

KILLINGHOLME POWER GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

24 November 2006



KILLINGHOLME POWER GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 52 week period ended 24 November 2006

1. Principal activities

The principal activity of the company during the period is to act as an investment holding company

2. Review of business and future developments

- - The company changed its accounting reference date in the prior period and hence the results for the prior period have been prepared for a shortened accounting period

The profit and loss account is shown on page 4 The company has reported a result for the period ended 24 November 2006 of £nil (35 week period ended 25 November 2005 loss of £1,423,000) The company has reported net liabilities of £1,009,000 (25 November 2005 £1,009,000)

The directors consider that the period end financial position of the company was satisfactory taking into account the ongoing support of the immediate parent undertaking (see note 1(c))

3. Directors

The directors of the company during the period, and as at the date of this report, together with dates of appointment or resignation where applicable, were

Name	Resigned
J Mapplebeck	17 March 2006
D MacMillan	17 March 2006
W T Gasson	
D W McDonogh	
S B Scobie	

4. Dividends

The directors do not recommend the payment of an ordinary dividend in respect of the period (35 week period ended 25 November 2005 £nil)

5. Financial risk management

The company's risk management objectives and policies, as well as its risk exposure, are described in note 15 to the financial statements

6. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

KILLINGHOLME POWER GROUP LIMITED

REPORT OF THE DIRECTORS

7. Directors' responsibilities

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, 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, and
- prepare the accounts 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 accounts 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.

8. Auditors

The company has passed Elective Resolutions in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as Auditors of the company pursuant to Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD


N Brown
Secretary

15 October 2007

**Independent auditors' report to the members of
KILLINGHOLME POWER GROUP LIMITED**

We have audited the financial statements of Killingholme Power Group Limited for the period ended 24 November 2006 which comprises the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 24 November 2006 and of its result for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

16 October 2007

KILLINGHOLME POWER GROUP LIMITED

PROFIT AND LOSS ACCOUNT for the 52 week period ended 24 November 2006

	Note	52 week period ended 24 November 2006 £'000	35 week period ended 25 November 2005 £'000
Administrative expenses		-	(162)
OPERATING LOSS	3	-	(162)
Exceptional items	4	-	(1,262)
Interest received		-	1
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(1,423)
Taxation on ordinary activities	7	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND LOSS FOR THE PERIOD	12	-	(1,423)

The result of the company in the current period is derived from continuing operations

There is no difference between the loss on ordinary activities before taxation and the loss for the period as stated above and their historical cost equivalents

The company has no recognised gains and losses other than those included in the loss for the period above and therefore no separate statement of total recognised gains and losses has been presented

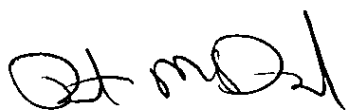
The notes on pages 6 to 10 form part of these financial statements
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KILLINGHOLME POWER GROUP LIMITED

BALANCE SHEET as at 24 November 2006

	Note	24 November 2006 £'000	25 November 2005 £'000
FIXED ASSETS			
Investments	8	-	-
CURRENT ASSETS			
Cash at bank		416	416
Debtors	9	761	761
		1,177	1,177
CURRENT LIABILITIES			
Creditors	10	(2,186)	(2,186)
NET CURRENT LIABILITIES		(1,009)	(1,009)
NET LIABILITIES		(1,009)	(1,009)
CAPITAL AND RESERVES			
Called up share capital	11	1,243	1,243
Profit and loss account	12	(2,252)	(2,252)
TOTAL SHAREHOLDERS' DEFICIT	13	(1,009)	(1,009)

Approved by the Board of Directors on 15 October, 2007



Director

The notes on pages 6 to 10 form part of these financial statements
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KILLINGHOLME POWER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 24 NOVEMBER 2006

1. ACCOUNTING POLICIES

- (a) **Accounting convention:** The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable United Kingdom law, applicable United Kingdom accounting standards and pronouncements of the Urgent Issues Task Force (UITF)
- (b) **Fixed asset investments:** Fixed asset investments are held at cost less provisions for any permanent diminution in value. Any such provision is charged to the profit and loss account in the period in which it arises
- (c) **Going concern:** The company has net liabilities of £1,009,000 at 24 November 2006 (25 November 2005 £1,009,000). The principal current liabilities of the company represent amounts due to group undertakings. The immediate parent company has committed to ensuring the provision of sufficient funds to enable the company to meet its liabilities as they fall due. As a result, the directors have prepared these accounts on a going concern basis
- (d) **Consolidation:** The company is a subsidiary undertaking of a company incorporated in England and Wales and has elected not to prepare group accounts in accordance with the dispensation set out in section 228(1) of the Companies Act 1985
- (e) **Foreign exchange:** Transactions denominated in foreign currencies are translated into sterling at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Gains and losses on exchange are recognised in operating loss
- (f) **Taxation:** Full provision is made for deferred taxation in respect of all differences in timing between the accounting and tax treatment of income and expenses. The timing differences are recognised as deferred tax liabilities or assets, measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantially enacted by the balance sheet date. An asset is not recognised if the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted

2. CASHFLOW STATEMENT

The company is a greater than 90% subsidiary of The Goldman Sachs Group, Inc., and is therefore exempt from preparing a cashflow statement as required by FRS1 as the ultimate parent company accounts are publicly available

3. OPERATING LOSS

	52 week period ended 24 November 2006 £	35 week period ended 25 November 2005 £
Operating loss is stated after charging		
Auditors' remuneration – non audit fees	-	23,123

The auditors' remuneration for the current period of £5,726 has been borne by a group undertaking (35 week period ended 25 November 2005 £3,750)

KILLINGHOLME POWER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 24 NOVEMBER 2006

4. *EXCEPTIONAL ITEMS*

	52 week period ended 24 November 2006 £'000	35 week period ended 25 November 2005 £'000
Buy back of share options	-	1,243
Loss on fixed asset investments	-	19
	-	1,262

In June 2005 the subsidiary company Sterling Luxembourg No 3 S A R L was voluntarily liquidated, this resulted in a loss to the profit and loss account of £19,102 in the prior period

On 14 September 2005 the company repurchased the ordinary "B" share options for £1,243,000 from directors resigning during the prior period

5. *STAFF COSTS*

The company has no employees (2005 Nil) All persons involved in the company's operations are employed by a group undertaking

6. *DIRECTORS' EMOLUMENTS*

	52 week period ended 24 November 2006 £'000	35 week period ended 25 November 2005 £'000
The remuneration of the directors, including benefits in kind, was as follows:		
As executives	3	221
Company pension contributions to money purchase schemes	-	-
	3	221
The emoluments of the highest paid director were as follows:		
Remuneration	-	111
	-	111

In accordance with the Companies Act 1985, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only Directors also receive emoluments for non-qualifying services which are not required to be disclosed Three directors are members of the defined contribution and defined benefit pension schemes

Three directors have been granted shares in respect of a long term incentive scheme

One director has exercised options

KILLINGHOLME POWER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 24 NOVEMBER 2006

7. **TAXATION ON ORDINARY ACTIVITIES**

The tax charge for the current and prior period is nil

Factors affecting tax charge for the period:

The current tax assessed for the prior period is lower than the standard rate of corporation tax in the UK (30%)
The differences are explained below

	52 week period ended 24 November 2006 £'000	35 week period ended 25 November 2005 £'000
Loss on ordinary activities before tax	-	(1,423)
Loss on ordinary activities multiplied by standard rate in the UK (30%)	-	(426)
Expenses disallowed for the purposes of the tax provision	-	59
Group relief surrendered for nil consideration	-	72
Tax losses not utilised	-	295
Current tax credit for the period	-	-

The potential tax benefit of £295,136 (25 November 2005 £295,136) arising from tax losses carried forward from the prior period has not been recognised as a deferred tax asset. The directors do not consider that future profits will be available against which the deferred tax asset can be recovered.

8. **FIXED ASSET INVESTMENTS**

Fixed asset investments, which are unlisted and stated at cost, comprise shareholdings in group undertakings

	£'000
Cost	-
As at 24 November 2006 and 25 November 2005	-

The principal subsidiaries over which the company exercises control, and the effective percentage ownership interests in the ordinary and preference shares held directly by the company at the period end are listed below

Name of company	%	Number in issue	Class	Nominal
Killingholme Holdings Limited	100	2	Ordinary	£1

The above subsidiary undertaking is registered in England and Wales

9. **DEBTORS**

	24 November 2006 £'000	25 November 2005 £'000
Amounts owed to group undertaking	761	761

KILLINGHOLME POWER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 24 NOVEMBER 2006

10. CREDITORS

	24 November 2006 £'000	25 November 2005 £'000
Amounts owed to group undertaking	1,771	1,771
Accruals and deferred income	415	415
	2,186	2,186

11. CALLED UP SHARE CAPITAL

	24 November 2006		25 November 2005	
	No.	£'000	No.	£'000
<u>Authorised</u>				
Class A Ordinary shares of £0.01 each	124,312,450	1,243	124,312,450	1,243
Class B Ordinary shares of £0.01 each	1250	-	1,250	-
		1,243		1,243
<u>Allotted, called up and fully paid</u>				
Class A Ordinary shares of £0.01 each	124,312,437	1,243	124,312,437	1,243
		1,243		1,243

12. PROFIT AND LOSS ACCOUNT

	£'000
As at 25 November 2005	(2,252)
Result for the period	-
As at 24 November 2006	(2,252)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	24 November 2006 £'000	25 November 2005 £'000
Loss for the period	-	(1,423)
Ordinary shares issued	-	1,243
Net decrease in shareholder funds	-	(180)
Opening shareholders deficit	(1,009)	(829)
Closing shareholders deficit	(1,009)	(1,009)

14. FINANCIAL COMMITMENTS AND CONTINGENCIES

The Company had no financial commitments and contingencies outstanding at 24 November 2006 (25 November 2005 Nil)

KILLINGHOLME POWER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 24 NOVEMBER 2006

15. FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from current assets are not sufficient to fund the obligations arising from liabilities as they fall due. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, liquidity risk is the most important component of financial risk the directors consider relevant to the entity. The company, as part of a global group, adheres to global risk management policies and procedures.

16. RELATED PARTY TRANSACTIONS

Under the terms of FRS8, "Related Party Disclosures", the company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the company is included are publicly available.

17. ULTIMATE AND IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking and the parent company of the smallest group for which consolidated financial statements are prepared is Goldman Sachs Group Holdings (U K), a company registered in England and Wales.

The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc , with its principal place of business at 85 Broad Street, New York, NY 10004, United States of America. This company is incorporated in the United States of America.