

Company Registration No. 04396107

Clipper Windpower Marine Limited

Report and Financial Statements

31 December 2011

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Clipper Windpower Marine Limited

Report and financial statements 2011

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Clipper Windpower Marine Limited

Directors' report

The directors present their annual report and the audited financial statements of Clipper Windpower Marine Limited (the "Company") for the year ended 31 December 2011

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

Principal activities

The principal activities of the company were to develop and market an offshore wind turbine for Clipper Windpower Holdings Ltd (previously Clipper Windpower Ltd). The Company was incorporated on 15 March 2002 and started trading on 4th April 2008 when it entered its agreement to develop the Britannia wind turbine (the "Britannia Project"). In 2012, the Britannia Project was cancelled and all amounts advanced to the company by the government to fund the project were paid back in full. The related intellectual property rights are still owned by the parent company Clipper Windpower, LLC (previously Clipper Windpower, Inc.)

Business review

On the 7 August 2012 and August 17, 2012, Daisy Holdings I, LLC, acquired the entire share capital of the Company's parent, Clipper Windpower Holdings Limited, from United Technologies Corporation. This resulted in a change in the Company's parent and controlling party to Platinum Equity Capital Moulin Partners, L.P. and its respective parallel funds, a group of private equity investment vehicles sponsored by Platinum Equity, LLC.

In 2011 Clipper Windpower Marine, Ltd decided to terminate the Britannia Project and the Company has paid back a £1.6m government grant in full, originally given to fund advanced offshore turbine designs and prototypes.

As of the date of the signing of this report, the operations of Clipper Windpower Marine, Ltd, were considered to be discontinued.

Results and dividends

For the year ended 31 December 2011, the Company made a loss of £3,452,602 (2010: £1,345,832). The directors did not declare a dividend in either the current or prior year.

Going concern

As described in the above, the Company's operations have been discontinued. Accordingly, the financial statements for the year ended 31 December 2011 have been prepared on a basis other than a going concern in accordance with Financial Reporting Standard 18. No material adjustments arose as a result of ceasing to apply the going concern basis.

Clipper Windpower Marine Limited

Directors' report (continued)

Directors and directors' interests

The directors who served throughout the year and up to the date of this report were as follows

Peter Christman (appointed 26 September 2011, resigned 30 July 2012)
Jesper Rathje (appointed 26 September 2011, resigned 09 August 2012)
Eric Novak (appointed 26 September 2011, resigned 09 August 2012)
Ian Michael Stuart Downie (appointed 09 August 2012)
Michael Keane (resigned 15 July 2011)
Mauricio Quintana (resigned 13 April 2011)
Finn Hansen (resigned 19 March 2011)
Eva M Kalawski (appointed 09 August 2012)

None of the directors who were in office on 31 December 2011 held any other disclosable interest in the share of the company

The office of Company Secretary during the year ended 31 December 2011 was held by Whale Rock Secretaries Limited.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

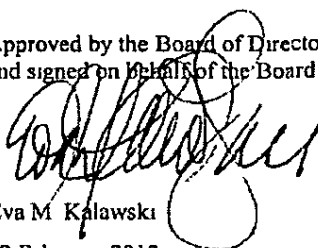
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditors

Deloitte LLP has expressed its willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



Eva M Kalawski
22 February 2013

Clipper Windpower Marine Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Independent auditor's report to the member of Clipper Windpower Marine Limited

We have audited the financial statements of Clipper Windpower Marine Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Independent auditors' report to the members of Clipper Windpower Marine Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Bevan Whitehead (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 February 2013

Clipper Windpower Marine Limited

Profit and loss account

Year ended 31 December 2011

	Note	2011 £	2010 £
Administrative expenses		(3,542,602)	(1,345,832)
Operating loss	4	(3,542,602)	(1,345,832)
Loss on ordinary activities before taxation		(3,542,602)	(1,345,832)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation		(3,542,602)	(1,345,832)
Retained loss for the period		(3,542,602)	(1,345,832)

All activities are from discontinued operations

There are no recognised gains or losses in either year other than the loss for the year

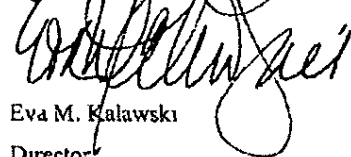
Clipper Windpower Marine Limited

Balance sheet **As at 31 December 2011**

	Note	2011 £	2010 £
Current assets			
Debtors - due within one year	6	402,093	160,449
Cash		39,923	43,522
Total assets		<u>442,016</u>	<u>203,971</u>
Current liabilities			
Creditors due within one year	7	(5,294,705)	(3,379,609)
Provision for liabilities	8	(1,865,551)	-
Net liabilities		<u>(6,718,240)</u>	<u>(3,175,638)</u>
Capital and reserves			
Ordinary share capital	9	2	2
Profit and loss account	10	(6,718,242)	(3,175,640)
Total shareholder's deficit	11	<u>(6,718,240)</u>	<u>(3,175,638)</u>

The financial statements of Clipper Windpower Marine Limited registered number 04396107 were approved by the Board of Directors on 22 February 2013

Signed on behalf of the Board of Directors



Eva M. Kalawski
Director

22 February 2013

Clipper Windpower Marine Limited

Notes to the financial statements Year ended 31 December 2011

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and prior year, is set out below.

Basis of preparation and going concern

These financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

As described in the Director's Report, the Company's operations have been discontinued. Accordingly, the financial statements for the year ended 31 December 2011 have been prepared on a basis other than a going concern in accordance with Financial Reporting Standard 18. No material adjustments arose as a result of ceasing to apply the going concern basis.

Cash flow statement

The Company has taken advantage of the exemptions in Financial Reporting Standard 1. Cash flow statements from the requirement to prepare a cash flow statement on the grounds that its results are consolidated in the financial statements of its former parent company, United Technologies Corporation, a company incorporated in United States of America. Copies of that company's consolidated accounts may be obtained from United Technologies Building, Hartford, Connecticut 06101, United States of America.

Research expenditure

Research expenditure is written off as incurred.

Foreign currencies

Transactions denominated in currencies other than pounds sterling are translated into sterling at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date. All exchange differences thus arising are taken to the profit and loss account for the year.

Taxation

Current Corporation Tax is provided on the basis of amounts to be paid or recovered using tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered. Amounts related to deferred taxation are undiscounted.

Clipper Windpower Marine Limited

Notes to the financial statements Year ended 31 December 2011

1 Accounting policies (continued)

Share-based payments

Equity-settled share-based payments are measured at fair market value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a rateable basis over the vesting period and offset to the intercompany account, based upon the parent's estimate of shares that will eventually vest and adjusted for the effect of non market-based conditions.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted based upon management's best estimate, for the effects of non-transferability, exercise and behavioural considerations.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred and once all contractual terms are met.

2. Share-based payments

On the 15 December 2010 United Technologies Corporation acquired the entire share capital of Clipper Windpower Plc, subsequently renamed Clipper Windpower Limited and then Clipper Windpower Holdings Limited. As a result of the acquisition, all of the share options held by the employees of the Company were cancelled. On cancellation of the options, the outstanding fair value of the share options grant were recharged to the Company by its parent company, Clipper Windpower Holdings, Ltd.

The Company recognised no expense for the 12 months ended 31 December 2011 and £11,440 for the prior year ended 31 December 2010. Amounts outstanding to the Company's parent, Clipper Windpower Holdings Ltd, at 31 December 2011 were nil (2010 £17,947), which are included in amounts due to group undertakings. There have been no share-based payment transactions in the year ended 31 December 2011.

3. Staff costs

	2011 £	2010 £
Wages and Salaries	447,249	406,308
Share based payments	-	11,440
Social security costs	46,026	36,375
	<u>493,275</u>	<u>454,123</u>

Directors who had a contract of service with the Company would be regarded as employees. Costs associated with these individuals would be recorded as staff costs and also included in directors' emoluments were borne by this Company. No director (2010 nil) had such an agreement in the current year. Directors receive emoluments for services from the parent company.

Clipper Windpower Marine Limited

Notes to the financial statements **Year ended 31 December 2011**

4. Operating loss

Operating loss is stated after charging

	2011 £	2010 £
Provision for onerous lease (see note 8)	1,865,551	-
Share based payments (see note 2)	-	11,440
Staff costs (see note 3)	493,275	454,123

Audit fees of £5,000 (2010 £5,000) were borne by the parent company.

5. Taxation on loss ordinary activities

(a) Analysis of corporation tax charge for the year

	2011 £	2010 £
Current taxation	-	-
Deferred taxation	-	-
	-	-

(b) Factors affecting the corporation tax charge for the period,

The difference between the total current corporation tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2011 £	2010 £
Loss on ordinary activities before tax	(3,542,602)	(1,345,832)
Loss on ordinary activities multiplied by average 2011 UK corporation rate of 26.0 % (2010: 28.0%)	(921,077)	(376,833)
Effects of:		
Expenses not deductible for tax purposes	20,389	46
Losses carried forward not recognised	900,688	271,188
Group relief surrendered to Clipper-Windpower Europe Limited	-	-102,396
Other timing differences	-	3,203
Current tax charge for the year	-	-

A potential deferred tax asset of £900,688 exists at 31 December 2011 (2010 £414,642) in respect of UK tax losses. This deferred tax asset has not been recognised, as the directors do not consider it more likely than not that there will be sufficient taxable profits in the future against which the deferred tax asset could reverse.

Clipper Windpower Marine Limited

Notes to the financial statements **Year ended 31 December 2011**

6 Debtors: due within one year

	As at 31 December 2011 £	As at 31 December 2010 £
Share capital issued but not yet paid	2	2
Amounts due from group undertakings	3,371	9,060
Prepayments	37,789	132,458
VAT Receivable	360,931	18,929
	<u>402,093</u>	<u>160,449</u>

Amounts due from group undertakings are repayable on demand and do not carry interest

7 Creditors: due within one year

	As at 31 December 2011 £	As at 31 December 2010 £
Other creditors	135,646	493,871
Deferred revenue	-	1,600,000
Amounts due to group undertakings	5,097,184	1,261,762
Accruals	61,875	23,976
	<u>5,294,705</u>	<u>3,379,609</u>

Deferred revenue of £1.6m in 2010 represents cash advances from the government to fund advanced offshore turbine designs and prototypes. In 2011, Clipper Windpower Holdings, Ltd decided to terminate the Britannia Project and the Company has paid back this grant in full.

Amounts due to group undertakings are repayable on demand and do not carry interest

8. Provision for liabilities

	2011 £	2010 £
Accrual for settlement of Neptune lease obligation	1,865,551	-
	<u>1,865,551</u>	<u>-</u>

In December 2010, Clipper Windpower entered into a long term lease with Shepard Offshore for a warehouse where Clipper intended to carry out research and development activities related to the new wind turbine technology. The lease term was originally 10 years. Given the discontinued operation status of Clipper Windpower Marine, the directors have come to an agreement in principle to settle the remaining term of the lease for a one-time payment of £1.9m.

Clipper Windpower Marine Limited

Notes to the financial statements **Year ended 31 December 2011**

9 Share capital

	As at 31 December 2011 £	As at 31 December 2010 £
Attributable to equity interests		
Ordinary shares		
Authorised		
2 (2010 2) shares of £1 each	<u>2</u>	<u>2</u>
Issued but not yet paid shares		
2 (2010 2) shares of £1 each	<u>2</u>	<u>2</u>

10. Profit and loss account

	2011 £	2010 £
At 1 January	(3,175,640)	(1,829,808)
Loss for the financial year	<u>(3,542,602)</u>	<u>(1,345,832)</u>
At 31 December	<u>(6,718,242)</u>	<u>(3,175,640)</u>

11. Reconciliation of movement in shareholder's deficit

	2011 £	2010 £
Loss for the financial year	(3,542,602)	(1,345,832)
Opening shareholder's (deficit)/funds	<u>(3,175,638)</u>	<u>(1,829,806)</u>
Closing shareholder's deficit	<u>(6,718,240)</u>	<u>(3,175,638)</u>

12. Ultimate parent company and controlling party

On the 7 August 2012 and August 17, 2012, Daisy Holdings I, LLC, acquired the entire share capital of the Company's parent, Clipper Windpower Holdings Limited, from United Technologies Corporation. This resulted in a change in the Company's parent and controlling party to Platinum Equity Capital Moulin Partners, L.P. and its respective parallel funds, a group of private equity investment vehicles sponsored by Platinum Equity, LLC.

13 Related party disclosure

The Company has claimed exemption under FRS 8 from disclosing transactions with fellow group undertakings on the basis that the Company's results are included in the consolidated accounts of its former 100% ultimate parent undertaking, UTC, which prepared consolidated financial statements to 31 December 2011 that are publicly available from United Technologies Building, CT, 06104, United States of America.