Company Registration No 4985731

Greater Gabbard Offshore Winds Limited

Report and Financial Statements

For the year ended
31 December 2007

Registered No 4985731

Officials and Professional Advisors

Directors
P P Flaherty
M Dedieu
P Dowling
L FitzGerald

Secretary
M J McKee

Auditors
Deloitte & Touche LLP
Chartered Accountants
Reading

Bankers
Barclays Bank PLC
54 Lombard Street
London
EC3P 3AH

Lawyers
Linklaters
One Silk Street
London
EC2Y 8HQ

Registered Office
Fluor Centre
Watchmoor Park
Riverside Way
Camberley
Surrey GU15 3YL

Directors' report

The directors present their report and financial statements for the year from 1 January 2007 to 31 December 2007

Results and dividends

The loss for the year, after taxation amounted to £18,415 (2006 Loss £12,007) The directors do not recommend the payment of a dividend

Enhanced business review

The Company has taken advantage of the exemption from preparing an Enhanced Business Review applying to small companies in accordance with the provisions of s246(4) of the Companies Act 1985

Principal activities

The principal activity of the company is to design, build and operate an offshore Wind Farm in the Inner Gabbard and The Galloper sites off the coast of Suffolk to generate electricity for sale in the UK

Review of the business and future developments

In 2007 the company received a Section 36 consent for the construction of an offshore wind farm in the Outer Thames Estuary and planning permission for the construction of an onshore substation for the connection of the wind farm to the electricity grid

Plans are continuing in relation to the construction of the wind farm in accordance with the consents

Directors and their interests

The directors who served during the year and up to the date of this report were as follows

P P Flaherty
M Dedieu
P Dowling
L FitzGerald

None of the directors had a beneficial interest in any contract to which the company was a party or any disclosable interest in the share capital of any UK group company at any time during the year (2006 nil)

Small company special provisions

This report has been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985

Auditors

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

1. So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware

2. The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985

Pursuant to section 386 of the Companies Act 1985 the company have appointed Deloitte & Touche LLP as auditors A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the board

Director

31 March 2008

Statement of directors' responsibilities

The directors are responsible for preparing the annual report including the financial statements The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP)

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period, and comply with UK GAAP and the Companies Act 1985 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 , 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 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 the system of internal controls, 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 Greater Gabbard Offshore Winds Limited

We have audited the financial statements of Greater Gabbard Offshore Winds Limited for the year ended 31 December 2007 which comprise the profit and loss account, balance sheet and the related notes 1 to 17 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 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

As described in the statement of directors' responsibilities the company's 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) Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985 We also report to you on the consistency of the Directors' report 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 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 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 the company's affairs as at 31 December 2007 and of its loss for the year then ended , and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the Directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading, UK
2 April 2008

Profit and Loss Account

For the year to 31 December 2007

	Notes	Year to 31 December 2007	Year to 31 December 2006
		£	£
Administrative expenses		(20,408)	(18,464)
Operating loss	2	(20,408)	(18,464)
Interest receivable	4	2,483	7,536
Loss on ordinary activities before taxation		(17,925)	(10,928)
Tax on loss on ordinary activities	5	(490)	(1,079)
Loss retained for the financial period	11	(18,415)	(12,007)

All amounts derive from continuing operations

There are no recognised gains or losses for either of the financial periods other than as presented above

Accordingly, a statement of total recognised gains and losses has not been provided

Balance Sheet

31 December 2007

	Notes	2007	2006
		£	£
Fixed assets			
Tangible assets	6	10,417,316	8,157,494
Current assets			
Debtors	7	8,422,589	22,593
Cash	8	846,853	810,903
		9,269,442	**833,496**
Creditors. amounts falling due within one year	9	(726,880)	(557,710)
Net current assets		**8,542,561**	**275,786**
Total assets less current liabilities		18,959,878	8,433,280
Creditors amounts falling due after more than one year- amount due to related parties	16	(19,016,061)	(8,471,048)
Net liabilities		**(56,183)**	**(37,768)**
Capital and reserves			
Called up share capital	10	140	140
Profit and loss account	11	(56,323)	(37,908)
Shareholders' deficit	11	**(56,183)**	**(37,768)**

These financial statements were approved by the Board of Directors on 31 March 2008

Signed on behalf of the Board of Directors

Director

Date 31 March 2008

Notes to the financial statements

Year to 31st December 2007

1. Accounting policies

The financial statements are prepared in accordance with the applicable United Kingdom Accounting Standards The particular accounting policies adopted are described below These have been consistently applied throughout the current and preceding year

Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard no 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

Tangible Fixed Assets

Tangible fixed assets are stated at original cost, net of accumulated depreciation and any provisions for impairment

Costs related to assets in development are capitalised where, in the opinion of the Directors, the related project is likely to be successfully developed and the economic benefits arising from future operations will at least equal the amount of deferred expenditure incurred to date Full provision is made for any impairment in the value of the asset

Development costs are recorded at cost Depreciation of assets in construction commences when the asset is placed in service Provision is made for any impairment

Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life The useful lives currently used are as follows

Years	
Operating Wind Farms	15-35 years

Taxation

Current tax is provided on taxable profits at current rates

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 Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

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 a non-discounted basis

Notes to the financial statements

Year to 31st December 2007

1. Accounting policies (continued)

Foreign Currency

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are revalued using the rates of exchange prevailing at the balance sheet date

All exchange differences are included in the profit and loss account

2. Operating loss

This is stated after charging

		Year to 31 December 2007	Year to 31 December 2006
		£	£
Auditors' remuneration	- audit fees	14,600	14,000
	- non audit fees	5,000	4,000

3. Information regarding directors and employees

The directors received no emoluments for qualifying services (2006 nil) The salaries for L FitzGerald and P Dowling were borne by Airtricity Holdings Ltd The portion that relates to their directorship of Greater Gabbard Offshore Winds Limited was nil (2006 nil) The salaries for P Flaherty and M Dedieu were borne by Fluor Limited The portion that relates to their directorship of Greater Gabbard Offshore Winds Limited was nil (2006 nil)

The company had no employees during the period (2006 nil)

Notes to the financial statements

Year to 31st December 2007

4. Interest receivable

	Year to 31 December 2007	Year to 31 December 2006
	£	£
Bank interest	2,483	7,536

5. Tax

(a) Tax on loss on ordinary activities

	Year to 31 December 2007	Year to 31 December 2006
	£	£
The tax charge is made up as follows		
UK Corporation tax	490	1,079
Tax on loss on ordinary activities	**490**	**1,079**

(b) Factors affecting the current tax charge

The tax assessed on the loss on ordinary activities for the year is different than the standard rate of corporation tax in the UK of 20% (2006 19%) The differences are explained below

	Year to 31 December 2007	Year to 31 December 2006
	£	£
Loss on ordinary activities before tax	17,925	10,928
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2006 19%)		
Effects of	3,585	2,076
Profits taxed at lower tax rate	7	353
Losses carried forward	(4,082)	(3,508)
Total current tax	(490)	(1,079)

Notes to the financial statements

Year to 31st December 2007

5. Tax (continued)

A deferred tax asset of approximately £1,963,4511 (2006 £1,556,922) in respect of the losses arising in current and prior years that is available for offset against future profits has not been recognised in the financial statements since the timing of the utilisation of these losses is uncertain The deferred tax asset would be recognised should sufficient profit be generated in the future against which it may be recovered There is no deferred tax liability

6. Tangible fixed assets

	Assets in Development £	Total £
Cost		
At 1 January 2007	8,157,494	8,157,494
Additions	2,259,822	2,259,822
At 31 December 2007	10,417,316	10,417,316
Depreciation		
At 1 January 2007	-	-
Provided during the year	-	-
At 31 December 2007	-	-
Net book value		
At 31 December 2007	10,417,316	10,417,316
At 31 December 2006	8,157,494	8,157,494

7. Debtors

	2007 £	2006 £
Prepayments	8,410,013	-
Other debtors	12,576	22.593
	8,422,589	22.593

Notes to the financial statements

Year to 31st December 2007

8. Cash at bank and in hand

	2007	2006
	£	£
Cash – unrestricted funds	846,853	810,903

9. Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	89,155	96,009
Other accruals	637,235	460,622
Corporation Tax	490	1,079
	726,880	557,710

10. Share capital

Authorised

	2007	2006
	£	£
333,350 A ordinary shares of £1 each	333,350	333,350
333,350 B ordinary shares of £1 each	333,350	333,350
333,300 C ordinary shares of £1 each	333,300	333,300
	1,000,000	1,000,000

Allotted, Called Up and Fully Paid	2007	2006
	£	£
70 A ordinary shares of £1 each	70	70
70 B ordinary shares of £1 each	70	70
	140	140

All classes of ordinary shares have equal rights and entitlement All shares called up and fully paid were issued at nominal value

Notes to the financial statements

Year to 31st December 2007

11. Reconciliation of shareholders' deficit and movement on reserves

	Share capital £	*Profit and loss account* £	*Total share-holders' deficit* £
As at 1 January 2006	140	(25,901)	(25,761)
Loss for the period	-	(12,007)	(12,007)
At 1 January 2007	140	(37,908)	(37,768)
Loss for the period	-	(18,415)	(18,415)
At 31 December 2007	140	(56,323)	(56,183)

12. Capital commitments

During the year the company entered into an agreement with Siemens Wind Power A/S to reserve manufacturing capacity for delivery of turbines in 2009 and 2010 for the Greater Gabbard development The total value of the contract is yet to be agreed In support of this agreement a non refundable reservation fee of DKK 115M has been paid to Siemens (£ 11 4M) DKK 85m was paid prior to year end and DKK 30m was paid after year end

During the year the company entered into an agreement with Seaway Heavy Lifting for the provision of a heavy vessel to support the installation of the foundations for the wind turbines Estimated total value of the contract is £ 60M (see note 14)

During the year the company entered into a memorandum of understanding with Jumbo Offshore for the installation of transition pieces The estimated value of the contract is £ 25M (see note 14)

During the year the company entered into a memorandum of understanding with Hochtief for vessels to support the installation of wind turbines The estimated value of the contract is £ 37M (see note 14)

During the year the company entered into a memorandum of understanding with Areva for gas insulated switchgear The estimated value of the contract is £2M (see note 14)

During the year the company entered into a memorandum of understanding with Siemens Transition and Distribution Ltd for the design, testing and commissioning of the offshore and onshore substation The estimated value of the contract is £63M (see note 14)

Notes to the financial statements

Year to 31st December 2007

13. Obligations under operating leases

At 31 December 2007, the company had no annual commitments under non-cancellable operating leases (2006 nil)

14. Contingent liabilities

On 31 January 2005 Greater Gabbard Offshore Winds Limited signed a Connection and Construction Agreement with the National Grid Company As part of that agreement, the company had to provide a Letter of Credit to the National Grid Company to cover the costs incurred by the National Grid Company in preparation for Greater Gabbard Offshore Winds Limited's connection to the electricity grid The value of the Letter of Credit is £4,152,500 as at 31st December 2007 but this is due to increase based on an estimate of these costs by the National Grid Company to a total of £17,788,000 by October 2008

When the company successfully deliver electricity to the grid through the substation this potential liability will cease

In respect of the agreement with Seaway Heavy Lifting (see note 12 above) EUR 1M (£ 737,745) a non-refundable fee was paid after year end The agreement is subject to financial close being achieved on the project

In respect of the agreement with Jumbo Offshore (see note 12 above) EUR 2M (£1,475,590) will be payable if cancelled in March 2008 or if the installation contract is not executed by 1 May 2008

In respect of the agreement with Hochtief, a non-refundable deposit of EUR 250,000 was paid after year end The agreement is subject to financial close being achieved on the project

In respect of the agreement with Areva (see note 12 above) £ 633,541 will be payable if cancelled in March 2008

In respect of the agreement with Siemens Transmission and Distribution Ltd (see note 12 above) £3M will be payable if cancelled in March 2008

15. Post balance Sheet Events

Subsequent to the year end Airtricity has been purchased by Scottish and Southern Energy Plc The date of the sale was the 15th February 2008

Notes to the financial statements

Year to 31st December 2007

16. Related party transactions

The company is a joint venture between Airtricity Holdings (UK) Limited and Fluor International Limited Airtricity Holdings (UK) Limited initially paid amounts on behalf of the company Since commencement of operations Airtricity Holdings (UK) Limited has made a loan of £13,713,037 to the company and Fluor International Limited has made a loan of £5,303,024 (2006 £4,235,524 each) These loans remain outstanding as at 31 December 2007 Airtricity Holdings (UK) Limited and Fluor International Limited have confirmed that they will not seek repayment of these balances within 12 months No interest is charged on the loans

Fluor Limited (a subsidiary of Fluor International Limited) has invoiced the company rent for project space occupied in a Fluor office and other incidental expenses

	Total of purchases during 2007	Balance outstanding at 31 December 2007	Total of Purchases during 2006	Balance outstanding at 31 December 2006
Purchases at normal trade prices from				
Airtricity Holdings (UK)Limited	-	-	2,116	-
Fluor International Limited	27,177	-	58,796	-

17. Ultimate parent company

The company is a joint venture between Airtricity Holdings (UK) Limited and Fluor International Limited The share capital is held jointly by these companies. The ultimate parent of Airtricity Holdings (UK) Ltd is Scottish and Southern Energy plc, who own 100% of share capital and are registered in Scotland Fluor International Limited is a group member with Fluor Corporation, a company registered in the USA Decisions are agreed mutually between the shareholders and therefore the directors are of the opinion that there is no ultimate controlling party or parent company

Independent auditors' report

to the members of Greater Gabbard Offshore Winds Limited

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Respective responsibilities of directors and auditors

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We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985 We also report to you on the consistency of the Directors' report 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 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 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 the company's affairs as at 31 December 2007 and of its loss for the year then ended , and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the Directors' report is consistent with the financial statements

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading, UK

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Independent auditors' report

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