

Company Registration No. 05581822

Honiton Energy Limited

Annual Report and Financial Statements

31 December 2009



Honiton Energy Limited

Annual Report and financial statements 2009

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Honiton Energy Limited

Annual Report and financial statements 2009

Officers and professional advisers

Directors

A Goh
M Pollard
V Mehmi

Secretary

Hackwood Secretaries Limited

Registered Office

c/o Hackwood Secretaries Limited
One Silk Street
London EC2Y 8HQ

Bankers

HSBC Bank Plc
16 King Street
Covent Garden
London
WC2E 8JF

Auditors

Deloitte LLP
Chartered Accountants & registered auditors
Birmingham, UK

Honiton Energy Limited

Directors' report

The directors present their report and the financial statements of the Honiton Energy Limited (the "Company") for the year ended 31 December 2009

Activities

The Company acts as an investment holding company. Its subsidiary, Honiton Energy (Baotou) Company Limited, is involved in wind energy generation and development in the People's Republic of China ("PRC")

On 20 November 2009, the Company was transferred from its immediate holding company, Honiton Energy Holdings Limited to the related company, Honiton Energy BAV Holdings Limited ("HEBAV"). No employee has worked in the Company since 2009 as the decision making process has moved to the board of its ultimate holding company, Honiton Energy Caymans Limited. There has been no trading activity from January 2009 onwards and it is the intention of the directors to strike off the Company in an orderly manner in due course.

Going concern

The Company has been loss making in the year, however, it has net assets of £23m at the year end after the capitalisation of the Company's previous immediate holding company, Honiton Energy Holdings Limited's debt of £31.4m in return for the issuance of share capital.

The Company's ultimate holding company is willing to provide financial support to meet in full the Company's financial obligations for the foreseeable future.

Since the Company has ceased to trade and there is an intention to strike off the Company in due course, the financial statements have been prepared on a basis other than going concern.

Financial risk management

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates. Financial risks are considered in further detail within note 11.

Results and dividends

The Company made a loss for the year after taxation of £156,565 (2008 - loss £2,877,841)

The directors do not recommend the payment of a dividend (2008 - £Nil)

Directors and their interests

The directors in office during the year are shown below

P Everleigh	resigned 10 February 2010
J F Li	resigned 15 December 2009
J Kalkman	appointed 4 July 2008 and resigned 12 October 2009
M Pollard	appointed 4 July 2008
K Vagadia	appointed 4 July 2008 and resigned 12 October 2009
A Goh	appointed 12 October 2009
V Mehmi	appointed 12 October 2009

Honiton Energy Limited

Directors' report

Auditors

Deloitte LLP, the Company's appointed auditors, have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all 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 auditors are aware of that information

This information is given and should be interpreted in accordance with the provision of S418(2) of the Companies Act 2006

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



Matthew Pollard
Director

8 June 2011

Honiton Energy Limited

Statement of directors' responsibilities

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). The financial statements are required by law to 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 estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 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 auditors' report to the members of Honiton Energy Limited

We have audited the financial statements of Honiton Energy Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 17. 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 members, as a body, 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 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 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.

Adverse opinion on financial statements

As explained in note 1, the financial statements of the company do not include consolidated financial statements for its group as required by section 399 of the Companies Act 2006 and Financial Reporting Standard 2 *Accounting for subsidiary undertakings*. As a consequence, the financial statements do not give the information required by United Kingdom Generally Accepted Accounting Practice about the economic activities of the group of which the company is the parent. It is not practicable to quantify the effects of this departure.

In view of the effect of the failure to prepare consolidated financial statements referred to above, in our opinion the financial statements do not give a true and fair view of the state of the group's affairs as at 31 December 2009 and of the group's profit for the year then ended.

Except for the failure to prepare consolidated financial statements referred to above, in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of the company's 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 qualified, 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

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our adverse opinion on the financial statements, 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

In respect solely of the failure to prepare consolidated financial accounts referred to above

- we were unable to determine whether adequate accounting records had been kept, and
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- returns adequate for our audit have not been received from branches not visited by us

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

- 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



Peter Gallimore FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Birmingham, UK

13 June 2011

Honiton Energy Limited

Profit and loss account Year ended 31 December 2009

	Note	2009 £000	2008 £000
Administrative expenses		157	2,625
Operating loss	2	157	2,625
Net interest expenses	4	-	253
Loss on ordinary activities before taxation		157	2,878
Tax on profit on ordinary activities	5	-	-
Loss on ordinary activities after taxation		157	2,878

The accompanying accounting policies and notes form an integral part of these financial statements

All activity in both years derives from discontinuing operations

Honiton Energy Limited

Statement of total recognised gains and losses Year ended 31 December 2009

	2009 £000	2008 £000
Loss for the year	<u>157</u>	<u>2,878</u>
Currency translation difference on foreign currency net investments	<u>(6)</u>	<u>137</u>
Total losses recognised since last annual report and financial statements	<u><u>151</u></u>	<u><u>3,015</u></u>

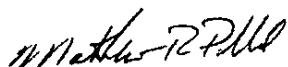
Honiton Energy Limited

Balance Sheet 31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	6	-	3
Investments in subsidiaries	7	45,876	45,876
		<u>45,876</u>	<u>45,879</u>
Current assets			
Debtors	8	24,208	27,745
Cash at bank and in hand		1,723	426
		<u>25,931</u>	<u>28,171</u>
Current liabilities			
Creditors due within one year	9	(1,741)	(34,900)
Net current assets/(liabilities)		<u>24,190</u>	<u>(6,729)</u>
Total assets less current liabilities		70,066	39,150
Creditors, amounts falling due after one year	9	(46,898)	(47,239)
Net assets/(liabilities)		<u>23,168</u>	<u>(8,089)</u>
Capital and reserves			
Called up share capital	11	31,446	38
Other reserves	12	82	82
Retained earnings	12	(8,347)	(8,190)
Exchange reserve	12	(13)	(19)
Total shareholders' funds/(deficit)	12	<u>23,168</u>	<u>(8,089)</u>

These financial statements were approved by the Board of Directors of Honiton Energy Limited
(Company Registration No 05581822) on 8 June 2011

Signed on behalf of the Board of Directors



Matthew Pollard

Director

Honiton Energy Limited

Notes to the accounts Year ended 31 December 2009

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The Company has not consolidated the financial statements of Honiton Energy (Baotou) Co., Ltd. because the audit for this Company is incomplete and subject to various uncertainties which would make the consolidation potentially misleading.

The company is exempt from publishing its own cash flow statement for the year ended 31 December 2009.

Going concern

The Company has been loss making in the year however, has net assets of £23m at the year end due to the capitalisation of the Company's previous immediate holding company's, Honiton Energy Holdings Limited, debt of £31.4m in return for the issuance of share capital. The Company's ultimately holding company is willing to provide financial support to meet in full the Company's financial obligations for the foreseeable future.

Since the Company has ceased to trade and there is an intention to strike off the Company in due course, the financial statements have been prepared on a basis other than going concern.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation on plant and machinery is calculated so as to write off the cost less residual values of assets over the estimated useful economic lives of the asset using the straight-line method.

Depreciation rates on tangible fixed asset is as follows -

Furniture, fixtures and fittings	5 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account. Where there is evidence of impairment tangible fixed assets are reduced to recoverable amounts.

Foreign currencies

Transactions in currencies other than the functional currency (the currency of the primary economic environment in which a business entity is operating) are recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in such other currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising from exchange are included in the profit and loss account for the period.

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. The principal exemption to this is that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Honiton Energy Limited

Notes to the accounts

Year ended 31 December 2009

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Cash and cash equivalents

Cash and cash equivalents in the balance sheet, comprises cash at bank and short term deposits with an original maturity of less than three months

Investment in subsidiaries

Investments in unquoted subsidiaries which do not have a realisable market value are stated at cost less provision for any impairment in value

2. Operating loss

Operating loss has been arrived at after charging

	2009 £000	2008 £000
	-	-
Staff costs (see note 3)	-	248
Depreciation of tangible fixed assets – owned assets	-	2

	2009 £	2008 £
Fees payable to the company's auditors for the audit of the company's annual accounts	30	30
Fees payable to the company's auditors for other service	119	-

3 Staff costs

Employee benefit expense during the period

	2009 £000	2008 £000
	-	-
Wages and salaries	-	246
Social security costs	-	-
Pension contributions	-	2
	-	248

No emoluments were paid to the directors in the year ended 31 December 2009 (2008 - £181,000) as these were borne by another group company. No pension benefits accrued as a result of this employment.

Honiton Energy Limited

Notes to the accounts Year ended 31 December 2009

4. Interest payable and similar charges

	2009 £	2008 £
Interest on loans	-	253

5. Tax on loss on ordinary activities

No provision of income tax has been made in the financial statements as the Company does not have any taxable income

Factors Affecting Tax Charge for the Current Period

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008 28.5%)

The differences are explained below	2009 £	2008 £
Loss on ordinary activities before tax	(156,565)	(2,897,853)
Tax at 28% (28.5%) thereon	(43,838)	(825,888)
Effects of		
Expenses not deductible/(non taxable income)	(28,152)	665,092
Depreciation in excess of capital allowances	879	1,005
Tax losses not recognised for deferred tax	71,111	159,791
Current tax charge for period	-	-

Deferred Tax Note

Analysis of unrecognised Deferred Tax Asset

	2009	2008
Losses	1,453,855	1,381,864

Honiton Energy Limited

Notes to the accounts Year ended 31 December 2009

6 Tangible fixed assets

	Furniture, fixtures and fitting £000
Cost	
At 1 January 2009	6
Disposal	(6)
At 31 December 2009	-
Accumulated depreciation	
At 1 January 2009	3
Disposal	(3)
At 31 December 2009	-
Net book value	
At 31 December 2009	-
At 31 December 2008	3

Honiton Energy Limited

Notes to the accounts Year ended 31 December 2009

7. Investments held as fixed assets

	Subsidiary undertakings £000
Company	
Cost	
At 1 January 2009	45,876
Additions	-
At 31 December 2009	<u>45,876</u>
Net book value	
At 31 December 2009	<u>45,876</u>
At 31 December 2008	<u>45,876</u>

Subsidiary undertakings	Principal activity	% of shares held	Country of incorporation
Honiton Energy Limited owns 100% of the following subsidiaries			
Honiton Energy (Baotou) Co Ltd	Development	100% ord's	China

On 18 November 2009, Honiton Energy (Barbados) Limited was transferred from the Company to its holding company, Honiton Energy Caymans Limited ("HECL") and the outstanding intra-group debt of £1,122,843 owed by HE Barbados to the Company was transferred to HECL. HECL agreed to pay the Company US\$1,000 to be converted into GBP at the exchange rate specified in the Exchange Cross Rates Table of the Financial Times on the date of the Agreement for the share transfer and HECL agreed to pay the Company £1,122,843 for the transfer of the debt, both to be left outstanding on intra-group account

On 20 November 2009, the Company's wholly-owned subsidiary Honiton Energy Services Limited ("HES") was transferred from the Company to its immediate holding company, Honiton Energy Holdings Limited ("HEH"), and the outstanding intra-group debt of £1,866,337 owed by the HES to the Company was transferred to HEH. HEH agreed to pay HEL £2 for the share transfer, and HEH agreed to pay HEL £1,866,337 for the transfer of the debt, both to be left outstanding on intra-group account

Following a voluntary application, HES was struck off the UK Companies Registry and dissolved on 4 May 2010. A voluntary application to strike-off and dissolve HEH was filed on 19 May 2010.

Paul Eveleigh Ltd was dissolved on 15 September 2009

Honiton Energy Limited

Notes to the accounts Year ended 31 December 2009

8 Debtors

	2009 £000	2008 £000
Amounts due from group companies	24,191	27,125
Other debtors	17	620
	<u>24,208</u>	<u>27,745</u>

9. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Other creditors	1,727	1,466
Amounts due to group companies	14	33,434
	<u>1,741</u>	<u>34,900</u>

Amount falling due beyond one year

	2009 £000	2008 £000
Amount due to group companies	46,898	47,239
	<u>46,898</u>	<u>47,239</u>

10 Financial instruments

The focus of the Company's treasury policy is to ensure that there are sufficient funds to finance the business. Any surplus funds are kept on interest bearing deposit. Financial instruments held by the Company principally comprise borrowings, cash and liquid resources and various items such as debts and current liabilities, all of which arise directly from its operations. The main purpose of these financial statements is to finance the operations of the Company. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The risks arising from these financial instruments are liquidity risk, interest rate risk and exchange rate risk. The board reviews and agreed policies for managing each of these risks and these are summarised below. These policies have remained unchanged during the year under review.

a) Liquidity risk

Cleared funds held at banks are monitored regularly by senior management and it is the Company's policy to keep surplus funds on interest bearing deposit. At 31 December 2009, there were no undrawn committed borrowing facilities by way of directors' loans available to the Company (31 December 2008 - £Nil).

Honiton Energy Limited

Notes to the accounts

Year ended 31 December 2009

10 Financial instruments (continued)

b) Interest rate risk

The financial assets of the Company comprise trade and other debtors. The trade and other debtors are non interest bearing. The Company had no interest bearing financial liabilities outstanding at 31 December 2009 (31 December 2008 - £Nil)

c) Exchange rate risk

Exchange rate risk is managed by ensuring that as far as possible income and expenses are denominated in the appropriate functional currency and that any capital contributions to subsidiaries are made at times at which exchange rates are favourable to the Company.

The financial statements of the Company are presented in British Pounds and its income and expenditure (including capital expenditure). The Company did not engage in the use of any financial instruments for hedging purposes and has made no such plan for the future, which exposes the Company to potential foreign exchange risks.

11 Called up share capital

	2009 £000	2008 £000
Authorised:		
31,446,182 (2008: 37,500) ordinary shares of £1 each	31,446	38
	<u>31,446</u>	<u>38</u>
Called up, allotted and fully paid		
31,446,182 (2008: 37,500) ordinary shares of £1 each	31,446	38
	<u>31,446</u>	<u>38</u>

On 20 November 2009, HELL capitalised its outstanding debt with HEH by issuing 31,408,682 shares to HEH. HEH agreed to cancel HELL's outstanding intra-group debt owed to HEH of £31,408,682 in return for the issuance of these shares.

12. Reserves

	Share capital £000	Other reserve £000	Profit and loss account £000	Cumulative translation reserve £000	Total £000
At 1 January 2009	38	82	(8,190)	(19)	(8,089)
Retained loss for the year	-	-	(157)	-	(157)
Additions	31,408	-	-	6	31,414
At 31 December 2009	<u>31,446</u>	<u>82</u>	<u>(8,347)</u>	<u>(13)</u>	<u>23,168</u>

13 Capital commitments

The company had no capital commitments at 31 December 2009 and 2008.

Honiton Energy Limited

Notes to the accounts

Year ended 31 December 2009

14. Contingent liabilities

The Company had no contingent liabilities at 31 December 2009 (2008 – nil)

15. Ultimate parent company and ultimate controlling party

On 20 November 2009, the Company was transferred from Honiton Energy Holdings plc ("HEH"), a company incorporated in England and Wales, to the Company's related company, Honiton Energy BAV Holdings Limited ("HEBAV"), a company incorporated in Hong Kong. Then, the company's immediate holding company changed from HEH to HKBAV and ultimately owned by Windco Caymans Holdings Limited, a company registered in the Caymans Islands. However, Windco Caymans Holdings Limited is ultimately controlled by Arcapita Bank B S C (c), a Bahrain based bank which controls 74% of the shares in that company.

16. Subsequent event

On 22 October 2010, Honiton Energy (Baotou) Co Ltd ("HLB") was transferred from the Company to its immediate holding company, Honiton Energy BAV Holdings Ltd ("HKBAV") at net book value. The outstanding intra-group debt and expenses receivable of £24,000,000 and £246,910.46 owed by HEB to the Company was also transferred to HKBAV. HKBAV agreed the consideration for the transfer to be left outstanding on intra-group account.