



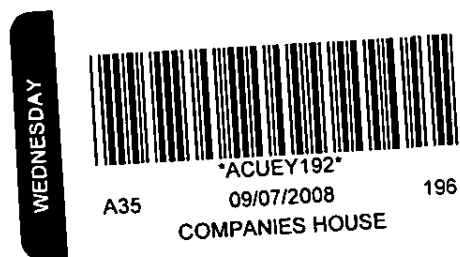
energy for tomorrow's generation

Fibrowatt Limited

Report and Financial Statements

for the year ended 31 March 2008

Registered Number 02595814



Directors and advisers

Directors

E J Wilkinson

D P Tilstone

Secretary

Everssecretary Limited

Eversheds House

70 Great Bridgewater Street

Manchester

M1 5ES

Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

Bankers

Barclays Bank Plc

1 Churchill Place

London

E14 5HP

Registered office

6 Deben Mill Business Centre

Old Maltings Approach

Woodbridge

Suffolk

IP12 1BL

Directors' report for the year ended 31 March 2008

The directors present their report and the audited financial statements for the company for the year ended 31 March 2008

Principal activities

The company's principal activity is the provision of management and administrative services (as holding company) to its subsidiaries which operate three electricity power stations fuelled by chicken litter and other biomass materials and the selling some of the resultant ash as high quality fertiliser

The ultimate holding company of Fibrowatt Limited is MEIF Renewable Energy (Holdings) Limited

Business review and future developments

The results of the company for the year and financial position at the year end were satisfactory

Results and dividends

The company's profit for the financial year was £527,522 (2007 £102,394)

The directors do not recommend the payment of a dividend

Directors

The directors of the company, who held office during the year, are given below

E J Wilkinson

D P Tilstone

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis. Further discussion of group wide risks is provided within the directors' report of MEIF Renewable Energy (Holdings) Limited which does not form part of this report

Financial risk management

The company's operations expose it to limited financial risk that include price risk, liquidity risk and interest rate risk

Given the size of the company, the directors have not delegated responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 and loss of the company for that period

Directors' report for the year ended 31 March 2008

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 that 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 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.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors Statement of disclosure of information to auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next meeting of the board of directors.

By order of the board



E J Wilkinson
Director

16 June 2008

Independent auditors' report

to the members of Fibrowatt Limited

We have audited the financial statements of Fibrowatt Limited for the year ended 31 March 2008 which comprise 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.

Independent auditors' report

to the members of Fibrowatt Limited

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 31 March 2008 and of its profit for the year 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

16 June 2008

Profit and loss account

for the year ended 31 March 2008

	Notes	2008 £	2007 £
Turnover	2	1,989,556	2,023,558
Gross profit		1,989,556	2,023,558
Administrative expenses		(1,210,282)	(1,697,841)
Operating profit	3	779,274	325,717
Interest receivable and similar income	5	14,782	20,104
Interest payable and similar charges	6	(16,597)	(7,473)
Profit on ordinary activities before taxation		777,459	338,348
Tax on profit on ordinary activities	7	(249,937)	(235,954)
Profit for the financial year	14	527,522	102,394

All items dealt with in the profit and loss account above relate to continuing operations

The company has no recognised gains or losses other than the results above and therefore no separate statement of total recognised gains and losses has been prepared

Balance sheet

as at 31 March 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	8	3,321,718	3,321,718
Current assets			
Debtors amounts falling due within one year	9	5,377,306	4,844,120
Debtors amounts falling due after more than one year	9	598,687	598,687
Deferred tax assets	7	95,962	339,442
Cash at bank and in hand		45,968	196,275
		6,117,923	5,978,524
Creditors: amounts falling due within one year	10	(844,091)	(1,117,490)
Net current assets		5,273,832	4,861,034
Total assets less current liabilities		8,595,550	8,182,752
Creditors amounts falling due after more than one year	11	(3,809,124)	(3,923,848)
Net assets		4,786,426	4,258,904
Capital and reserves			
Called up share capital	12	130	130
Share premium account	13	3,274,316	3,274,316
Profit and loss account	13	1,511,980	984,458
Shareholders' funds	14	4,786,426	4,258,904

The financial statements on pages 6 to 14 were approved by the board of directors on 16 June 2008 and were signed on its behalf by



E J Wilkinson
Director

Notes to the financial statements

for the year ended 31 March 2008

1. Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. A summary of the more important accounting policies, which have been applied consistently, are set out below.

Group accounts

The company has taken advantage of the exception available under section 228 of the Companies Act 1985 not to prepare consolidated financial statements, on the basis that the company's ultimate holding company is MEIF Renewable Energy (Holdings) Limited, a company established under UK law that prepares consolidated financial statements.

Cash flow statement

The directors have taken advantage of the exemption in FRS 1, "Cash flow statements" (revised 1996), from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Investments

The company's investments in subsidiary undertakings is stated at cost less, where applicable, amounts written off to reflect the value of underlying net assets of the investment at the balance sheet date.

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 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, with the following exceptions:

- 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.

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 substantially enacted at the balance sheet date.

Group relief

Credits for amounts receivable in respect of tax losses surrendered to group companies are recognised in the year in which the losses are surrendered.

Financial instruments

As the company has not elected to adopt FRS 26, "Financial Instruments Measurement", it is entitled to, and has claimed exemption from, the disclosure requirements of FRS 25, "Financial Instruments". Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

Trade debtors

Trade debtors are non-interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Notes to the financial statements

for the year ended 31 March 2008

1. Accounting policies (continued)

Financial liabilities

Financial liabilities instruments are classified according to the substance of the contractual arrangements entered into

Equity interests

An equity interest is any contract that gives a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

2. Turnover

Turnover represents the amounts receivable in respect of licence fees and management services provided during the year exclusive of VAT. The contributions of the company's activities to turnover are set out below

	2008 £	2007 £
By activity		
Management fees	1,989,416	2,023,329
Other fees and receipts	140	229
	<u>1,989,556</u>	<u>2,023,558</u>

3. Operating profit

Operating profit is stated after charging the following

	2008 £	2007 £
Auditors' remuneration – for audit services	<u>5,501</u>	<u>2,628</u>

4. Employee information

The company paid no remuneration or wages to its directors and had no other employees during the year

5. Interest receivable and similar income

	2008 £	2007 £
Interest receivable from group undertakings	-	5,073
Other interest	<u>14,782</u>	<u>15,031</u>
	<u>14,782</u>	<u>20,104</u>

Notes to the financial statements

for the year ended 31 March 2008

6. Interest payable and similar charges

	2008	2007
	£	£
Interest payable to group undertakings	8,290	7,473
Other interest payable	8,307	-
	<u>16,597</u>	<u>7,473</u>

7. Taxation

a) Analysis of charge in the year

	2008	2007
	£	£
Current tax		
Group relief payable	1,948	1,522
Adjustments in respect of previous periods	4,509	-
Total current tax	<u>6,457</u>	<u>1,522</u>
Deferred tax		
Origination and reversal of timing differences	3,015	4,020
Tax losses	228,275	230,262
Adjustment in respect of previous periods	5,335	150
Rate change movement	6,855	-
Total deferred tax	<u>243,480</u>	<u>234,432</u>
Tax on profit on ordinary activities	<u>249,937</u>	<u>235,954</u>

b) Factors affecting current tax charge for the year

The tax assessed on the profit of ordinary activities for the year differs to the standard rate of corporation tax in the UK of 30% (2007 30%) The differences are explained below

	2008	2007
	£	£
Profit on ordinary activities before tax	<u>777,459</u>	<u>338,346</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2007 30%)	<u>233,238</u>	<u>101,504</u>
Effects of		
Expenses not deductible for tax purposes	-	134,300
Depreciation in excess of capital allowances	(3,015)	(4,020)
Tax losses utilised	(228,275)	30,262
Adjustment in respect of previous periods	4,509	-
Total current tax	<u>6,457</u>	<u>1,522</u>

Notes to the financial statements

for the year ended 31 March 2008

7. Taxation (continued)

c) Deferred tax

	2008 £	2007 £
Depreciation in excess of capital allowances	(8,442)	(12,060)
Tax losses carried forward	(87,520)	(327,382)
	<u>(95,962)</u>	<u>(339,442)</u>
Brought forward at 1 April 2007	(339,442)	(573,874)
Deferred tax charge in profit and loss account for year	243,480	234,432
Carried forward at 31 March 2008	<u>(95,962)</u>	<u>(339,442)</u>

The deferred tax asset is considered recoverable as the directors believe that increased management fees and reduced overhead costs will enable the company to generate taxable profits in the foreseeable future

Deferred tax has been calculated at 28% (2007 30%)

d) Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008

8. Investments

£

Cost and net book value	
At 1 April 2007 and 31 March 2008	<u>3,321,718</u>

The principal subsidiary undertakings, their country of registration or incorporation, the proportion of ordinary shares held at the year end and their principal activities are set out below

Name	%	Country	Principal activities
EPR Eye Limited	100	England	Operation of electricity power station
EPR Glanford Limited	100	England	Operation of electricity power station
EPR Thetford Limited	100	England	Operation of electricity power station
Fibrophos Limited	100	England	Selling ash fertiliser product
Fibromass Limited	100	England	Dormant

All companies have a 31 March year-end

Notes to the financial statements

for the year ended 31 March 2008

9. Debtors

	2008	2007
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	4,725,044	4,844,037
Other debtors	652,262	83
	<u>5,377,306</u>	<u>4,844,120</u>
Due after one year.		
Amounts owed by group undertakings	598,687	598,687
	<u>5,975,993</u>	<u>5,442,807</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment
Fibrowatt Limited has committed that £598,687 will not be repayable within the next 12 months

10. Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	7,695	5,690
Amounts owed to group undertakings	790,126	412,329
Other taxes and social security costs	16,105	14,742
Other creditors and accruals	30,165	684,729
	<u>844,091</u>	<u>1,117,490</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

11. Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Loans due to group undertakings	<u>3,809,124</u>	<u>3,923,848</u>

The loans due to group undertakings are unsecured, interest free and have no fixed date of repayment

Notes to the financial statements

for the year ended 31 March 2008

12. Share capital

	2008	2007
	£	£
<i>Authorised</i>		
200 ordinary shares of £1 each	200	200
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
130 ordinary shares of £1 each	130	130
	<u> </u>	<u> </u>

13. Reserves

	Share premium account	Profit and loss account
	£	£
At 1 April 2007	3,274,316	984,458
Profit for the financial year	-	527,522
At 31 March 2008	<u>3,274,316</u>	<u>1,511,980</u>

14. Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	527,522	102,394
Opening shareholders' funds	4,258,904	4,156,510
Closing shareholders' funds	<u>4,786,426</u>	<u>4,258,904</u>

15. Related party transactions

As a 100% owned subsidiary of Energy Power Resources Limited, the company has taken advantage of the exemption granted by FRS 8, "Related party disclosures", not to disclose transactions with related entities that are part of the group

16. Contingent liabilities

At 31 March 2008 the company was guarantor with other group companies, of loans totalling £106,621,111 (2007 £113,500,000), made by the groups bankers

Notes to the financial statements

for the year ended 31 March 2008

17. Ultimate parent company

Fibrowatt Group Limited is the immediate parent undertaking and Macquarie European Infrastructure Fund Limited Partnership (a UK registered partnership domiciled in Guernsey) is the ultimate parent undertaking

Energy Power Resources Limited is the holding company of the smallest group of undertakings for which group accounts are drawn up and MEIF Renewable Energy (Holdings) Limited is the holding company of the largest group of undertakings for which group accounts are drawn up. Copies of the group accounts may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff