50% of the ordinary shares of Fibre Fuel Limited, a company incorporated in England which engages in the manufacture of waste to energy fuel.

8. <u>Debtors due within one year</u>	<u>1995</u> <u>£000's</u>	<u>1994</u> <u>£000's</u>
Amounts due from group companies	28	--
	<u>28</u>	<u>--</u>
	=====	=====

9. <u>Called-up Share Capital</u>	<u>Authorised</u>		<u>Issued and Fully Paid</u>	
	<u>Number</u>	<u>£</u>	<u>Number</u>	<u>£</u>
Ordinary Shares of £1 each				
At 1st January and 31st December 1995	100,000	100,000	100	100
	<u>100,000</u>	<u>100,000</u>	<u>100</u>	<u>100</u>
	=====	=====	=====	=====

10. <u>Profit and Loss Account</u>	<u>1995</u> <u>£000's</u>
Balance at 1st January 1995	—
Loss for the year	(56)
	<u>(56)</u>
Balance at 31st December 1995	<u>(56)</u>
	=====

11. <u>Reconciliation of Movement In Shareholders' Funds</u>	<u>1995</u> <u>£000's</u>	<u>1994</u> <u>£000's</u>
Loss attributable to ordinary shareholders	(56)	—
	<u>(56)</u>	<u>—</u>
Shareholders' funds at 31st December 1995	<u>(56)</u>	<u>--</u>
	=====	=====

12. <u>Creditors due after more than one year</u>	<u>1995</u> <u>£000's</u>	<u>1994</u> <u>£000's</u>
Amount due to parent company	1,234	—
	<u>1,234</u>	<u>—</u>
	=====	=====

13. Ultimate Holding Company

The company is a subsidiary of Slough Heat & Power Limited, registered in England and Wales. The company's ultimate holding company is Slough Estates plc, registered in England and Wales. Copies of the consolidated financial statements of Slough Estates plc can be obtained from 234 Bath Road, Slough, SL1 4EE.