

**Enviropower Investments Limited
(formerly Hackremco (No. 2115)
Limited)**

Directors' report and financial
statements

Registered number 5024248

Period from 23 January 2004 to 31
December 2004



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Statutory information

Directors

QR Stewart
CPT O'Haire

Company secretary

JM Bolton

Registered office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditors

KPMG LLP
1 Puddle Dock
London
EC4V 3PD

Directors' report

The directors (the "Directors") of Enviropower Investments Limited (the "Company") present their annual report and the audited financial statements for the period from 23 January 2004 to 31 December 2004.

Principal activity

The principal activity of the Company is that of the financing of Kent Enviropower Limited.

Review of developments

The Company was incorporated on 23 January 2004 as Hackremco (No. 2115) Limited. The Company's name was changed to Enviropower Investments Limited on 15 March 2004. It has contributed to the financing of Kent Enviropower Limited to support that company's construction of a waste management facility at Allington, Kent.

On 29 March 2004 the Company entered into a subordinated facility agreement with Kent Enviropower Limited (the "KEL Agreement") for a principal amount of £14,243,141 and also a term facility agreement with, among others, The Royal Bank of Scotland plc, for the same amount. On 31 March 2004 the Company granted a fixed charge over the KEL Agreement and a floating charge over all its assets.

Results and dividends

The profit for the period amounted to £66,000. The Directors do not recommend the payment of a dividend and thus the profit of £66,000 has been transferred to reserves.

Directors and Directors' interests

The Directors who served as directors of the Company during the period ended 31 December 2004 and up to the date of this report were as follows:

CPT O'Haire	(appointed 15 March 2004)
QR Stewart	(appointed 15 March 2004)
PW Burns	(appointed 15 March 2004, resigned 24 January 2005)
Hackwood Directors Limited	(appointed 23 January 2004, resigned 15 March 2004)

None of the Directors or connected persons held an interest in the share capital of the Company during the period under review.

Elective regime

On 15 March 2004 the Company passed elective resolutions in accordance with section 379A of the Companies Act 1985 as amended (the "Act") to dispense with the formalities of:

- the holding of annual general meetings (section 366A of the Act)
- the laying of accounts before the Company in general meeting (section 252 of the Act)
- the obligation to appoint auditors annually (section 386 of the Act)


Section 253(2) gives members the right to require the laying of accounts before the Company in general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with section 238(1) of the Act.

Directors' report (*continued*)

Charitable and political donations

No political or charitable donations were made during the period.

By order of the board



JM Bolton
Company Secretary

30 November 2005

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 period. In preparing those 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Puddle Dock
London
EC4V 3PD
United Kingdom

Report of the independent auditors to the members of Enviropower Investments Limited

We have audited the financial statements on pages 6 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page ... , the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company 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 as at 31 December 2004 and of its profit for the period from 23 January 2004 (the date of incorporation) to 31 December 2004 and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

7 December 2005

Profit and loss account
period ended 31 December 2004

	<i>Note</i>	Period from 23 January 2004 to 31 December 2004 £000
Turnover		-
Cost of sales		-
		<hr/>
Gross profit		-
Administrative expenses		-
		<hr/>
Operating profit		-
Interest receivable	4	710
Interest payable	5	(615)
		<hr/>
Profit on ordinary activities before taxation	2	95
Tax on profit on ordinary activities	6	(29)
		<hr/>
Profit for the financial period		66
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All results are derived from continuing operations.

There are no recognised gains and losses in the financial period other than as stated in the profit and loss account. Therefore, no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on a historical cost basis and that shown in the profit and loss account.

Balance sheet
at 31 December 2004

	<i>Note</i>	2004 £000
Current assets		
Debtors: amounts due after one year	7	14,953
Total assets less current liabilities		14,953
Creditors: amounts falling due after more than one year	8	(14,887)
Net assets		66
Capital and reserves		
Called up share capital	9	-
Profit and loss account	10	66
Equity shareholders' funds		66

These financial statements were approved by the board of Directors on
were signed on its behalf by:

25 NOVEMBER

2005 and

Q R Stewart
Director



Notes

(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared in accordance with applicable United Kingdom accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow exemption

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement.

Related party transactions

As the Company is an indirectly wholly owned subsidiary of Terra Firma Capital Partners Holdings Limited, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities that form part of the group.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

2 Profit on ordinary activities before taxation

Auditors' remuneration in respect of audit fees has been borne by Waste Recycling Group Limited.

3 Information regarding the Directors and employees

None of the Directors or staff received any remuneration or benefits from the Company during the period. The Company had no employees during the period.

4 Interest receivable

	Period from 23 January 2004 to 31 December 2004 £000
Interest receivable on loan to Kent Enviropower Limited	710

5 Interest payable

	Period from 23 January 2004 to 31 December 2004 £000
Interest payable to The Royal Bank of Scotland PLC	(615)

Notes (continued)

6 Tax on profit on ordinary activities

	Period from 23 January 2004 to 31 December 2004 £000
Corporation tax	
United Kingdom corporation tax at 30%	29
	<hr/>
Total current tax charge	29
	<hr/>

7 Debtors: amounts due after one year

	31 December 2004 £000
Amount owed from Kent Enviropower Limited	14,953
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The subordinated facility agreement dated 29 March 2004 between the Company and Kent Enviropower Limited ("KEL") for a principal amount of £14,243,141 provides for the payment of interest by KEL to the Company at a rate payable by the Company under a term facility agreement (the "Facility") dated 29 March 2004 between the Company and, amongst others, The Royal Bank of Scotland plc. The rate payable by the Company under the Facility is 1% per annum above LIBOR, plus any Mandatory Cost (as defined by the Facility). The principal amount under the Facility is £14,243,141.

8 Creditors: amounts falling due after more than one year

	31 December 2004 £000
Amount owed to The Royal Bank of Scotland PLC (see note 7)	14,858
Corporation tax	29
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	14,887
	<hr/>

Notes (continued)

9 Called up share capital

	31 December 2004 £
<i>Authorised</i>	
100 ordinary shares of £1 each	100
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<i>Allotted, called up and fully paid</i>	
1 ordinary share of £1	1
	<hr/>

A subscriber share of £1 was issued nil paid to Hackwood Secretaries Limited on 23 January 2004. This share was transferred to Terra Firma Investments (GP) 2 Limited on 15 March 2004 for a consideration of £1 paid to the Company.

10 Reserves

	Profit and loss account £000
As at 23 January 2004	-
Profit for the financial period	66
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At 31 December 2004	66
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11 Reconciliation of movement in shareholders' funds

	2004 £000
Profit for the financial period	66
Opening shareholders' funds	-
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Closing shareholders' funds	66
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12 Related party transactions

Waste Recycling Group Limited is a related party as both it and the Company have the same ultimate parent undertaking – Terra Firma Capital Partners Holdings Limited.

Auditors' remuneration in respect of audit fees has been borne by Waste Recycling Group Limited.

Kent Enviropower Limited is a related party as both it and the Company have the same ultimate parent undertaking – Terra Firma Capital Partners Holdings Limited.

Notes *(continued)*

12 Related party transactions *(continued)*

A subordinated facility agreement dated 29 March 2004 between the Company and Kent Enviropower Limited was entered into during the year, the details of which are disclosed in note 7.

13 Ultimate parent company

The Company's immediate parent company is Terra Firma Investments (GP) 2 Limited, a company which is registered in Guernsey.

The Directors regard Terra Firma Capital Partners Holdings Limited, a company registered in Guernsey, as the ultimate controlling party and the ultimate parent entity.

Group accounts are not drawn up by either Terra Firma Investments (GP) 2 Limited or Terra Firma Capital Partners Holdings Limited.