

CONOCOPHILLIPS POWER OPERATIONS LIMITED

FINANCIAL STATEMENTS 2005

(Registered in England No 3716311)



CONOCOPHILLIPS POWER OPERATIONS LIMITED

(Registered in England & Wales No 3716311)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

Board of Directors: D A Huntington
D G Oglesby
R G Stalker

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is as the operating company of Immingham CHP LLP whose main activity is the operation of a combined heat and power plant at Immingham, North Lincolnshire.

RESULTS AND DIVIDENDS

The profit for the year amounts to £242,993 (2004: £349,898) and has been transferred to reserves. No dividends were paid or proposed during the year (2004: nil).

DIRECTORS AND THEIR INTERESTS

The present directors, all of whom served throughout the year, are listed above.

The directors had no beneficial interest at 31 December 2005, or at any time during the year, in shares or debentures of group companies incorporated in the United Kingdom.

AUDITORS

A resolution to reappoint Ernst & Young LLP as the Company's auditors will be put to the members at the Annual General Meeting.

By order of the Board



R G Stalker
Director
11 September 2006

Registered Office
Portman House
2 Portman Street
London
W1H 6DU

CONOCOPHILLIPS POWER OPERATIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 of the Company 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; and
- 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 also 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 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.

CONOCOPHILLIPS POWER OPERATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CONOCOPHILLIPS POWER OPERATIONS LIMITED

We have audited the company's financial statements for the year ended 31 December 2005 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' report and for no other purpose. To the fullest extent required by the 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 the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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).

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.

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Aberdeen
14 September 2006

CONOCOPHILLIPS POWER OPERATIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>Note</u>	<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>
Turnover	2	11,962	7,762
Cost of sales		<u>(11,661)</u>	<u>(7,468)</u>
Operating profit	3	301	294
Interest receivable and similar income	4	<u>46</u>	<u>56</u>
Profit on ordinary activities before taxation		347	350
Taxation on profit on ordinary activities	5	<u>(104)</u>	<u>-</u>
Retained profit for the financial year	9	<u>243</u>	<u>350</u>

All recognised gains and losses are included in the profit and loss account and all activities relate to continuing operations.

CONOCOPHILLIPS POWER OPERATIONS LIMITED

BALANCE SHEET AT 31 DECEMBER 2005

	<u>Note</u>	2005 <u>£'000</u>	2004 <u>£'000</u>
Current assets			
Debtors	6	2,284	802
Cash at bank and in hand		<u>975</u>	<u>1,463</u>
		3,259	2,265
Creditors - amounts falling due within one year	7	<u>(2,178)</u>	<u>(1,427)</u>
Net current assets		<u>1,081</u>	<u>838</u>
 Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	<u>1,081</u>	<u>838</u>
Total equity shareholders' funds	10	<u>1,081</u>	<u>838</u>



R G Stalker

Director

11 September 2006

CONOCOPHILLIPS POWER OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

In accordance with FRS 1(5) the Company has taken advantage of the 90% owned subsidiary exemption and has not presented a cashflow statement. The Company's cashflows are included in the cashflow statement prepared by its ultimate parent company, ConocoPhillips.

(b) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

(c) Related party transactions

In accordance with FRS 8(3) the Company has taken advantage of the 90% owned subsidiary exemption not to disclose related party transactions with members of the group.

2. Turnover

Turnover represents the invoice value, net of VAT, of costs recharged to Immingham CHP LLP, together with a contractual management fee.

3. Operating profit

Operating profit is stated after charging:

(a) Cost of sales

	2005	2004
	<u>£'000</u>	<u>£'000</u>
Other expenses	<u>11,661</u>	<u>7,468</u>

(b) Auditors' remuneration

The auditors' remuneration is borne by another group company.

(c) Directors' remuneration

No remuneration was paid to the directors during the year (2004: nil) in respect of their services to ConocoPhillips Power Operations Limited.

(d) Employees

Other than the directors, the Company has no employees. All of the directors' employment contracts are held with another group company.

4. Interest receivable and similar income

	2005	2004
	<u>£'000</u>	<u>£'000</u>
Bank interest	<u>46</u>	<u>56</u>

CONOCOPHILLIPS POWER OPERATIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****5. Taxation on profit on ordinary activities**

	2005 <u>£'000</u>	2004 <u>£'000</u>
Current tax:		
UK corporation tax at 30% (2004: 30%)	<u>104</u>	<u>-</u>

There is no tax charge reflected for 2004 as the company has made an election for group relief for which no payment is made.

6. Debtors

	2005 <u>£'000</u>	2004 <u>£'000</u>
VAT	123	-
Amounts due from group undertakings	<u>2,162</u>	<u>802</u>
	<u>2,285</u>	<u>802</u>

7. Creditors – amounts falling due within one year

	2005 <u>£'000</u>	2004 <u>£'000</u>
Trade creditors	394	161
Amounts due to group undertakings	779	430
Current taxation	104	
VAT	-	35
Accruals	<u>901</u>	<u>801</u>
	<u>2,178</u>	<u>1,427</u>

8. Called up share capital

	2005 <u>£</u>	2004 <u>£</u>
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

CONOCOPHILLIPS POWER OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Profit and loss account

	<u>£'000</u>
At 1 January 2005	838
Retained profit for the financial year	<u>243</u>
At 31 December 2005	<u>1,081</u>

10. Reconciliation of movement in shareholders' funds

	<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>
Profit for the financial year	<u>243</u>	<u>350</u>
Net increase in shareholders' funds	243	350
Opening shareholders' funds	<u>838</u>	<u>458</u>
Closing shareholders' funds	<u>1,081</u>	<u>838</u>

11. Parent undertaking

ConocoPhillips, a Company registered in Delaware, USA, which the directors regard as the Company's ultimate parent undertaking with respect to the year to 31 December 2005, is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Copies of the 2005 Annual Report may be obtained from 600 North Dairy Ashford, Houston, TX 77079, USA.

ConocoPhillips Holdings Limited, a company registered in England is the parent undertaking of the smallest group of undertakings for which financial statements are drawn up and of which the Company is a member. Copies of the financial statements may be obtained from Portman House, 2 Portman Street, London, W1H 6DU.