

Registered no: 05109213

Constellation Energy Commodities Group Limited
Directors' Report and Financial Statements
For the two month period ended 29 June 2004



Constellation Energy Commodities Group Limited

Directors' report for the two month period ended 29 June 2004

The directors present their report and the audited financial statements of Constellation Energy Commodities Group Limited (the "Company") for the two month period ended 29 June 2004.

Principal activities

The Company's principal activity during the period was the performance of services under an Administrative Services Agreement (the "Agreement") with Constellation Energy Commodities Group, Inc. ("CECG US", a United States affiliated company) relating to the purchase and sale of coal by CECG US.

Review of business and future developments

The Company was incorporated on April 22, 2004 as Fizzcove Limited and changed its name on 12 May 2004 to Constellation Energy Commodities Group Limited. The Company has prepared these financial statements for the two month period to 29 June 2004 and will subsequently file financial statements for the 18 month period ended 31 December 2005.

The Company was formed for the purpose of providing administrative services to CECG US in relation to its conduct of a coal wholesale marketing business. During the financial period 22 April 2004 to 29 June 2004, the activities were primarily of a set-up and preparatory nature. This is the first period of audited accounts. Under the Agreement, the Company earns an administrative fee from CECG US based on its operating costs. The Company does not undertake any purchases or sales of commodities in its own name and is, consequently, not exposed to any risk of loss.

In the future, the Company expects to hire additional employees and increase its operational spending as CECG US increases its commodity wholesale marketing activities.

Results and dividends

The Company's profit for the financial period was approximately £18,000 which will be transferred to reserves. The directors do not recommend the payment of dividend for the year.

Directors and their interests

The directors who held office during the period and up to the date of signing the accounts were:

Director	Appointment Date	Resignation Date
David John Pudge	22 April 2004	11 May 2004
Matthew Robert Layton	22 April 2004	11 May 2004
Charles A. Berardesco	11 May 2004	11 May 2004
Charles E. Garman	28 May 2004	10 September 2004
Peter A. Jenson	28 May 2004	4 August 2005
Thomas V. Brooks	28 May 2004	26 August 2005
Stuart Rubenstein	28 May 2004	
Martin Hunter	2 May 2005	
Felix Dawson	26 August 2005	
George Persky	26 August 2005	

The directors had no interests in the shares of the Company or any other body corporate in the group that are required to be disclosed under Schedule 7 of the Companies Act 1985.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 period. 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.

Constellation Energy Commodities Group Limited

Directors' report for the two month period ended 29 June 2004 (Continued)

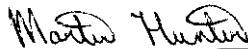
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the two month period ended 29 June 2004 and that applicable accounting standards 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 reappointment will be proposed at the Annual General Meeting.

By order of the Board



Martin Hunter
Director

Date:
February 15, 2007

Independent auditors' report to the members of Constellation Energy Commodities Group 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 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 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.

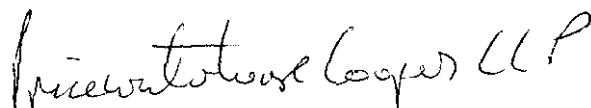
Basis of audit opinion

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 29 June 2004 and of its profit for the two month period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London

Date:

16 February 2007

Constellation Energy Commodities Group Limited

Profit and loss account for the two month period ended 29 June 2004

	Notes	2 month ended 29/06/2004 £000's
Administrative expenses		(420)
Other operating income		<u>446</u>
Operating profit	3	26
Tax charge on profit on ordinary activities	6	<u>(8)</u>
Retained profit for the financial period	12,13	<u>18</u>

All amounts are from continuing operations.

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

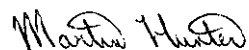
There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

Constellation Energy Commodities Group Limited

Balance Sheet as at 29 June 2004

	Notes	2004 £000's
Current assets		
Debtors	7	496
Current liabilities		
Creditors: amounts falling due within one year	8	420
Total assets less current liabilities		<u>76</u>
Creditors – amounts falling due after more than one year	9	<u>58</u>
Net assets		<u>18</u>
Capital and reserves		
Called up share capital	11	-
Profit and loss reserve	12	<u>18</u>
Total equity shareholders' funds	13	<u>18</u>

The financial statements and notes on pages 4 to 10 form the financial statements and were approved by the board of directors on February 15, 2007 and were signed on its behalf by:



Martin Hunter
Director

Constellation Energy Commodities Group Limited

Notes to the financial statements for the two month period ended 29 June 2004

1. Accounting Policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below:

Other Operating Income

Other operating income represents the income earned under the Administrative Services Agreement (the "Agreement") with Constellation Energy Commodities Group, Inc. ("CECG US", a United States affiliated company) relating to the purchase and sale of coal by CECG US. Under the Agreement, the Company earns an administrative fee from CECG US on its operating costs. The Company does not undertake any purchases or sales of commodities in its own name and is, consequently, not exposed to any risk of loss. Operating income is recognised in accordance with the administrative fee earned under the Agreement and arises entirely in the United Kingdom.

Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is 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 tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign Currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge disclosed in note 14 represents contributions payable by the Company to the fund.

Operating Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. As of the balance sheet date, the company had not entered into any leases.

2. Cash flow statement and related party disclosures

The Company is a wholly-owned direct subsidiary of CECG International Holdings, Inc. ("CECG International") and ultimately a wholly-owned indirect subsidiary of Constellation Energy Group, Inc. ("CEG") and is included in CEG's consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are a subsidiary of CEG or investees of CEG, as the consolidated CEG financial statements are publicly available.

Constellation Energy Commodities Group Limited

Notes to the financial statements for the two month period ended 29 June 2004 (Continued)

3. Operating profit

2004
£000's

Operating profit is stated after charging/(crediting):

Auditors' remuneration for audit services	17
Administrative Services Agreement income with CECG US	<u>(446)</u>

4. Directors' emoluments

None of the directors received any emoluments for their services to the Company. They are remunerated by CECG US for their services to the group as a whole.

5. Employee Information

2004
£000's

Wages and salaries	306
Social security costs	38
Other pension costs (note 14)	<u>7</u>
Staff Costs	<u>351</u>

The average monthly number of persons (excluding executive directors) employed by the Company during the period was:

By Activity	2004 £000's
Administrative services	<u>4</u>

6. Tax charge on profit on ordinary activities

2004
£000's

Current tax:

UK corporation tax on profits of the period	<u>57</u>
---	-----------

Deferred tax:

Origination and reversal of timing differences (note 10)	<u>(49)</u>
--	-------------

Tax charge on profit on ordinary activities	<u>8</u>
--	-----------------

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £000's
Profit on ordinary activities before tax	26
Profit on ordinary activities multiplied by standard rate in the UK 30%	8
Effects of timing differences	<u>49</u>
Current tax charge for the period	<u>57</u>

Constellation Energy Commodities Group Limited

Notes to the financial statements for the two month period ended 29 June 2004 (Continued)

7. Debtors

	2004 £000's
Amounts due from United States Affiliate (CECG US)	446
Deferred tax (note 10)	49
Prepayments	1
	<u>496</u>

8. Creditors – Amounts falling due within one year

	2004 £000's
Corporation taxation	57
Other taxation and social security	32
Accruals	331
	<u>420</u>

9. Creditors – Amounts falling due after more than one year

	2004 £000's
Accruals	58

10. Deferred Tax Asset

	2004 £000's
Short term timing differences	49
Total deferred tax	<u>49</u>
At start of period	-
Deferred tax credit in profit account for period (note 6)	49
At end of period	<u>49</u>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realize the deferred tax asset, and therefore the asset has been recognized in these financial statements. There is no liability for deferred taxation at 29 June 2004.

11. Called up share capital

	2004 £
Authorised	
100 shares of £1 each	100
Allotted and fully paid	
1 share of £1 each	1
	<u>1</u>

The Company received £1 for 1 share issued at the date of incorporation.

Constellation Energy Commodities Group Limited

Notes to the financial statements for the two month period ended 29 June 2004 (Continued)

12. Profit and loss account

	£000's
22 April 2004	-
Retained profit for the financial period	18
29 June 2004	<u>18</u>

13. Reconciliation of movements in equity shareholder's funds

	2004 £000's
Retained profit for the financial period	18
Opening equity shareholder's dividends	-
Closing equity shareholder's dividends	<u>18</u>

14. Pension Commitments

The Company operates a defined contribution benefit scheme. Under relevant employment agreements, the Company makes pension contributions of 10% of base salary to defined contribution plans. The contributions to the plans for the period were approximately £7,000.

15. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is CECG International whose immediate parent undertaking is Constellation Energy Group Acquisition, LLC.

The parent undertaking of the smallest and largest group to consolidate these financial statements is Constellation Energy Group, Inc. ("CEG"). Copies of CEG's consolidated financial statements can be obtained from the US Securities and Exchange Commission (SEC) or the Company's website at www.constellation.com. The contents of this website are not part of this audit. The address for CEG is 750 East Pratt Street, Baltimore, Maryland, USA, 21202-3106.

The ultimate parent undertaking and controlling party is also Constellation Energy Group, Inc.